

**SCHOOL DISTRICT OF
THE BOROUGH OF STANHOPE**

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

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

**Annual Comprehensive
Financial Report**

of the

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

Stanhope, New Jersey

For the Fiscal Year Ended June 30, 2025

Prepared by

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

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INTRODUCTORY SECTION
(UNAUDITED)



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

(973) 347-0008
www.stanhopeschools.org

November 5, 2025

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

Dear Board Members:

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

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

The District provides a full range of educational services appropriate to grade levels PreK through 8. These include general education students, preschool students, special educations for handicapped students and tuition-in students. The District completed the 2024-2025 fiscal year with an enrollment of 360 students, 39 students more than the prior year.

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

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

3) MAJOR INITIATIVES: The school district continues to partner with outside organizations to provide relevant and meaningful professional development opportunities for staff in the areas of English Language Arts (ELA), mathematics, Response to Intervention (RtI), and social-emotional learning. Our math consultant has collaborated closely with staff to refine the District's curriculum to align with the revised New Jersey Student Learning Standards. This year's focus remains on curriculum revision and development in both ELA and mathematics, in response to the updated state standards.

To strengthen student achievement in mathematics, the District has expanded middle school math instruction from a single to a double-block period. This adjustment provides students with increased instructional time for concept mastery, practice, and enrichment. Additionally, the schedule has been restructured to increase preparation and common planning time for middle school teachers—particularly to ensure that the in-class resource special education teacher can collaborate effectively with general education teachers to support inclusive instruction and differentiated learning.

In alignment with our commitment to a well-rounded education, the District has expanded course offerings in STEM and the arts at the middle school level. Students now have greater access to art, music, and STEM programming. To support this expansion, the art and music positions have been increased to full-time, and the STEM teacher's role has been refocused exclusively on STEM instruction, with special education responsibilities reassigned to ensure full attention to program development and student engagement.

All phases of the District's referendum projects have now been completed. These improvements include the renovation of the middle school science lab, removal of the underground oil storage tanks, and installation of new doors and hardware with enhanced security features. Earlier phases of the referendum provided significant facility upgrades, including a new STEM lab, faculty room, restroom renovations, technology infrastructure improvements, blacktop resurfacing, a new roof, new boilers, new rooftop HVAC units, and the districtwide conversion from oil to natural gas.

The Valley Road School continues to implement its Positive Behavior Intervention System (PBIS) to recognize students who demonstrate positive values, community service, and respect for others. Peer leaders are recruited to assist new students and facilitate programming for younger grades. This initiative helps students build confidence, foster responsibility, and develop leadership skills within and beyond the school community.

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

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

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

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

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

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

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

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board is a member of the School Alliance Insurance Fund ("SAIF"). The SAIF is a risk-sharing public entity risk management fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to their members. The School Alliance Insurance Fund oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-20.

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

The Honorable President and Members of
the Board of Education
Borough of Stanhope School District
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November 5, 2025

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

Respectfully submitted,

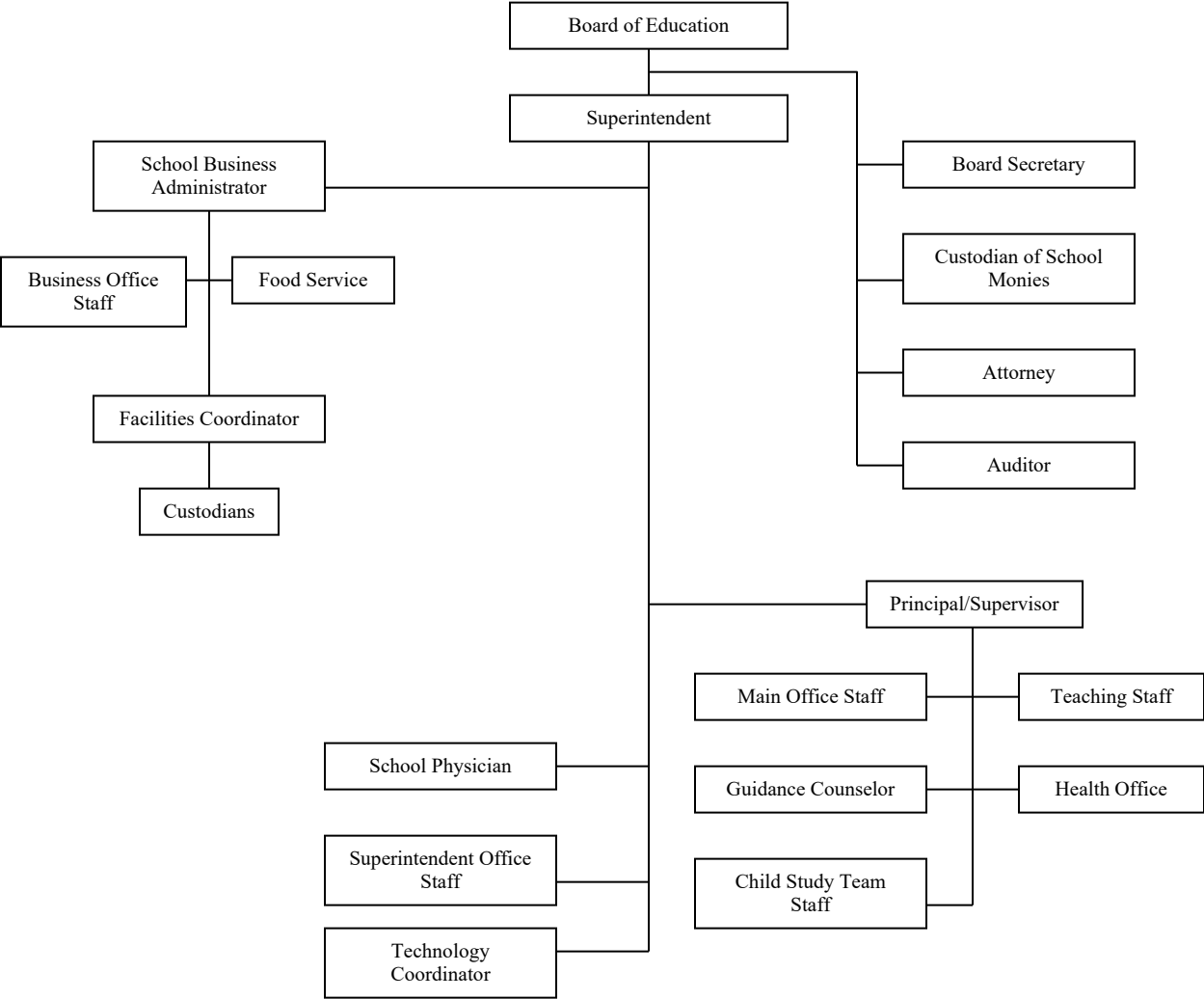


Mr. Steven Hagemann
Superintendent of Schools



Daniel Borgo
Interim Business Administrator/Board Secretary

**Stanhope Board of Education
Organizational Chart
2024-2025**



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

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mattia Scharfstein, Board President	2026
Jennifer Herold, Vice President	2025
Carmen Pico	2026
Najib Iftikhar	2027
Avery Quayle-Badolato	2027
Matthew Vilardo	2025
Yacoub Yaghnani	2025

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

BOROUGH OF STANHOPE BOARD OF EDUCATION

Consultants and Advisors

Audit Firm

Nisivoccia LLP

Mount Arlington Corporate Center

200 Valley Road, Suite 300

Mount Arlington, NJ 07856-1320

and

Lawrence Business Park

11 Lawrence Road

Newton, NJ 07860

and

1140 Route 22 East, Suite 203

Bridgewater, New Jersey 08807

Attorney

Cleary, Giacobbe, Aferi, Jacobs, LLC

169 Ramapo Valley Road

Upper Level 105

Oakland, NJ 07436

Architect of Record

Gianforcaro Architects & Engineers

555 E. Main Street

Chester, NJ 07930

Official Depository

TD Bank

56 Flanders-Bartley Road

Flanders, NJ 07836

Financial Advisor

Phoenix Advisors, LLC

4 West Park Street

Bordentown, NJ 08505

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

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

November 5, 2025
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA, LLP

Man C Lee

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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

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

Overview of the Financial Statements

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

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

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

Figure A-1

Organization of the School District's Financial Report

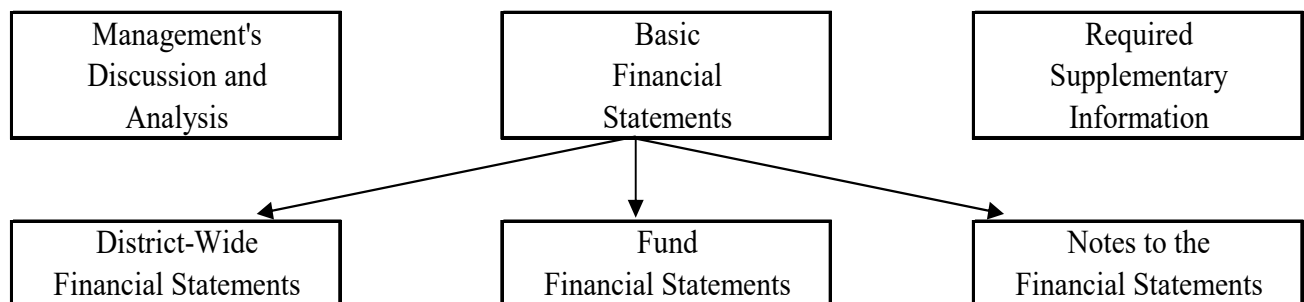


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

Financial Analysis of the District as a Whole

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percentage
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	Change
Current and							
Other Assets	\$ 4,072,242	\$ 5,645,633	\$ 168,852	\$ 145,467	\$ 4,241,094	\$ 5,791,100	
Capital Assets, Net	10,549,321	8,937,667			10,549,321	8,937,667	
Total Assets	<u>14,621,563</u>	<u>14,583,300</u>	<u>168,852</u>	<u>145,467</u>	<u>14,790,415</u>	<u>14,728,767</u>	0.42%
Deferred Outflows							
of Resources	<u>118,919</u>	<u>114,190</u>			<u>118,919</u>	<u>114,190</u>	4.14%
Other Liabilities	456,725	462,467	41,234	34,545	497,959	497,012	
Long-Term Liabilities	6,454,911	6,849,094			6,454,911	6,849,094	
Total Liabilities	<u>6,911,636</u>	<u>7,311,561</u>	<u>41,234</u>	<u>34,545</u>	<u>6,952,870</u>	<u>7,346,106</u>	-5.35%
Deferred Inflows							
of Resources	<u>102,677</u>	<u>111,138</u>			<u>102,677</u>	<u>111,138</u>	-7.61%
Net Position:							
Net Investment in							
Capital Assets	5,580,307	5,496,265			5,580,307	5,496,265	
Restricted	2,808,562	2,467,669			2,808,562	2,467,669	
Unrestricted/(Deficit)	<u>(662,700)</u>	<u>(689,143)</u>	<u>127,618</u>	<u>110,922</u>	<u>(535,082)</u>	<u>(578,221)</u>	
Total Net Position	<u>\$ 7,726,169</u>	<u>\$ 7,274,791</u>	<u>\$ 127,618</u>	<u>\$ 110,922</u>	<u>\$ 7,853,787</u>	<u>\$ 7,385,713</u>	6.34%

Changes in Net Position. Net position in the governmental activities increased by \$451,378 primarily due to the increases in capital and maintenance reserves as well as excess surplus. An explanation for the change in net position for business-type activities is included later in this section of the report.

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

	Governmental Activities	Business- Type Activities	Governmental Activities	Business- Type Activities	Total School District	Total School District	Percent- age Change
	2024/25	2024/25	2023/24	2023/24	2024/25	2023/24	
Revenue:							
Program Revenue:							
Charges for Services	\$ 233,763	\$ 89,743	\$ 233,010	\$ 84,425	\$ 323,506	\$ 317,435	
Operating Grants and Contributions	1,474,376	120,681	1,640,810	84,772	1,595,057	1,725,582	
General Revenue:							
Property Taxes	5,180,503		5,015,971		5,180,503	5,015,971	
Unrestricted State and Federal Aid	1,602,809		825,051		1,602,809	825,051	
Other	327,013	1,470	443,309	1,627	328,483	444,936	
Total Revenue	<u>8,818,464</u>	<u>211,894</u>	<u>8,158,151</u>	<u>170,824</u>	<u>9,030,358</u>	<u>8,328,975</u>	8.42%
Expenses:							
Instruction	4,804,413		4,775,267		4,804,413	4,775,267	
Pupil and Instruction Services	1,633,552		1,508,730		1,633,552	1,508,730	
Administrative and Business	793,463		828,910		793,463	828,910	
Maintenance and Operations	753,796		858,192		753,796	858,192	
Transportation	98,304		107,250		98,304	107,250	
Other	283,558	195,198	340,216	145,369	478,756	485,585	
Total Expenses	<u>8,367,086</u>	<u>195,198</u>	<u>8,418,565</u>	<u>145,369</u>	<u>8,562,284</u>	<u>8,563,934</u>	0.02%
Change in Net Position	<u>\$ 451,378</u>	<u>\$ 16,696</u>	<u>\$ (260,414)</u>	<u>\$ 25,455</u>	<u>\$ 468,074</u>	<u>\$ (234,959)</u>	-299%

Governmental Activities

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

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

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

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

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

Figure A-5

Net Cost of Governmental Activities

	Total Cost of Services 2024/25	Net Cost of Services 2024/25	Total Cost of Services 2023/24	Net Cost of Services 2023/24
Instruction	\$ 4,804,413	\$ 3,262,879	\$ 4,775,267	\$ 3,060,965
Pupil and Instruction Services	1,633,552	1,574,324	1,508,730	1,466,770
Administrative and Business	793,463	714,843	828,910	737,766
Maintenance and Operations	753,796	753,796	858,192	858,192
Transportation	98,304	69,547	107,250	80,836
Other	283,558	283,558	340,216	340,216
	<u>\$ 8,367,086</u>	<u>\$ 6,658,947</u>	<u>\$ 8,418,565</u>	<u>\$ 6,544,745</u>

Business-Type Activities

Net position from the District's business-type activity increased by \$16,696 primarily due to an increase in daily sales as well as subsidy reimbursements despite an increase in food and personnel costs. (Refer to Figure A-4).

Financial Analysis of the District's Funds

The District's financial position improved in the General Fund has improved over the last two years, mainly due an increase in State Aid and the Preschool Expansion Aid. It is presumed that the increase in State Aid is a direct result of increased enrollment, however last year, our the aide increase was capped despite a significant increase in student enrollment. As enrollment continues to increase and the demographics of our geographic area change, additional student needs and expenses arise. The significant increase in the cost of living and recent legislation have had a direct impact on the District's expenses, most notably the increase to minimum wage and especially health insurance premiums. All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management, including efficiency/cost containment practices, evaluation of services and programs, energy conservation, and seeking additional sources of revenue.

General Fund Budgetary Highlights

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

Capital Asset and Long Term Liabilities

Figure A-6

Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		%
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	Change
Sites	\$ 526,300	\$ 526,300			\$ 526,300	\$ 526,300	
Construction in Progress	5,299,014	3,441,402			5,299,014	3,441,402	
Site Improvements	155,527	170,851			155,527	170,851	
Buildings and Building Improvements	4,369,898	4,550,643			4,369,898	4,550,643	
Machinery & Equipment	198,582	248,471			198,582	248,471	
Total Capital Assets (Net of Depreciation)	<u>\$ 10,549,321</u>	<u>\$ 8,937,667</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 10,549,321</u>	<u>\$ 8,937,667</u>	<u>18.03%</u>

The District’s capital assets increased by \$1,611,654, due to \$1,860,224 in additions, offset by \$248,570 in depreciation expense. More detailed information regarding the District's capital assets is presented in Note 6 to the basic financial statements.

Long-term Liabilities

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

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Percentage
	2024/25	2023/24	Change
General Obligation Bonds (Financed with Property Taxes)	\$ 5,655,000	\$ 5,985,000	
Net Pension Liability	748,994	818,651	
Compensated Absences Payable	50,917	45,443	
	<u>\$ 6,454,911</u>	<u>\$ 6,849,094</u>	<u>-5.76%</u>

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

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

- Unknown cost of utilities due to increase in cost over the 2% tax levy increase
- Increased cost for cleaning materials and facilities resources
- Increased cost of labor and materials for future facilities projects
- Potential revenue changes based on students attending our school as out of district placements.
- The State of NJ has not communicated the funding formula no that S2 has expired
- Increased cost for transportation of students
- Increased cost of insurance premiums
- The need for out-of-district placements for resident students
- The minimum wage increase in New Jersey effective every January with no anticipated percentage at the time the budget it being created.

Contacting the District’s Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents		\$ 69,875	\$ 69,875
Internal Balances	\$ (83,450)	83,450	
Receivables from State Government	212,434	345	212,779
Receivables from Federal Government	84,259	5,878	90,137
Receivables from Other Governments	448,780		448,780
Other Receivables	120,036	5,195	125,231
Inventories		4,109	4,109
Restricted Cash and Cash Equivalents	3,290,183		3,290,183
Capital Assets, Net:			
Sites (Land) and Construction in Progress	5,825,314		5,825,314
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	4,724,007		4,724,007
Total Assets	<u>14,621,563</u>	<u>168,852</u>	<u>14,790,415</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	118,919		118,919
Total Deferred Outflows of Resources	<u>118,919</u>		<u>118,919</u>
LIABILITIES			
Accrued Interest Payable	63,139		63,139
Accounts Payable	386,657	38,438	425,095
Unearned Revenue	6,929	2,796	9,725
Noncurrent Liabilities:			
Due Within One Year	220,000		220,000
Due Beyond One Year	6,234,911		6,234,911
Total Liabilities	<u>6,911,636</u>	<u>41,234</u>	<u>6,952,870</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of Resources Related to Pensions	102,677		102,677
Total Deferred Inflows of Resources	<u>102,677</u>		<u>102,677</u>
NET POSITION			
Net Investment in Capital Assets	5,580,307		5,580,307
Restricted for:			
Capital Projects	1,735,199		1,735,199
Maintenance	456,802		456,802
Excess Surplus	580,000		580,000
Student Activities	36,561		36,561
Unrestricted/(Deficit)	(662,700)	127,618	(535,082)
Total Net Position	<u>\$ 7,726,169</u>	<u>\$ 127,618</u>	<u>\$ 7,853,787</u>

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

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

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 3,161,116		\$ 481,769	\$ (2,679,347)		\$ (2,679,347)
Special Education	1,394,778	\$ 174,535	843,868	(376,375)		(376,375)
Other Special Instruction	185,335		31,355	(153,980)		(153,980)
Other Instruction	63,184		10,007	(53,177)		(53,177)
Support Services:						
Student & Instruction Related Services	1,633,552	59,228		(1,574,324)		(1,574,324)
General Administrative Services	290,523		14,995	(275,528)		(275,528)
School Administrative Services	263,437		29,986	(233,451)		(233,451)
Central Services	208,692		33,639	(175,053)		(175,053)
Administrative Information Technology	30,811			(30,811)		(30,811)
Plant Operations and Maintenance	753,796			(753,796)		(753,796)
Pupil Transportation	98,304		28,757	(69,547)		(69,547)
Interest on Long-Term Debt	224,656			(224,656)		(224,656)
Transfer of Funds to Charter School	58,902			(58,902)		(58,902)
Total Governmental Activities	8,367,086	233,763	1,474,376	(6,658,947)		(6,658,947)
Business-Type Activities:						
Food Service	195,198	89,743	120,681		\$ 15,226	\$ 15,226
Total Business-Type Activities	195,198	89,743	120,681		15,226	15,226
Total Primary Government	\$ 8,562,284	\$ 323,506	\$ 1,595,057	(6,658,947)	15,226	(6,643,721)

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

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 4,888,228		\$ 4,888,228
Taxes Levied for Debt Service	292,275		292,275
Federal and State Aid not Restricted	1,602,809		1,602,809
Investment Earnings	104,400	\$ 1,470	105,870
Miscellaneous Income	222,613		222,613
Total General Revenue	7,110,325	1,470	7,111,795
Change in Net Position	451,378	16,696	468,074
Net Position - Beginning	7,274,791	110,922	7,385,713
Net Position - Ending	\$ 7,726,169	\$ 127,618	\$ 7,853,787

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

FUND FINANCIAL STATEMENTS

BOROUGH OF STANHOPE SCHOOL DISTRICTBALANCE SHEET
GOVERNMENTAL FUNDSJUNE 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Interfund Receivable	\$ 363,112				\$ 363,112
Receivables From State Government	212,434				212,434
Receivables From Federal Government		\$ 84,259			84,259
Receivables From Other Governments	448,780				448,780
Other Receivables	120,036				120,036
Restricted Cash and Cash Equivalents	2,192,001	49,084	\$ 1,049,098		3,290,183
Total Assets	<u>\$ 3,336,363</u>	<u>\$ 133,343</u>	<u>\$ 1,049,098</u>	<u>\$ -0-</u>	<u>\$ 4,518,804</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable	\$ 83,450		\$ 363,112		\$ 446,562
Accounts Payable	184,238	105,249			289,487
Unearned Revenue		6,929			6,929
Total Liabilities	<u>267,688</u>	<u>112,178</u>	<u>363,112</u>		<u>742,978</u>
Fund Balances:					
Restricted:					
Capital Reserve	1,735,199				1,735,199
Maintenance Reserve	456,802				456,802
Excess Surplus for 2026-2027	300,000				300,000
Excess Surplus for 2025-2026	280,000				280,000
Capital Projects			685,986		685,986
Student Activities		36,561			36,561
Assigned:					
Other Purposes	24,967				24,967
Designated for Subsequent Year's Expenditures	17,137				17,137
Unassigned/(Deficit)	254,570	(15,396)			239,174
Total Fund Balances	<u>3,068,675</u>	<u>21,165</u>	<u>685,986</u>		<u>3,775,826</u>
Total Liabilities and Fund Balances	<u>\$ 3,336,363</u>	<u>\$ 133,343</u>	<u>\$ 1,049,098</u>	<u>\$ -0-</u>	<u>\$ 4,518,804</u>

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

Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (A-1) are Different Because:	
Total Fund Balances from above	\$ 3,775,826
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	10,549,321
Interest on Long-Term Debt is not Accrued in the Governmental Funds, but Rather is Recognized as an Expenditure When Due.	(63,139)
District contributions subsequent to the measurement date are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the Statement of Net Position	(97,170)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows	118,919
Deferred Inflows	(102,677)
Long-Term Liabilities are not Due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds.	<u>(6,454,911)</u>
Net Position of Governmental Activities (Exhibit A-1)	<u><u>\$ 7,726,169</u></u>

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 4,888,228			\$ 292,275	\$ 5,180,503
Tuition from Other LEAs	174,535				174,535
Interest Earned on Investments	9,673				9,673
Restricted Miscellaneous Revenue		\$ 59,228			59,228
Unrestricted Miscellaneous Revenue	247,670		\$ 69,670		317,340
Total - Local Sources	5,320,106	59,228	69,670	292,275	5,741,279
State Sources	3,093,401	266,566		265,750	3,625,717
Federal Sources		174,065			174,065
Total Revenues	8,413,507	499,859	69,670	558,025	9,541,061
EXPENDITURES:					
Current:					
Regular Instruction	1,840,914	267,095			2,108,009
Special Education Instruction	807,152	100,038			907,190
Other Special Instruction	116,237				116,237
School-Sponsored/Other Instruction	39,654				39,654
Support Services and Undistributed Costs:					
Student and Other Instruction Related Services	1,163,812	200,627			1,364,439
General Administration Services	219,546				219,546
School Administration Services	178,710				178,710
Central Services	149,438				149,438
Administrative Information Technology	26,929				26,929
Plant Operations and Maintenance	658,256				658,256
Student Transportation	90,018				90,018
Unallocated Benefits	2,716,768				2,716,768
Debt Service:					
Principal				330,000	330,000
Interest and Other Charges				228,025	228,025
Capital Outlay	37,009	474	1,857,612		1,895,095
Transfer of Funds to Charter School	58,902				58,902
Total Expenditures	8,103,345	568,234	1,857,612	558,025	11,087,216
Excess/(Deficit) of Revenue Over/(Under) Expenditures	310,162	(68,375)	(1,787,942)		(1,546,155)
OTHER FINANCING SOURCES/(USES):					
Transfers	(7,310)	76,980	(69,670)		
Total Other Financing Sources/(Uses)	(7,310)	76,980	(69,670)		
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	302,852	8,605	(1,857,612)		(1,546,155)
Fund Balance - July 1	2,765,823	12,560	\$ 2,543,598		5,321,981
Fund Balance - June 30	\$ 3,068,675	\$ 21,165	\$ 685,986	\$ -0-	\$ 3,775,826

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

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

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (1,546,155)

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

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

Depreciation expense	\$ (248,570)	
Capital Outlays	<u>1,860,224</u>	1,611,654

In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (5,474)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+). 3,369

Repayment of serial bonds payable is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities. 330,000

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

Change in Net Pension Liability	69,657	
Change in Deferred Outflows	(20,134)	
Change in Deferred Inflows	<u>8,461</u>	

Change in Net Positon of Governmental Activities (A-2) \$ 451,378

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

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

	Business-type Activities - Enterprise Funds <u>Food Service</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 69,875
Interfund Receivable	83,450
Intergovernmental Accounts Receivable:	
State	345
Federal	5,878
Other Accounts Receivable	5,195
Inventories	4,109
	<u>168,852</u>
Total Current Assets	<u>168,852</u>
Non-Current Assets:	
Capital Assets	26,600
Less: Accumulated Depreciation	<u>(26,600)</u>
Total Non-Current Assets	<u>-0-</u>
Total Assets	<u>168,852</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	38,438
Unearned Revenue:	
Donated Commodities	<u>2,796</u>
Total Liabilities	<u>41,234</u>
<u>NET POSITION:</u>	
Unrestricted	<u>127,618</u>
Total Net Position	<u><u>\$ 127,618</u></u>

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

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

	Business-type Activities - Enterprise Funds
	<u>Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 84,201
Daily Sales - Non-Reimbursable Programs	5,542
Total Operating Revenue	<u>89,743</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	59,512
Cost of Sales - Non-Reimbursable Programs	4,258
Salaries, Benefits & Payroll Taxes	100,298
Supplies, Insurance & Other Costs	18,630
Management Fee	12,500
Total Operating Expenses	<u>195,198</u>
Operating Loss	(105,455)
Non-Operating Revenue:	
Local Sources:	
Interest Income	1,470
State Sources:	
State School Lunch Program	3,738
State Extended Income Eligibility - Lunch	489
State Breakfast Program	589
State Extended Income Eligibility - Breakfast	204
Summer EBT Reimbursement	321
Federal Sources:	
National School Lunch Program	74,445
Federal Breakfast Program	17,846
Food Distribution Program	14,112
Summer EBT Reimbursement	322
COVID-19 - Supply Chain Assistance Utilized	8,615
Total Non-Operating Income	<u>122,151</u>
Change in Net Position	16,696
Net Position - Beginning of Year	<u>110,922</u>
Net Position - End of Year	<u><u>\$ 127,618</u></u>

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

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

	Business-type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 85,830
Payments to Food Service Vendor	(123,008)
Payments to Suppliers	(8,894)
Payment of Salaries - District Employees	(34,241)
Net Cash Used for Operating Activities	(80,313)
Cash Flows from Investing Activities:	
Interest Income	1,470
Net Cash Provided by Investing Activities	1,470
Cash Flows by Noncapital Financing Activities:	
Interfund Returned - General Fund	(267)
State Sources	5,214
Federal Sources	89,707
Net Cash Provided by Noncapital Financing Activities	94,654
Net Change in Cash and Cash Equivalents	15,811
Cash and Cash Equivalents, July 1	54,064
Cash and Cash Equivalents, June 30	\$ 69,875
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (105,455)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Food Distribution Program	14,112
Changes in Assets and Liabilities:	
(Increase) in Inventory	(360)
(Increase) in Other Accounts Receivable	(3,913)
Increase in Accounts Payable	14,454
Increase in Unearned Revenue - Donated Commodities	849
Net Cash Used for Operating Activities	\$ (80,313)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program Valued at \$14,961 and Utilized Commodities Valued at \$14,112.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

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

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

B. Basis of Presentation (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

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

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

B. Basis of Presentation (Cont'd)

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

The District reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

D. Budgets/Budgetary Control

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

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

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 8,419,960	\$ 501,576
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not:		
Prior Year Encumbrances		3,328
Current Year Encumbrances		(4,200)
Prior Year State Aid Payments Recognized for GAAP Purposes, Not recognized for Budgetary Statements	134,538	14,551
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(140,991)	(15,396)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 8,413,507</u>	<u>\$ 499,859</u>

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

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

D. Budgets/Budgetary Control (Cont'd)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures: (Cont'd)

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 8,103,345	\$ 469,106
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior Year Encumbrances		3,328
Current Year Encumbrances		(4,200)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 8,103,345</u>	<u>\$ 468,234</u>

E. Cash and Cash Equivalents and Investments

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

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

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

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

K. Capital Assets:

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

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

(Continued)

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

K. Capital Assets: (Cont'd)

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

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

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

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

L. Lease Assets

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

M. Subscription Assets

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

N. Long Term Liabilities:

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

O. Accrued Salaries and Wages:

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

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

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

P. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy various employee contracts/agreements. Upon termination, employees are paid for accrued vacation.

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

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

Q. Leases Payable

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

R. Subscription Payable

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

S. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned.

T. Fund Balance Appropriated:

General Fund: Of the \$3,068,675 General Fund fund balance at June 30, 2025, \$24,967 is assigned for year-end encumbrances; \$17,137 is assigned for subsequent year's expenditures; \$1,735,199 is restricted in the capital reserve account; \$456,802 is restricted in the maintenance reserve account; \$300,000 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2027; \$280,000 is restricted as prior year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and has been appropriated and included as anticipated revenue for the fiscal year ending, June 30, 2026; and \$254,570 is unassigned, which is \$140,991 less than the calculated maximum unassigned fund balance due to the final state aid payments that are not recognized on the GAAP basis until the fiscal year ending June 30, 2026.

Special Revenue Fund: Of the \$21,165 Special Revenue Fund fund balance at June 30, 2025, \$36,561 is restricted for student activities; and there is a deficit in unassigned fund balance of \$15,396 on a GAAP basis due to the June state aid payments that are not recognized until the fiscal year ending June 30, 2026.

Capital Projects Fund: The \$685,986 of Capital Projects Fund fund balance at June 30, 2025 is restricted for the 2023 Referendum.

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

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

T. Fund Balance Appropriated: (Cont'd)

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

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

U. Deficit Net Position/Fund Balance:

The District has a deficit of \$15,396 in unassigned fund balance in the Special Revenue Fund due to the June state aid payments that are not recognized until the fiscal year ending June 30, 2026. The District has a deficit in unrestricted net position of \$662,700 in governmental activities, which is primarily due to compensated absences payable, net pension liability and the related deferred inflows and outflows. These deficits do not indicate that the District is in financial difficulties and are a permitted practice under generally accepted accounting principles.

V. Net Position:

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

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

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

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

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

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

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

V. Net Position: (Cont'd)

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

W. Fund Balance Restrictions, Commitments and Assignments:

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

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2025.

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

X. Revenue - Exchange and Nonexchange Transactions:

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

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

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

Y. Operating Revenue and Expenses:

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

Z. Management Estimates:

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

AA. Pensions:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

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

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

Deposits:

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

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

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

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

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

Investments:

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

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

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

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

Investments: (Cont'd)

- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) The underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) The custody of collateral is transferred to a third party;
 - (c) The maturity of the agreement is not more than 30 days;
 - (d) The underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) A master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

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

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

Investments: (Cont'd)

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

	Cash and Cash Equivalents		Total
	Restricted	Unrestricted	
Checking Accounts	\$ 555,609	\$ 69,875	\$ 625,484
NJARM	2,734,574		2,734,574
	<u>\$ 3,290,183</u>	<u>\$ 69,875</u>	<u>\$ 3,360,058</u>

During the period ended June 30, 2025, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2025, was \$3,360,058 and the bank balance was \$3,260,848. The balance in the NJARM accounts are uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

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

Beginning Balance, July 1, 2024	\$ 1,553,756
Add: Interest Earned	7,173
Transfer by Board Resolution June 2025	174,270
Ending Balance, June 30, 2025	<u>\$ 1,735,199</u>

The balance in the capital reserve account at June 30, 2025 does not exceed the LRFP balance of local support costs of uncompleted capital projects.

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

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

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

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

Beginning Balance, July 1, 2024	\$ 356,802
Add: Interest Earned	2,500
Transfer by Board Resolution June 2025	97,500
Ending Balance, June 30, 2025	<u><u>\$ 456,802</u></u>

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

NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 526,300			\$ 526,300
Construction in Progress	3,441,402	\$ 1,857,612		5,299,014
Total Capital Assets Not Being Depreciated	<u>3,967,702</u>	<u>1,857,612</u>		<u>5,825,314</u>
Capital Assets Being Depreciated:				
Site Improvements	372,089			372,089
Buildings and Building Improvements	8,488,220			8,488,220
Machinery and Equipment	434,929	2,612		437,541
Total Capital Assets Being Depreciated	<u>9,295,238</u>	<u>2,612</u>		<u>9,297,850</u>
Governmental Activities Capital Assets	<u>13,262,940</u>	<u>1,860,224</u>		<u>15,123,164</u>
Less Accumulated Depreciation for:				
Site Improvements	(201,238)	(15,324)		(216,562)
Buildings and Building Improvements	(3,937,577)	(180,745)		(4,118,322)
Machinery and Equipment	(186,458)	(52,501)		(238,959)
	<u>(4,325,273)</u>	<u>(248,570)</u>		<u>(4,573,843)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 8,937,667</u>	<u>\$ 1,611,654</u>	<u>\$ -0-</u>	<u>\$ 10,549,321</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 26,600			\$ 26,600
Less: Accumulated Depreciation	<u>(26,600)</u>			<u>(26,600)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 83,783
Special Education	44,229
Other Special Instruction	5,208
Other Instruction	1,810
Student and Instruction Related Services	45,249
General Administration	15,341
School Administration	6,942
Central Services	8,879
Administrative Information Technology	1,105
Plant Operations and Maintenance	27,738
Pupil Transportation	8,286
	<u>\$ 248,570</u>

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

NOTE 7. LONG-TERM LIABILITIES

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

	Balance 6/30/2024	Issued/ Accrued	Matured	Balance 6/30/2025	Due Within One Year
Serial Bonds Payable	\$ 5,985,000		\$ 330,000	\$ 5,655,000	\$ 220,000
Net Pension Liability	818,651		69,657	748,994	
Compensated Absences Payable	45,443	\$ 5,474		50,917	
	<u>\$ 6,849,094</u>	<u>\$ 5,474</u>	<u>\$ 399,657</u>	<u>\$ 6,454,911</u>	<u>\$ 220,000</u>

A. Bonds Payable:

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

On March 1, 2023, the District issued debt in the amount of \$5,655,000 with interest rates ranging from 3.50% - 4.00% with consent of the taxpayers through a referendum for various capital improvements, repairs and upgrades to the Valley Road School building. The bonds mature on March 15, 2025 through 2043.

The bond payments will be paid from the Debt Service Fund.

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

Purpose	Final Maturity Date	Interest Rate	Amount
2023 School Bonds	3/15/43	3.50-4.00%	<u>\$ 5,655,000</u>

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

Fiscal Year Ending June 30,	Bonds		
	Principal	Interest	Total
2026	\$ 220,000	\$ 216,475	\$ 436,475
2027	230,000	208,775	438,775
2028	240,000	200,150	440,150
2029	250,000	191,150	441,150
2030	255,000	181,775	436,775
2031-2035	1,455,000	756,063	2,211,063
2036-2040	1,765,000	460,025	2,225,025
2041-2043	1,240,000	100,600	1,340,600
	<u>\$ 5,655,000</u>	<u>\$ 2,315,013</u>	<u>\$ 7,970,013</u>

B. Bonds Authorized But Not Issued:

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

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

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

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in current and long-term portions. The current portion of the compensated absences balance of the governmental funds is \$-0- and the long-term portion is \$50,917.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2025, no liability existed for compensated absences in the Proprietary Funds.

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

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term portions and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2025 is \$-0- and the long-term portion is \$748,994. See Note 8 for further information on the PERS.

NOTE 8. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

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

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

Service retirement benefits of $1/55^{\text{th}}$ of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{\text{th}}$ of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

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

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

The actuaries have determined the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and is adjusted by the rate of return on the actuarial value of assets.

District contributions to PERS amounted to \$75,006 for the current fiscal year. During the fiscal year ended June 30, 2025, the State of New Jersey contributed \$2,415 to the PERS for normal pension expense of the District.

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

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity.

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

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Special Funding Situation (Cont'd)

Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statement of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entity's total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must disclose pension expense as well as revenue associated with the employers in an amount equal to the nonemployer contributing entity's total proportionate share of the collective pension expense associated with the local participating employer.

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

At June 30, 2025, the District reported a liability of \$748,994 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the District's proportion was 0.0055% which was a decrease of 0.0001% as of June 30, 2023.

For the fiscal year ended June 30, 2025, the District recognized an actual pension expense of \$17,021 for PERS. Additionally, for the fiscal year ended June 30, 2024, the State recognized pension expense for PERS on behalf of the District in the amount of \$2,415 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2025 financial statements.

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2025.

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

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2020	5.16		\$ 5,443
	2021	5.13	\$ 930	
	2022	5.04		3,079
			<u>930</u>	<u>8,522</u>
Difference Between Expected and Actual Experience	2020	5.16	303	
	2021	5.13		740
	2022	5.04		1,254
	2023	5.08	3,853	
	2024	5.08	<u>10,848</u>	
			<u>15,004</u>	<u>1,994</u>

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

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

	<u>Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference Between Projected and	2021	5.00		\$ 51,414
Actual Investment Earnings on Pension	2022	5.00		(81,560)
Plan Investments	2023	5.00		21,150
	2024	5.00		43,725
				<u>34,729</u>
Changes in Proportion	2020	5.16		505
	2021	5.13	\$ 5,815	
	2022	5.04		10,180
	2023	5.08		29,701
	2024	5.08		17,046
			<u>5,815</u>	<u>57,432</u>
District Contribution Subsequent to the				
Measurement Date	2024	1.00	97,170	
			<u>\$ 118,919</u>	<u>\$ 102,677</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2025	\$ (45,974)
2026	6,458
2027	(28,184)
2028	(13,131)
2029	(97)
	<u>\$ (80,928)</u>

Actuarial Assumptions

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

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

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

NOTE 8. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

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

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

Long Term Expected Rate of Return

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

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

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

NOTE 8. PENSION PLANS (Cont'd)

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

Discount Rate

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

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

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

	June 30, 2024		
	At 1% Decrease (6.00%)	Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 995,229	\$ 748,994	\$ 539,449

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

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

Benefits Provided

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

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

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for TPAF:

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

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

Contributions

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

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2025, the State of New Jersey contributed \$950,710 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required benefit of \$39,487.

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

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

NOTE 8. PENSION PLANS (Cont'd)

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

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

At June 30, 2025, the District reported a liability of \$10,824,631 for its proportionate share of the net pension liability, which was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2025. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the District's proportion was 0.0219%, which was a decrease of 0.0001% as of June 30, 2023.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>10,824,631</u>
Total	<u><u>\$ 10,824,631</u></u>

For the fiscal year ended June 30, 2024, the State recognized pension benefit on behalf of the District in the amount of \$39,487 and the District recognized pension benefit and revenue for that same amount in the fiscal year ended June 30, 2025 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	8.30		\$ 480,199,664
	2018	8.29		1,060,765,245
	2019	8.04		1,016,333,107
	2020	7.99	\$ 603,633,698	
	2021	7.93		7,317,559,989
	2022	7.83	67,989,902	
			<u>671,623,600</u>	<u>9,874,858,005</u>
Difference Between Expected and Actual Experience	2017	8.30	8,543,764	
	2018	8.29	186,086,527	
	2019	8.04		39,486,140
	2020	7.99		3,217,090
	2021	7.93	97,106,767	
	2022	7.83		12,735,529
	2023	7.93	144,751,819	
	2024	7.84		211,440,707
			<u>436,488,877</u>	<u>266,879,466</u>

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

NOTE 8. PENSION PLANS (Cont'd)

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2021	5.00		\$ 888,658,452
	2022	5.00		(1,659,667,329)
	2023	5.00		357,972,332
	2024	5.00		816,400,864
				403,364,319
			<u>\$ 1,108,112,477</u>	<u>\$ 10,545,101,790</u>

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

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

Actuarial Assumptions

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

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

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

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

NOTE 8. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

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.

Long Term Expected Rate of Return

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

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

Discount Rate – TPAF

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

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

NOTE 8. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF (Cont'd)

Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

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

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

	June 30, 2024		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's Proportionate Share of the Net Pension Associated with the District	\$ 12,866,607	\$ 10,824,631	\$ 9,104,902

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District made contributions of \$32,903 for the fiscal year ended June 30, 2025. Employee contributions to DCRP amounted to \$44,254 for the year ended June 30, 2025.

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

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

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

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

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

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

Employees Covered by Benefit Terms

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

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

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

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

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

Total Nonemployer OPEB Liability

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

Actuarial Assumptions and Other Inputs

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

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

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

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

Mortality Rates

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

Health Care Trend Assumptions

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

Discount Rate

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

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

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

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

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

	Total OPEB Liability
Balance at June 30, 2023	\$ 11,895,677
Changes for Year:	
Service Cost	447,190
Interest on the Total OPEB Liability	449,388
Difference between Actual and Expected Experience	169,742
Changes of Assumptions	1,021,343
Gross Benefit Payments by the State	(343,205)
Contributions from Members	11,752
Net Changes	1,756,210
Balance at June 30, 2024	\$ 13,651,887

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

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

	June 30, 2024		
	At 1% Decrease (2.93%)	At Discount Rate (3.93%)	At 1% Increase (4.93%)
Total OPEB Liability Attributable to the District	\$ 15,989,283	\$ 13,651,887	\$ 11,751,537

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

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

	June 30, 2024		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 11,372,121	\$ 13,651,887	\$ 16,621,432

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

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

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

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

For the fiscal year ended June 30, 2025, the District recognized OPEB expense of \$548,839 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

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

	Year of Deferral	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 261,811
	2018	9.51		319,628
	2019	9.29	\$ 50,429	
	2020	9.24	1,300,833	
	2021	9.24	7,684	
	2022	9.13		2,087,713
	2023	9.30	18,960	
	2024	9.33	911,874	
			<u>2,289,780</u>	<u>2,669,152</u>
Differences Between Expected and Actual Experience	2018	9.51		302,148
	2019	9.29		593,547
	2020	9.24	1,212,429	
	2021	9.24		1,477,655
	2022	9.13	215,004	
	2023	9.30		176,129
	2024	9.33	32,476	
			<u>1,459,909</u>	<u>2,549,479</u>
Changes in Proportion	N/A	N/A	1,261,587	345,449
			<u>\$ 5,011,276</u>	<u>\$ 5,564,080</u>

N/A - Not Available

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

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

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

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

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

Fiscal Year Ending June 30,	Total
2025	\$ (484,246)
2026	(406,045)
2027	(192,859)
2028	50,687
2029	(351,930)
Thereafter	(84,549)
	<u>\$ (1,468,942)</u>

NOTE 10. RISK MANAGEMENT

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

Property and Liability

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

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

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

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability (Cont'd)

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

Total Assets	\$ 58,120,778
Net Position	\$ 19,408,763
Total Revenue	\$ 60,984,350
Total Expenses	\$ 61,472,363
Change in Net Position	\$ (488,013)
Member Dividends	\$ -0-

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

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

New Jersey Unemployment Compensation Insurance

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

NOTE 11. ECONOMIC DEPENDENCY

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

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 363,112	\$ 83,450
Capital Projects Fund		363,112
Food Service Fund	83,450	
	<u>\$ 446,562</u>	<u>\$ 446,562</u>

The interfund receivable in the General fund with the Capital Project Fund represents interest earned and not turned over as of June 30, 2025. The interfund payable in the General Fund is subsidy reimbursements received in the General Fund and not turned over to the Food Service Fund as of June 30, 2025.

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

NOTE 13. DEFERRED COMPENSATION

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

The plan administrators are as follows:

Lincoln Financial Group
AXA Equitable
Lincoln Investment Planning, Inc.

NOTE 14. TAX CALENDAR

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

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

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

NOTE 15. CONTINGENT LIABILITIES (Cont'd)

Encumbrances

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

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ 24,967	\$ 4,200	\$ 588,087	\$ 617,254
<u> </u>	<u> </u>	<u> </u>	<u> </u>

On the District's governmental funds balance sheet as of June 30, 2025, \$4,200 is assigned for year-end encumbrances in the Special Revenue Fund as encumbrances are not recognized on the GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue. The \$588,087 of encumbrances in the Capital Projects Fund are included in the \$685,986 of restricted fund balance.

Arbitrage

The District could be subject to liability for arbitrage payable to the federal government relative to its \$5,985,000 School Bonds dated March 1, 2023. The amount of arbitrage, if any, related to the serial bonds issued in 2023 is not known at the time of the audit.

NOTE 16. ACCOUNTS PAYABLE

Payables as of June 30, 2025 were:

	Governmental Funds		District Contribution Subsequent to Measure- ment Date	Total Governmental Activities	Business-Type Activities Proprietary Funds
	General Fund	Special Revenue Fund			
Vendors	\$ 18,068	\$ 12,523		\$ 30,591	\$ 38,438
Cash Deficit	102,810	92,726		195,536	
Payroll Deductions and Withholdings	47,054			47,054	
Accrued Salaries and Wages	16,306			16,306	
Due to State of New Jersey			\$ 97,170	97,170	
	<u>\$ 184,238</u>	<u>\$ 105,249</u>	<u>\$ 97,170</u>	<u>\$ 386,657</u>	<u>\$ 38,438</u>

NOTE 17. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2025, the District made transfers into capital outlay accounts for equipment which did not require approval of the County Superintendent.

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
District's proportion of the net pension liability	0.4557700400%	0.0055671764%	0.0054054801%	0.0041094750%	0.0060295746%	0.0059570388%	0.0060780475%	0.0059458481%	0.0056519610%	0.0055121534%
District's proportionate share of the net pension liability	\$ 1,023,112	\$ 1,648,838	\$ 1,258,309	\$ 809,135	\$ 1,086,438	\$ 971,437	\$ 720,036	\$ 897,310	\$ 818,651	\$ 748,994
District's covered employee payroll	\$ 376,364	\$ 375,600	\$ 330,943	\$ 361,735	\$ 413,146	\$ 445,424	\$ 406,122	\$ 446,068	\$ 425,656	\$ 426,302
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	271.84%	438.99%	380.22%	223.68%	262.97%	218.09%	177.30%	201.16%	192.33%	175.70%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%	65.23%	68.22%

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution	\$ 39,184	\$ 50,106	\$ 51,459	\$ 41,204	\$ 59,073	\$ 65,167	\$ 71,181	\$ 74,980	\$ 75,540	\$ 75,006
Contributions in relation to the contractually required contribution	(39,184)	(50,106)	(51,459)	(41,204)	(59,073)	(65,167)	(71,181)	(74,980)	(75,540)	(75,006)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 375,600	\$ 330,943	\$ 361,735	\$ 413,146	\$ 445,424	\$ 406,122	\$ 446,068	\$ 425,656	\$ 426,302	\$ 542,335
Contributions as a percentage of covered employee payroll	10.43%	15.14%	14.23%	9.97%	13.26%	16.05%	15.96%	17.62%	17.72%	13.83%

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
State's proportion of the net pension liability attributable to the District	0.0188250296%	0.0187185590%	0.0207304719%	0.0217997051%	0.0231784493%	0.0221452789%	0.0223306269%	0.0237667623%	0.0220064644%	0.0219010781%
State's proportionate share of the net pension liability attributable to the District	\$ 11,898,223	\$ 14,725,210	\$ 13,977,232	\$ 13,868,504	\$ 14,224,833	\$ 14,582,392	\$ 10,735,491	\$ 12,262,322	\$ 11,230,486	\$ 10,824,631
District's covered employee payroll	\$ 1,987,783	\$ 2,173,983	\$ 2,401,031	\$ 2,402,379	\$ 2,348,756	\$ 2,622,173	\$ 2,583,784	\$ 2,571,419	\$ 2,646,630	\$ 2,816,397
State proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	598.57%	677.34%	582.13%	577.28%	605.63%	556.12%	415.49%	476.87%	424.33%	384.34%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	22.33%	25.41%	26.49%	26.95%	24.59%	35.52%	32.29%	34.68%	37.99%

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution	\$ 726,494	\$ 1,106,395	\$ 968,272	\$ 808,485	\$ 839,019	\$ 906,796	\$ 252,611	\$ 330,013	\$ 275,900	\$ (39,487)
Contributions in relation to the contractually required contribution	(149,868)	(225,024)	(321,032)	(455,864)	(485,731)	(649,125)	(978,395)	(899,638)	(933,278)	(950,710)
Contribution deficiency/(excess)	\$ 576,626	\$ 881,371	\$ 647,240	\$ 352,621	\$ 353,288	\$ 257,671	\$ (725,784)	\$ (569,625)	\$ (657,378)	\$ (990,197)
District's covered employee payroll	\$2,173,983	\$2,401,031	\$2,402,379	\$2,348,756	\$2,622,173	\$2,583,784	\$2,571,419	\$2,646,630	\$2,816,397	\$2,895,151
Contributions as a percentage of covered employee payroll	6.89%	9.37%	13.36%	19.41%	18.52%	25.12%	38.05%	33.99%	33.14%	32.84%

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

	Fiscal Year Ending June 30,					
	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 472,283	\$ 391,661	\$ 328,271	\$ 378,902	\$ 686,066	\$ 589,081
Interest Cost	355,518	412,360	383,545	329,698	324,986	288,339
Changes in Benefit Terms					(13,334)	
Changes in Assumptions	(1,452,339)	(1,115,138)	136,555	2,565,905	12,360	(2,918,726)
Differences between Expected and Actual Experience		(971,563)	(1,134,529)	1,851,041	(2,281,531)	670,145
Member Contributions	9,596	8,981	8,334	7,412	8,308	9,162
Gross Benefit Payments	(260,599)	(259,844)	(281,141)	(244,547)	(255,998)	(285,608)
						(326,579)
Net Change in Total OPEB Liability	(875,541)	(1,533,543)	(558,965)	4,888,411	(1,519,143)	(1,647,607)
Total OPEB Liability - Beginning	12,126,642	11,251,101	9,717,558	9,158,593	14,047,004	12,527,861
Total OPEB Liability - Ending	\$ 11,251,101	\$ 9,717,558	\$ 9,158,593	\$ 14,047,004	\$ 12,527,861	\$ 10,880,254
District's Covered Employee Payroll *	\$ 2,549,583	\$ 2,731,974	\$ 2,764,114	\$ 2,761,902	\$ 3,067,597	\$ 2,989,906
Total OPEB Liability as a Percentage of Covered Employee Payroll	441%	356%	331%	509%	408%	364%
						394%
						444%

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

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

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

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

There were none

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

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

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

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

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

BUDGETARY COMPARISON SCHEDULES

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 4,888,228		\$ 4,888,228	\$ 4,888,228	
Tuition From Other LEAs Within the State	122,633		122,633	174,535	\$ 51,902
Unrestricted Miscellaneous Revenues	280,612		280,612	247,670	(32,942)
Interest Earned on Maintenance Reserve	2,500		2,500	2,500	
Interest Earned on Capital Reserve Funds	7,173		7,173	7,173	
Total Revenues from Local Sources	5,301,146		5,301,146	5,320,106	18,960
Revenues from State Sources:					
Categorical Transportation Aid	22,257		22,257	22,257	
Extraordinary Aid	45,000		45,000	184,490	139,490
Categorical Special Education Aid	345,444		345,444	345,444	
Equalization Aid	1,033,702		1,033,702	1,033,702	
Categorical Security Aid	42,905		42,905	42,905	
Other State Aids				6,071	6,071
TPAF Post Retirement Contributions (Non-Budgeted)				281,239	281,239
TPAF Pension Contributions (Non-Budgeted)				950,710	950,710
TPAF Non-Contributory Insurance (Non-Budgeted)				11,777	11,777
TPAF Long-Term Disability Insurance (Non-Budgeted)				565	565
Reimbursed TPAF Social Security Contributions				220,694	220,694
Total Revenues from State Sources	1,489,308		1,489,308	3,099,854	1,610,546
TOTAL REVENUE	6,790,454		6,790,454	8,419,960	1,629,506

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 162,142	\$ (161)	\$ 161,981	\$ 161,981	
Grades 1-5 - Salaries of Teachers	958,435	(10,517)	947,918	947,583	\$ 335
Grades 6-8 - Salaries of Teachers	591,539	7,086	598,625	598,309	316
Regular Programs - Home Instruction:					
Salaries of Teachers	1,000	10,225	11,225	11,225	
Purchased Professional-Educational Services	1,000	(1,000)			
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	35,798	2,257	38,055	38,055	
Other Purchased Services (400-500 series)	72,670	(9,563)	63,107	32,660	30,447
General Supplies	40,443	5,515	45,958	43,800	2,158
Textbooks	12,000	(6,454)	5,546		5,546
Other Objects	25,000		25,000	7,301	17,699
Total Regular Programs - Instruction	1,900,027	(2,612)	1,897,415	1,840,914	56,501
 Special Education - Instruction:					
Emotional Regulation Impairment:					
Salaries of Teachers	75,326	431	75,757	75,757	
Other Salaries for Instruction	37,472	15,736	53,208	52,950	258
General Supplies	3,000	2,397	5,397	5,397	
Total Emotional Regulation Impairment	115,798	18,564	134,362	134,104	258
 Resource Room/Resource Center:					
Salaries of Teachers	339,341	8,712	348,053	346,062	1,991
Other Salaries for Instruction	153,759	(9,551)	144,208	144,208	
General Supplies	2,100	(867)	1,233	1,233	
Total Resource Room/Resource Center	495,200	(1,706)	493,494	491,503	1,991

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Autism:					
Salaries of Teachers	\$ 158,888	\$ 3,340	\$ 162,228	\$ 161,130	\$ 1,098
Other Purchased Services (400-500 series)	2,000	(1,371)	629	629	
General Supplies	5,185	680	5,865	5,865	
Total Autism	166,073	2,649	168,722	167,624	1,098
Preschool Disabilities - Full-Time:					
General Supplies	10,503		10,503	10,503	
Total Preschool Disabilities - Full-Time	10,503		10,503	10,503	
Home Instruction:					
Salaries of Teachers	1,500	1,918	3,418	3,418	
Purchased Professional-Educational Services	1,500	(1,500)			
Total Home Instruction	3,000	418	3,418	3,418	
TOTAL SPECIAL EDUCATION - INSTRUCTION	790,574	19,925	810,499	807,152	3,347
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	116,458		116,458	114,444	2,014
General Supplies	2,239	358	2,597	1,739	858
Total Basic Skills/Remedial - Instruction	118,697	358	119,055	116,183	2,872
Bilingual Education - Instruction:					
Other Salaries for Instruction	8,394		8,394		8,394
Purchased Professional-Educational Services	200	(56)	144		144
General Supplies		56	56	54	2
Total Bilingual Education - Instruction	8,594		8,594	54	8,540

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	\$ 31,040	\$ (1,664)	\$ 29,376	\$ 25,470	\$ 3,906
Supplies and Materials	250		250	229	21
Other Objects	250		250	80	170
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	31,540	(1,664)	29,876	25,779	4,097
School-Sponsored Athletics - Instruction:					
Salaries	10,050	1,005	11,055	11,055	
Supplies and Materials	500		500	160	340
Other Objects	2,000	660	2,660	2,660	
Total School-Sponsored Athletics - Instruction	12,550	1,665	14,215	13,875	340
TOTAL INSTRUCTION	2,861,982	17,672	2,879,654	2,803,957	75,697
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special	124,480	(48,314)	76,166	14,712	61,454
Tuition to Priv. Sch. for the Handicap. W/I State		36,841	36,841	34,456	2,385
Total Undistributed Expenditures - Instruction	124,480	(11,473)	113,007	49,168	63,839
Undistributed Expenditures - Health Services:					
Salaries	69,045	2,124	71,169	70,900	269
Purchased Professional and Technical Services	8,000	256	8,256	8,256	
Other Purchased Services (400-500 series)	1,500	(1,011)	489	489	
Supplies and Materials	5,378	(918)	4,460	4,460	
Total Undist. Expenditures - Health Services	83,923	451	84,374	84,105	269
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	135,904	(4,732)	131,172	97,946	33,226
Purchased Professional - Educational Services	128,500	(1,847)	126,653	126,653	
Supplies and Materials	2,520	1,005	3,525	3,525	
Total Undist. Expend. - Speech, OT, PT, Related Svcs	266,924	(5,574)	261,350	228,124	33,226

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.:					
Salaries	\$ 298,286	\$ (5,364)	\$ 292,922	\$ 284,097	\$ 8,825
Total Undist. Expend. - Other Supp. Srvs. Students - Extra. Serv.	298,286	(5,364)	292,922	284,097	8,825
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	74,759	5,750	80,509	67,907	12,602
Salaries of Secretarial and Clerical Assistants	28,397	(5,750)	22,647	22,647	
Other Purchased Services (400-500 series)	11,000	(22)	10,978	10,978	
Supplies and Materials	2,317	(77)	2,240	1,463	777
Total Undist Expend. - Guidance	116,473	(99)	116,374	102,995	13,379
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	217,681	(46,450)	171,231	149,517	21,714
Salaries of Secretarial and Clerical Assistants	61,650	(5,750)	55,900	55,899	1
Purchased Professional - Educational Services	21,600	(416)	21,184	20,645	539
Other Purchased Prof. and Tech. Services	10,500	22,891	33,391	33,391	
Residential Costs	500	208	708	708	
Supplies and Materials	3,079	(2,499)	580	376	204
Other Objects	200		200	150	50
Total Undist Expend. - Child Study Team	315,210	(32,016)	283,194	260,686	22,508
Undist. Expend. - Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	65,517		65,517	64,899	618
Salaries of Other Professional Staff	5,000	2,520	7,520	6,920	600
Purchased Professional - Educational Services	3,500	(2,520)	980		980
Other Purchased Services (400-500 series)	5,000		5,000	3,000	2,000
Total Undist. Expend. - Improv. of Inst. Serv.	79,017		79,017	74,819	4,198

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	\$ 2,000		\$ 2,000		\$ 2,000
Salaries of Technology Coordinators	64,117	\$ 2,244	66,361	\$ 66,361	
Supplies and Materials	1,000		1,000		1,000
Total Undist Expend-Edu. Media Serv./Sch. Library	67,117	2,244	69,361	66,361	3,000
Undist.Expend.-Instructional Staff Training Services:					
Other Salaries		400	400	400	
Purchased Professional - Educational Service	10,500	(423)	10,077	7,973	2,104
Other Purchased Services (400-500 series)	6,500	(1,000)	5,500	4,172	1,328
Supplies and Materials	829	1,023	1,852	912	940
Total Undist.Expend.-Instructional Staff Training Services	17,829		17,829	13,457	4,372
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	115,020	5,660	120,680	120,679	1
Legal Services	13,500	(3,729)	9,771	3,146	6,625
Audit Fees	28,000	6,500	34,500	34,500	
Other Purchased Professional Services		3,600	3,600	1,841	1,759
Purchased Technical Services		612	612	612	
Communications / Telephone	18,000	(473)	17,527	17,389	138
BOE Other Purchased Services	6,000	(2,702)	3,298	3,298	
Other Purch. Serv. (400-500 series other than 530 & 585)	37,718	(3,723)	33,995	27,205	6,790
General Supplies	2,082		2,082	1,693	389
Miscellaneous Expenditures	5,000	2,590	7,590	5,659	1,931
BOE Membership Dues and Fees	3,600	(76)	3,524	3,524	
Total Undist. Expend.-Support Serv.-Gen. Admin.	228,920	8,259	237,179	219,546	17,633
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	137,131	(25)	137,106	132,089	5,017
Salaries of Secretarial and Clerical Assistants	35,660	389	36,049	36,049	
Purchased Professional and Technical Services	500	(389)	111		111

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-School Admin.: (Cont'd)					
Other Purchased Services (400-500 series)	\$ 7,300		\$ 7,300	\$ 6,963	\$ 337
Supplies and Materials	2,296		2,296	1,264	1,032
Other Objects	2,500	\$ 18,025	20,525	2,345	18,180
Total Undist. Expend.-Support Serv.-School Adm.	185,387	18,000	203,387	178,710	24,677
Undist. Expend. - Central Services:					
Salaries	92,954	(23,083)	69,871	58,872	10,999
Purchased Professional Services	70,149	36,449	106,598	88,057	18,541
Miscellaneous Purchased Services (400-500 series other than 594)	2,000		2,000	622	1,378
Supplies and Materials	2,000		2,000	1,562	438
Other Objects	2,000	(31)	1,969	325	1,644
Total Undist. Expend. - Central Services	169,103	13,335	182,438	149,438	33,000
Undist. Expend. - Admin. Info. Technology:					
Salaries	22,121	1,246	23,367	23,065	302
Other Purchased Services (400-500 series)	900	2,588	3,488	3,488	
Supplies and Materials	1,539	(1,129)	410	376	34
Total Undist. Expend. - Admin. Info. Technology	24,560	2,705	27,265	26,929	336
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	128,481	(1,974)	126,507	62,534	63,973
Cleaning, Repair, and Maintenance Services	80,290	8,938	89,228	83,746	5,482
General Supplies	13,444	(2,852)	10,592	8,290	2,302
Other Objects	1,000		1,000		1,000
Total Undist. Expend.- Required Maint. for School Facilities	223,215	4,112	227,327	154,570	72,757
Undist. Expend.-Custodial Services:					
Salaries	177,165	(4,229)	172,936	167,955	4,981
Salaries of Non-Instructional Aides	33,709	(10,697)	23,012	19,275	3,737
Purchased Professional and Technical Services	1,400		1,400	350	1,050

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services: (Cont'd)					
Cleaning, Repair, and Maintenance Services	\$ 1,000	\$ 14,801	\$ 15,801	\$ 12,004	\$ 3,797
Other Purchased Property Services	5,000		5,000	2,940	2,060
Insurance	109,250	(8,761)	100,489	100,487	2
Miscellaneous Purchased Services	1,500	787	2,287	1,121	1,166
General Supplies	32,994	(500)	32,494	27,605	4,889
Energy (Electricity)	57,500	8,258	65,758	61,758	4,000
Energy (Oil)	56,809	(6,191)	50,618	50,618	
Energy (Gasoline)	1,727	(214)	1,513	537	976
Other Objects	1,000	2,842	3,842	3,407	435
Total Undist. Expend.-Custodial Services	479,054	(3,904)	475,150	448,057	27,093
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	6,851	15,707	22,558	20,637	1,921
General Supplies	10,000	(6,557)	3,443	3,443	
Total Care And Upkeep Of Grounds	16,851	9,150	26,001	24,080	1,921
Security:					
Cleaning, Repair, and Maintenance Services		30,574	30,574	30,574	
General Supplies	2,000	(683)	1,317	975	342
Total Security	2,000	29,891	31,891	31,549	342
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	721,120	39,249	760,369	658,256	102,113
Undist. Expend.-Student Transportation Serv.:					
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studs	13,200	3,278	16,478	15,301	1,177
Contr Serv.-Aid in Lieu of Payments-Charter Sch Stud.	1,200	(23)	1,177	1,177	
Contr Serv.-Aid in Lieu of Payments-Choice Stud.	2,400	(1,223)	1,177	1,177	
Contract. Serv.(Bet. Home & Sch.)-Vendors	7,000	(7,000)			
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	13,300	399	13,699	12,245	1,454
Contract. Serv.(Bet. Home & Sch.)-Joint Agrmnts.	3,000	(1,799)	1,201	1,199	2

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Student Transportation Serv.: (Cont'd)					
Contract. Serv.(Spl. Ed. Students)-Joint Agrmnts	\$ 33,000	\$ 25,919	\$ 58,919	\$ 58,919	
Total Undist. Expend.-Student Trans. Serv.	73,100	19,551	92,651	90,018	\$ 2,633
UNALLOCATED BENEFITS					
Social Security Contributions	115,000	17,871	132,871	132,830	41
Other Retirement Contributions - PERS	72,307	2,699	75,006	75,006	
Other Retirement Contributions - Regular	25,000	7,903	32,903	32,903	
Unemployment Compensation	10,000	9,533	19,533	19,533	
Workers Compensation	35,000	(299)	34,701	34,701	
Health Benefits	1,044,441	(116,901)	927,540	909,152	18,388
Tuition Reimbursement	16,887	8,014	24,901	18,398	6,503
Other Employee Benefits	27,632	1,628	29,260	29,260	
TOTAL UNALLOCATED BENEFITS	1,346,267	(69,552)	1,276,715	1,251,783	24,932
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				281,239	(281,239)
TPAF Pension Contributions (Non-Budgeted)				950,710	(950,710)
TPAF Non-Contributory Insurance (Non-Budgeted)				11,777	(11,777)
TPAF Long-Term Disability Insurance (Non-Budgeted)				565	(565)
Reimbursed TPAF Social Security Contributions				220,694	(220,694)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				1,464,985	(1,464,985)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	1,346,267	(69,552)	1,276,715	2,716,768	(1,440,053)
TOTAL UNDISTRIBUTED EXPENDITURES	4,117,716	(20,284)	4,097,432	5,203,477	(1,106,045)
TOTAL GENERAL CURRENT EXPENSE	6,979,698	(2,612)	6,977,086	8,007,434	(1,030,348)

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment		\$ 2,612	\$ 2,612	\$ 2,612	
Grades 1-5		2,612	2,612	2,612	
Total Equipment					
Facilities Acquisition and Construction Serv.:					
Assessment for Debt Service on SDA Funding	\$ 34,397		34,397	34,397	
Total Facilities Acquisition and Const. Serv.	34,397		34,397	34,397	
TOTAL CAPITAL OUTLAY	34,397	2,612	37,009	37,009	
Transfer of Funds to Charter Schools	88,699		88,699	58,902	\$ 29,797
TOTAL EXPENDITURES	7,102,794		7,102,794	8,103,345	(1,000,551)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(312,340)		(312,340)	316,615	628,955
Other Financing Sources/(Uses):					
Transfers from Capital Projects Fund - Interest Earnings				69,670	69,670
Transfer to Special Revenue Fund - PreK - Inclusion	(76,980)		(76,980)	(76,980)	
Total Other Financing Sources/(Uses)	(76,980)		(76,980)	(7,310)	69,670
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(389,320)		(389,320)	309,305	698,625
Fund Balance, July 1	2,900,361		2,900,361	2,900,361	
Fund Balance, June 30	\$ 2,511,041	\$ -0-	\$ 2,511,041	\$ 3,209,666	\$ 698,625

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus for 2026-2027				\$ 300,000	
Excess Surplus for 2025-2026				280,000	
Capital Reserve				1,735,199	
Maintenance Reserve				456,802	
Assigned Fund Balance:					
Year End Encumbrances				24,967	
Designated for Subsequent Year's Expenditures				17,137	
Unassigned Fund Balance				395,561	
				<u>3,209,666</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				<u>(140,991)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,068,675</u>	

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 59,228	\$ 59,228	\$ 59,228	
State Sources	\$ 153,960	120,380	274,340	267,411	\$ (6,929)
Federal Sources	107,600	80,945	188,545	174,937	(13,608)
Total Revenues	261,560	260,553	522,113	501,576	(20,537)
Other Financing Sources:					
Transfer In - Board Contribution - General Fund	76,980		76,980	76,980	
Total Revenues and Other Financing Sources	338,540	260,553	599,093	578,556	(20,537)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	83,736	69,898	153,634	151,759	1,875
Other Salaries for Instruction	33,963	769	34,732	34,732	
Tuition		94,446	94,446	94,446	
Other Purchased Services	91,600	(45,342)	46,258	44,147	2,111
General Supplies	21,126	23,355	44,481	38,721	5,760
Total Instruction	230,425	143,126	373,551	363,805	9,746
Support Services:					
Salaries of Supervisors of Instruction	9,667		9,667	9,217	450
Salaries of Program Directors	5,700		5,700	5,700	
Salaries of Other Professional Staff	6,454		6,454	6,454	
Salaries of Secretarial & Clerical Assistants	4,376		4,376	4,376	
Other Salaries	8,303	(3,742)	4,561	4,561	
Salaries of Community Parent Involvement Specialist	10,355		10,355	10,355	
PIC/PIRS Coach	20,423	3,795	24,218	24,218	
Personal Services - Employee Benefits	38,837	28,000	66,837	66,837	
Purchased Professional and Technical Services	4,000	200	4,200	4,200	
Cleaning and Maintenance		20,380	20,380	13,608	6,772
Other Purchased Services		8,608	8,608	5,039	3,569
Supplies and Materials		484	484	484	
Student Activities		59,228	59,228	49,778	9,450
Total Support Services	108,115	116,953	225,068	204,827	20,241
Facilities Acquisition and Construction Services:					
Instructional Equipment		474	474	474	
Total Facilities Acquisition and Construction Services		474	474	474	
Total Expenditures	338,540	260,553	599,093	569,106	29,987
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ 9,450	\$ 9,450

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 8,419,960	\$ 501,576
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that		
the Budgetary Basis recognizes Encumbrances as Revenue and		
Expenditures, Whereas the GAAP Basis does not:		
Prior Year Encumbrances		3,328
Current Year Encumbrances		(4,200)
Prior Year State Aid Payments Recognized for GAAP Purposes,		
Not Recognized for Budgetary Statements	134,538	14,551
Current Year State Aid Payments Recognized for Budgetary		
Purposes, not Recognized for GAAP Statements	(140,991)	(15,396)
Total Revenues as Reported on the Statement of Revenues, Expenditures		
and Changes in Fund Balances - Governmental Funds.	<u>\$ 8,413,507</u>	<u>\$ 499,859</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the		
Budgetary Comparison Schedule	\$ 8,103,345	\$ 569,106
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but		
Not Received are Reported in the Year the Order is Placed for		
Budgetary Purposes, but in the Year the Supplies are Received		
for Financial Reporting Purposes:		
Prior Year Encumbrances		3,328
Current Year Encumbrances		(4,200)
Total Expenditures as Reported on the Statement of Revenues,		
Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 8,103,345</u>	<u>\$ 568,234</u>

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

(Continued)

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

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

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

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

SPECIAL REVENUE FUND

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

	Elementary and Secondary Education Act					FY24 Title IV
	Title I	FY24 Title I	Title IIA	Title III	Title IV	
REVENUES:						
Local Sources						
State Sources						
Federal Sources	\$ 43,983	\$ 1	\$ 9,239	\$ 3,923	\$ 12,744	\$ 204
Total Revenues	43,983	1	9,239	3,923	12,744	204
Other Financing Sources:						
Transfer In - Board Contribution - General Fund						
Total Revenues and Other Financing Sources	43,983	1	9,239	3,923	12,744	204
EXPENDITURES:						
Instruction:						
Salaries of Teachers					4,125	
Other Salaries for Instruction						
Tuition						
Other Purchased Services	40,223	1		3,923		
General Supplies	3,760				8,069	204
Total Instruction	43,983	1		3,923	12,194	204
Support Services:						
Salaries of Supervisors of Instruction					550	
Salaries of Program Directors						
Salaries of Other Professional Staff						
Salaries of Secretarial & Clerical Assistants						
Other Salaries						
Salaries of Community Parent Involvement Specialist						
PIC/PIRS Coach						
Personal Services - Employee Benefits						
Purchased Professional and Technical Services			4,200			
Cleaning and Maintenance						
Other Purchased Services			5,039			
Supplies and Materials						
Student Activities						
Total Support Services			9,239		550	
Facilities Acquisition and Construction Services:						
Instructional Equipment						
Total Facilities Acquisition and Construction Services						
Total Expenditures	\$ 43,983	\$ 1	\$ 9,239	\$ 3,923	\$ 12,744	\$ 204

BOROUGH OF STANHOPE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

	SDA Capital Maintenance	I.D.E.A., Part B	
		Basic	Preschool
REVENUES:			
Local Sources			
State Sources	\$ 13,608		
Federal Sources		\$ 94,446	\$ 5,592
Total Revenues	13,608	94,446	5,592
Other Financing Sources:			
Transfer In - Board Contribution - General Fund			
Total Revenues and Other Financing Sources	13,608	94,446	5,592
EXPENDITURES:			
Instruction:			
Salaries of Teachers			5,592
Other Salaries for Instruction			
Tuition		94,446	
Other Purchased Services			
General Supplies			
Total Instruction		94,446	5,592
Support Services:			
Salaries of Supervisors of Instruction			
Salaries of Program Directors			
Salaries of Other Professional Staff			
Salaries of Secretarial & Clerical Assistants			
Other Salaries			
Salaries of Community Parent Involvement Specialist			
PIC/PIRS Coach			
Personal Services - Employee Benefits			
Purchased Professional and Technical Services			
Cleaning and Maintenance	13,608		
Other Purchased Services			
Supplies and Materials			
Student Activities			
Total Support Services	13,608		
Facilities Acquisition and Construction Services:			
Instructional Equipment			
Total Facilities Acquisition and Construction Services			
Total Expenditures	\$ 13,608	\$ 94,446	\$ 5,592

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

(Continued)

	High Impact Tutoring	Preschool Education Aid	COVID-19 ARP ESSER III	Student Activities	Totals
REVENUES:					
Local Sources				\$ 59,228	\$ 59,228
State Sources		\$ 253,803			267,411
Federal Sources	\$ 3,085		\$ 1,720		174,937
Total Revenues	3,085	253,803	1,720	59,228	501,576
Other Financing Sources:					
Transfer In - Board Contribution - General Fund		76,980			76,980
Total Revenues and Other Financing Sources	3,085	330,783	1,720	59,228	578,556
EXPENDITURES:					
Instruction:					
Salaries of Teachers	3,085	138,195	762		151,759
Other Salaries for Instruction		34,732			34,732
Tuition					94,446
Other Purchased Services					44,147
General Supplies		26,688			38,721
Total Instruction	3,085	199,615	762		363,805
Support Services:					
Salaries of Supervisors of Instruction		8,667			9,217
Salaries of Program Directors		5,700			5,700
Salaries of Other Professional Staff		6,454			6,454
Salaries of Secretarial & Clerical Assistants		4,376			4,376
Other Salaries		4,561			4,561
Salaries of Community Parent Involvement Specialist		10,355			10,355
PIC/PIRS Coach		24,218			24,218
Personal Services - Employee Benefits		66,837			66,837
Purchased Professional and Technical Services					4,200
Cleaning and Maintenance					13,608
Other Purchased Services					5,039
Supplies and Materials			484		484
Student Activities				49,778	49,778
Total Support Services		131,168	484	49,778	204,827
Facilities Acquisition and Construction Services:					
Instructional Equipment			474		474
Total Facilities Acquisition and Construction Services			474		474
Total Expenditures	\$ 3,085	\$ 330,783	\$ 1,720	\$ 49,778	\$ 569,106

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

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 138,195	\$ 138,195	
Other Salaries for Instruction	34,732	34,732	
General Supplies	26,845	26,688	\$ 157
Total Instruction	<u>199,772</u>	<u>199,615</u>	<u>157</u>
Support Services:			
Salaries of Supervisors of Instruction	8,667	8,667	
Salaries of Program Directors	5,700	5,700	
Salaries of Other Professional Staff	6,454	6,454	
Salaries of Secretaries and Clerical Assistants	4,376	4,376	
Other Salaries	4,561	4,561	
Salaries of Community Parent Involvement Specialist	10,355	10,355	
PIC/PIRS Coach	24,218	24,218	
Personal Services - Employee Benefits	66,837	66,837	
Total Support Services	<u>131,168</u>	<u>131,168</u>	
Total Expenditures	<u>\$ 330,940</u>	<u>\$ 330,783</u>	<u>\$ 157</u>
State Grant Expenditures		\$ 253,803	
Local Contribution Expenditures		<u>76,980</u>	
		<u>\$ 330,783</u>	

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2024-2025 Preschool Education Aid Allocation	\$ 153,960
Add: Actual Preschool Education Aid Carryover (June 30, 2024)	100,000
Add: Budgeted Transfer from the General Fund 2024-2025	76,980
Total Preschool Education Aid Funds Available for 2023-2024 Budget	330,940
Less: 2023-2024 Budgeted PEA (Including prior year budget carryover)	(330,940)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2026	-0-
Add: June 30, 2025 Unexpended Preschool Education Aid	157
2024-2025 Carryover - Preschool Education Aid	\$ 157
2023-2024 Preschool Education Aid Carryover Budgeted in 2025-2026	<u>\$ -0-</u>

CAPITAL PROJECTS FUND

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

Revenue:	
Interest on Investments	\$ 69,670
Total Revenue	<u>69,670</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	46,529
Construction Services	1,811,083
Transfer to General Fund:	
Interest on Investments	<u>69,670</u>
Total Expenditures and Other Financing Uses	<u>1,927,282</u>
Excess/(Deficit) of Revenue Over/(Under) Expenditures and Other Financing Uses	(1,857,612)
Beginning Fund Balance	<u>2,543,598</u>
Ending Fund Balance	<u><u>\$ 685,986</u></u>
<u>Recapitulation:</u>	
Restricted	\$ 97,899
Restricted - Year End Encumbrances	<u>588,087</u>
Fund Balance per Governmental Funds - Budgetary/GAAP Basis	<u><u>\$ 685,986</u></u>

BOROUGH OF STANHOPE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
2023 REFERENDUM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Bond Proceeds	\$ 5,985,000		\$ 5,985,000	\$ 5,985,000
Total Revenue and Other Financing Sources	5,985,000		5,985,000	5,985,000
Expenditures:				
Legal Services	19,818		19,818	20,000
Purchased Professional and Technical Services	278,131	\$ 46,529	324,660	278,131
Construction Services	3,100,833	1,811,083	4,911,916	5,644,249
Misc Purchased Services	42,620		42,620	42,620
Total Expenditures	3,441,402	1,857,612	5,299,014	5,985,000
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ 2,543,598	\$ (1,857,612)	\$ 685,986	\$ -0-

Additional Project Information:

Project Numbers	5030-050-23-1000/2000
Grant Date	N/A
Bond Authorization Date	12/13/22
Bonds Authorized	\$ 5,985,000
Bonds Issued	\$ 5,985,000
Original Authorized Cost	\$ 5,985,000
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	\$ 5,985,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	88.54%
Original Target Completion Date	12/24
Revised Target Completion Date	06/26

PROPRIETARY FUNDS

BOROUGH OF STANHOPE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 69,875
Interfund Receivable	83,450
Intergovernmental Accounts Receivable:	
State	345
Federal	5,878
Other Accounts Receivable	5,195
Inventories	4,109

Total Current Assets	168,852
----------------------	---------------

Non-Current Assets:

Capital Assets	26,600
Less: Accumulated Depreciation	(26,600)

Total Non-Current Assets	-0-
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Total Assets	168,852
--------------	---------------

LIABILITIES:

Current Liabilities:

Accounts Payable	38,438
Unearned Revenue:	
Donated Commodities	2,796

Total Liabilities	41,234
-------------------	--------------

NET POSITION:

Unrestricted	127,618
--------------	---------------

Total Net Position	\$ 127,618
--------------------	------------------------

BOROUGH OF STANHOPE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Operating Revenue:

Local Sources:

Daily Sales - Reimbursable Programs	\$ 84,201
Daily Sales - Non-Reimbursable Programs	5,542

Total Operating Revenue

89,743

Operating Expenses:

Cost of Sales - Reimbursable Programs	59,512
Cost of Sales - Non-Reimbursable Programs	4,258
Salaries, Benefits and Payroll Taxes	100,298
Supplies, Insurance and Other Costs	18,630
Management Fee	12,500

Total Operating Expenses

195,198

Operating Loss

(105,455)

Non-Operating Revenue:

Local Sources:

Interest Income	1,470
-----------------	-------

State Sources:

State School Lunch Program	3,738
State Extended Income Eligibility - Lunch	489
State Breakfast Program	589
State Extended Income Eligibility - Breakfast	204
Summer EBT Reimbursement	321

Federal Sources:

National School Lunch Program	74,445
Federal Breakfast Program	17,846
Food Distribution Program	14,112
Summer EBT Reimbursement	322
COVID-19 - Supply Chain Assistance Utilized	8,615

Total Non-Operating Income

122,151

Change in Net Position

16,696

Net Position - Beginning of Year

110,922

Net Position - End of Year

\$ 127,618

BOROUGH OF STANHOPE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 85,830
Payments to Food Service Vendor	(123,008)
Payments to Suppliers	(8,894)
Payment of Salaries - District Employees	(34,241)
Net Cash Used for Operating Activities	<u>(80,313)</u>
Cash Flows from Investing Activities:	
Interest Income	<u>1,470</u>
Net Cash Provided by Investing Activities	<u>1,470</u>
Cash Flows by Noncapital Financing Activities:	
Interfund Returned - General Fund	(267)
State Sources	5,214
Federal Sources	<u>89,707</u>
Net Cash Provided by Noncapital Financing Activities	<u>94,654</u>
Net Change in Cash and Cash Equivalents	15,811
Cash and Cash Equivalents, July 1	<u>54,064</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 69,875</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (105,455)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Food Distribution Program	14,112
Changes in Assets and Liabilities:	
(Increase) in Inventory	(360)
(Increase) in Other Accounts Receivable	(3,913)
Increase in Accounts Payable	14,454
Increase in Unearned Revenue - Donated Commodities	<u>849</u>
Net Cash Used for Operating Activities	<u><u>\$ (80,313)</u></u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program Valued at \$14,961 and Utilized Commodities Valued at \$14,112.

LONG-TERM LIABILITIES

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

Purpose	Date of Issue	Original Issue	Maturities of				Interest Rate	Balance July 1, 2024	Matured	Balance June 30, 2025
			Bonds Outstanding		Amount					
			Date	June 30, 2025						
2023 School Bonds	03/01/23	\$ 5,985,000	3/15/26	\$ 220,000	3.50%					
			3/15/27	230,000	3.75%					
			3/15/28	240,000	3.75%					
			3/15/29	250,000	3.75%					
			3/15/30	255,000	3.75%					
			3/15/31	270,000	3.75%					
			3/15/32	280,000	3.75%					
			3/15/33	290,000	3.75%					
			3/15/34	300,000	3.75%					
			3/15/35	315,000	3.75%					
			3/15/36	325,000	3.75%					
			3/15/37	340,000	3.75%					
			3/15/38	355,000	3.75%					
			3/15/39	365,000	4.00%					
			3/15/40	380,000	4.00%					
		3/15/41	395,000	4.00%						
		3/15/42	415,000	4.00%						
		3/15/43	430,000	4.00%						
				\$ 5,985,000	\$ 330,000	\$ 5,655,000				
				\$ 5,985,000	\$ 330,000	\$ 5,655,000				

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 292,275		\$ 292,275	\$ 292,275	
Debt Service Aid - Type II	265,750		265,750	265,750	
Total Revenues	558,025		558,025	558,025	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	228,025		228,025	228,025	
Redemption of Principal	330,000		330,000	330,000	
Total Regular Debt Service	558,025		558,025	558,025	
Total Expenditures	558,025		558,025	558,025	
Excess of Revenues Over Expenditures	-0-		-0-	-0-	
Fund Balance, July 1	-0-		-0-	-0-	
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

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

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

	June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities										
Net Investment in Capital Assets	\$ 4,411,082	\$ 4,525,598	\$ 4,683,116	\$ 4,822,526	\$ 5,108,733	\$ 5,224,055	\$ 5,349,378	\$ 5,684,533	\$ 5,496,265	\$ 5,580,307
Restricted	559,668	439,382	615,176	553,994	619,653	1,229,191	1,878,534	2,251,277	2,467,669	2,808,562
Unrestricted/(Deficit)	(767,629)	(814,700)	(960,489)	(1,008,563)	(1,031,572)	(917,867)	(720,023)	(400,605)	(689,143)	(662,700)
Total Governmental Activities Net Position	\$ 4,203,121	\$ 4,150,280	\$ 4,337,803	\$ 4,367,957	\$ 4,696,814	\$ 5,535,379	\$ 6,507,889	\$ 7,535,205	\$ 7,274,791	\$ 7,726,169
Business-type Activities										
Investment in Capital Assets	\$ 7,912	\$ 6,202	\$ 4,492	\$ 3,209	\$ 2,352	\$ 1,495	\$ 638			
Unrestricted/(Deficit)	11,830	4,056	(2,663)	2,520	3,148	4,916	58,724	\$ 85,467	\$ 110,922	\$ 127,618
Total Business-type Activities Net Position	\$ 19,742	\$ 10,258	\$ 1,829	\$ 5,729	\$ 5,500	\$ 6,411	\$ 59,362	\$ 85,467	\$ 110,922	\$ 127,618
District-wide										
Net Investment in Capital Assets	\$ 4,418,994	\$ 4,531,800	\$ 4,687,608	\$ 4,825,735	\$ 5,111,085	\$ 5,225,550	\$ 5,350,016	\$ 5,684,533	\$ 5,496,265	\$ 5,580,307
Restricted	559,668	439,382	615,176	553,994	619,653	1,229,191	1,878,534	2,251,277	2,467,669	2,808,562
Unrestricted/(Deficit)	(755,799)	(810,644)	(963,152)	(1,006,043)	(1,028,424)	(912,951)	(661,299)	(315,138)	(578,221)	(535,082)
Total District Net Position	\$ 4,222,863	\$ 4,160,538	\$ 4,339,632	\$ 4,373,686	\$ 4,702,314	\$ 5,541,790	\$ 6,567,251	\$ 7,620,672	\$ 7,385,713	\$ 7,853,787

Source: School District Financial Reports

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

	Fiscal Year End June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 2,437,183	\$ 2,720,315	\$ 2,952,723	\$ 2,827,506	\$ 2,802,669	\$ 2,920,624	\$ 2,885,418	\$ 2,772,854	\$ 3,238,973	\$ 3,161,116
Special Education	926,715	1,280,300	1,405,898	1,441,530	1,549,576	1,338,036	1,232,621	1,450,710	1,366,514	1,394,778
Other Special Education	118,137	137,897	154,720	178,664	214,182	199,000	127,849	126,322	115,836	185,335
Other Instruction	43,202	51,391	60,112	69,081	54,797	15,756	45,651	42,714	53,944	63,184
Support Services:										
Tuition	388,432	242,976	255,276	39,688	54,495					
Student & Instruction Related Services	1,224,637	1,424,227	1,308,238	1,179,300	1,217,443	1,159,569	1,107,008	1,256,775	1,508,730	1,633,552
General Administrative Services	349,508	366,587	424,786	428,106	298,590	272,875	287,351	276,178	260,845	290,523
School Administrative Services	206,968	210,637	224,824	222,730	280,076	294,585	285,749	253,941	290,092	263,437
Central Services	247,326	259,660	296,958	261,632	260,923	244,631	236,892	238,246	245,083	208,692
Administrative Information Technology	34,156	34,277	35,788	30,581	30,190	30,850	27,015	27,799	32,890	30,811
Plant Operations and Maintenance	433,983	540,996	541,528	624,584	547,085	569,220	613,616	622,710	858,192	753,796
Pupil Transportation	82,492	67,319	87,309	87,458	43,517	37,436	35,277	156,045	107,250	98,304
Transfer of Funds to Charter School	125,661	75,758	62,146	76,982	55,288	25,260	26,750	28,539	79,641	58,902
Interest on Long-term Debt	76,771	118,664	76,392	67,517	56,167	44,267	31,967	83,284	226,178	224,656
Capital Outlay			1,867	34,397	34,397	34,397	34,397	34,397	34,397	
Unallocated Depreciation	160,131	217,493	189,381	191,118						
Total Governmental Activities Expenses	6,855,302	7,748,497	8,077,946	7,760,874	7,499,395	7,186,506	6,977,561	7,370,514	8,418,565	8,367,086
Business-type Activities:										
Food Service	92,164	98,106	93,920	79,865	66,185	28,076	106,759	109,696	145,369	195,198
Total Business-type Activities Expense	92,164	98,106	93,920	79,865	66,185	28,076	106,759	109,696	145,369	195,198
Total District Expenses	<u>\$ 6,947,466</u>	<u>\$ 7,846,603</u>	<u>\$ 8,171,866</u>	<u>\$ 7,840,739</u>	<u>\$ 7,565,580</u>	<u>\$ 7,214,582</u>	<u>\$ 7,084,320</u>	<u>\$ 7,480,210</u>	<u>\$ 8,563,934</u>	<u>\$ 8,562,284</u>
Program Revenues										
Governmental Activities:										
Charges for Services										
Instruction (Tuition)	\$ 33,415	\$ 31,953	\$ 147,761	\$ 144,289	\$ 253,710	\$ 238,101	\$ 227,398	\$ 255,787	\$ 202,488	\$ 174,535
Student & Instruction Related Services						13,591	10,626	24,211	30,522	59,228
Operating Grants and Contributions	1,484,447	1,959,207	2,315,466	1,881,162	1,753,579	1,885,122	1,791,628	1,843,323	1,640,810	1,474,376
Capital Grants and Contributions	192,076									
Total Governmental Activities Program Revenues	1,709,938	1,991,160	2,463,227	2,025,451	2,007,289	2,136,814	2,029,652	2,123,321	1,873,820	1,708,139
Business-type Activities:										
Charges for Services - Food Service	59,866	57,707	52,808	54,585	36,836	998	16,334	73,185	84,425	89,743
Operating Grants and Contributions	31,140	30,880	32,615	29,023	29,044	11,986	143,329	63,235	84,772	120,681
Total Business-type Activities Program Revenues	91,006	88,587	85,423	83,608	65,880	12,984	159,663	136,420	169,197	210,424
Total District Program Revenues	<u>\$ 1,800,944</u>	<u>\$ 2,079,747</u>	<u>\$ 2,548,650</u>	<u>\$ 2,109,059</u>	<u>\$ 2,073,169</u>	<u>\$ 2,149,798</u>	<u>\$ 2,189,315</u>	<u>\$ 2,259,741</u>	<u>\$ 2,043,017</u>	<u>\$ 1,918,563</u>

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

UNAUDITED
(Continued)

	Fiscal Year End June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net (Expense)/Revenue										
Governmental Activities	\$ (5,145,364)	\$ (5,757,337)	\$ (5,614,719)	\$ (5,735,423)	\$ (5,492,106)	\$ (5,049,692)	\$ (4,947,909)	\$ (5,247,193)	\$ (6,544,745)	\$ (6,658,947)
Business-type Activities	(1,158)	(9,519)	(8,497)	3,743	(305)	(15,092)	52,904	26,724	23,828	15,226
Total District-wide Net Expense	\$ (5,146,522)	\$ (5,766,856)	\$ (5,623,216)	\$ (5,731,680)	\$ (5,492,411)	\$ (5,064,784)	\$ (4,895,005)	\$ (5,220,469)	\$ (6,520,917)	\$ (6,643,721)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 3,894,702	\$ 4,012,383	\$ 4,092,631	\$ 4,174,483	\$ 4,257,973	\$ 4,537,033	\$ 4,627,774	\$ 4,698,412	\$ 4,792,380	\$ 4,888,228
Taxes Levied for Debt Service	337,675	336,300	338,500	340,400	344,200	342,400	340,200	327,600	223,591	292,275
Federal and State aid not restricted	1,275,486	1,277,676	1,282,003	1,205,492	1,141,354	1,012,786	875,458	745,861	825,051	1,602,809
Investment Earnings	1,069	1,412	160	178	915	343	760	63,457	95,927	104,400
Miscellaneous Income	89,123	76,725	88,948	45,024	44,666	11,695	76,227	439,179	347,382	222,613
Transfers						(16,000)				
Total Governmental Activities	\$ 5,598,055	\$ 5,704,496	\$ 5,802,242	\$ 5,765,577	\$ 5,789,108	\$ 5,888,257	\$ 5,920,419	\$ 6,274,509	\$ 6,284,331	\$ 7,110,325
Business-type Activities:										
Investment Earnings	25	35	68	157	76	3	47	527	1,627	1,470
Transfers						16,000				
Intergovernmental State Accounts Receivable Canceled								(1,146)		
Total Business-type Activities	25	35	68	157	76	16,003	47	(619)	1,627	1,470
Total District-wide	\$ 5,598,080	\$ 5,704,531	\$ 5,802,310	\$ 5,765,734	\$ 5,789,184	\$ 5,904,260	\$ 5,920,466	\$ 6,273,890	\$ 6,285,958	\$ 7,111,795
Change in Net Position										
Governmental Activities	\$ 452,691	\$ (52,841)	\$ 187,523	\$ 30,154	\$ 297,002	\$ 838,565	\$ 972,510	\$ 1,027,316	\$ (260,414)	\$ 451,378
Business-type Activities	(1,133)	(9,484)	(8,429)	3,900	(229)	911	52,951	26,105	25,455	16,696
Total District	\$ 451,558	\$ (62,325)	\$ 179,094	\$ 34,054	\$ 296,773	\$ 839,476	\$ 1,025,461	\$ 1,053,421	\$ (234,959)	\$ 468,074

Source: School District Financial Reports

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

	June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Restricted	\$ 559,668	\$ 439,382	\$ 569,627	\$ 553,994	\$ 587,798	\$ 1,200,756	\$ 1,856,272	\$ 2,227,805	\$ 2,440,558	\$ 2,772,001
Assigned	53,312	114,411	70,357	3,741	3,239	66,541	179,574	429,326	148,993	42,104
Unassigned	147,787	193,844	204,170	148,230	175,231	227,068	202,282	217,038	176,272	254,570
Total General Fund	\$ 760,767	\$ 747,637	\$ 844,154	\$ 705,965	\$ 766,268	\$ 1,494,365	\$ 2,238,128	\$ 2,874,169	\$ 2,765,823	\$ 3,068,675
All Other Governmental Funds										
Restricted					\$ 31,855	\$ 28,435	\$ 22,262	\$ 5,837,721	\$ 2,570,709	\$ 722,547
Unassigned/(Deficit)									(14,551)	(15,396)
Total All Other Governmental Funds	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 31,855	\$ 28,435	\$ 22,262	\$ 5,837,721	\$ 2,556,158	\$ 707,151
Total Governmental Funds	\$ 760,767	\$ 747,637	\$ 844,154	\$ 705,965	\$ 798,123	\$ 1,522,800	\$ 2,260,390	\$ 8,711,890	\$ 5,321,981	\$ 3,775,826

Source: School District Financial Reports

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

	Fiscal Year End June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Tax Levy	\$ 4,232,377	\$ 4,348,683	\$ 4,431,131	\$ 4,514,883	\$ 4,602,173	\$ 4,879,433	\$ 4,967,974	\$ 5,026,012	\$ 5,015,971	\$ 5,180,503
Tuition Charges	33,415	31,953	147,761	144,289	253,710	238,101	227,398	255,787	202,488	174,535
Sale of Property								332,154		
Interest Earnings	1,037	1,412	160	178	915	343	760	28,697	75,793	9,673
Miscellaneous	89,155	76,725	86,967	45,024	44,666	25,286	86,853	165,996	398,038	376,568
State Sources	2,254,891	2,226,456	2,347,425	2,373,009	2,341,915	2,435,807	2,662,689	2,462,185	2,619,782	3,625,717
Federal Sources	120,492	129,056	142,419	143,313	148,762	177,331	279,330	561,936	383,123	174,065
Total Revenue	6,731,367	6,814,285	7,155,863	7,220,696	7,392,141	7,756,301	8,225,004	8,832,767	8,695,195	9,541,061
Expenditures										
Instruction										
Regular Instruction	1,583,603	1,621,970	1,677,010	1,664,000	1,710,316	1,736,132	1,825,141	1,793,287	2,134,856	2,108,009
Special Education Instruction	605,386	792,951	814,878	884,803	939,611	789,571	748,710	957,519	862,161	907,190
Other Special Instruction	74,601	79,758	82,415	104,196	124,560	113,711	74,906	77,120	71,453	116,237
Other Instruction	26,582	24,494	28,098	36,206	30,840	7,703	26,693	25,868	32,527	39,654
Support Services:										
Tuition	388,432	242,976	255,276	39,688	54,495					
Student & Other Instruction Related Services	808,423	893,183	829,106	807,708	833,344	787,817	857,588	1,011,640	1,239,735	1,364,439
General Administrative Services	262,371	259,969	293,668	306,892	213,384	193,624	202,394	212,933	204,837	219,546
School Administrative Services	130,497	120,673	131,470	138,870	173,087	179,662	185,717	170,998	191,402	178,710
Central Services	188,116	168,929	173,833	177,635	173,292	158,474	161,850	168,398	173,497	149,438
Administrative Information Technology	22,445	19,667	19,892	22,109	21,489	22,869	23,045	24,081	26,351	26,929
Plant Operations and Maintenance	388,569	402,514	383,626	525,335	435,925	466,621	549,156	561,581	654,011	658,256
Pupil Transportation	82,492	67,319	83,189	83,339	35,877	29,796	27,637	148,486	99,096	90,018
Unallocated Benefits	1,371,497	1,579,251	1,785,310	1,988,547	1,970,848	2,095,587	2,363,760	2,408,469	2,596,575	2,716,768
Charter School	76,771	75,758	62,146	76,982	55,288	25,260	26,750	28,539	79,641	58,902
Capital Outlay	507,461	141,703	100,929	260,175	215,282	66,397	73,867	449,748	3,495,371	1,895,095
Debt Service:										
Principal	255,000	260,000	270,000	280,000	295,000	305,000	315,000	315,000		330,000
Interest and Other Charges	82,675	76,300	68,500	60,400	49,200	37,400	25,200	12,600	223,591	228,025
Total Expenditures	6,854,921	6,827,415	7,059,346	7,456,885	7,331,838	7,015,624	7,487,414	8,366,267	12,085,104	11,087,216
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(123,554)	(13,130)	96,517	(236,189)	60,303	740,677	737,590	466,500	(3,389,909)	(1,546,155)

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

	Fiscal Year End June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Other Financing Sources/(Uses)										
Transfers in	\$ 42,724	\$ 18						\$ 52,388	\$ 241,054	\$ 76,980
Transfers out	(42,724)	(18)				\$ (16,000)		(52,388)	(241,054)	(76,980)
Serial Bonds Issued								5,985,000		
Financed Purchases Proceeds				\$ 98,000						
Total Other Financing Sources/(Uses)				98,000		(16,000)		5,985,000		
Net Change in Fund Balances	\$ (123,554)	\$ (13,130)	\$ 96,517	\$ (138,189)	\$ 60,303	\$ 724,677	\$ 737,590	\$ 6,451,500	\$ (3,389,909)	\$ (1,546,155)
Debt Service as a Percentage of Nonecapital Expenditures	5.32%	5.03%	4.86%	4.73%	4.84%	4.93%	4.59%	4.14%	2.60%	6.07%

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

Fiscal Year Ending June 30,	Prior Year Refunds	Interest on Investments	Tuition Other LEA's	Sale of Property	Miscellaneous	Total
2016	\$ 4,427	\$ 1,037	\$ 33,415	\$ -0-	\$ 84,696	\$ 123,575
2017	-0-	1,394	31,953	-0-	76,725	110,072
2018	-0-	160	147,761	-0-	86,967	234,888
2019	-0-	178	144,289	-0-	45,024	189,491
2020	-0-	915	253,710	-0-	44,666	299,291
2021	-0-	343	238,101	-0-	11,695	250,139
2022	-0-	2,802	227,398	-0-	74,185	304,385
2023	-0-	63,457	255,787	332,154	54,637	706,035
2024	-0-	95,270	202,488	-0-	106,985	404,743
2025	123,836	104,400	174,535	-0-	29,107	431,878

Source: School District of the Borough of Stanhope records

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

Year Ended December 31,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2015	\$ 2,809,100	\$ 261,017,000	\$ 18,100	\$ 22,087,800	\$ 4,445,500	\$ 3,194,200	\$ 293,571,700	\$ 828	\$ 293,572,528	\$ 1.422	\$ 329,682,772
2016	2,881,600	261,375,600	18,100	22,087,800	4,445,500	3,194,200	294,002,800	711	294,003,511	1.459	325,290,131
2017	2,674,300	261,114,800	19,300	22,128,600	4,445,500	3,194,200	293,576,700	683	293,577,383	1.496	319,640,920
2018	2,653,900	261,299,400	19,300	22,153,800	4,445,500	3,194,200	293,766,100	651	293,766,751	1.523	315,261,868
2019	2,653,900	261,808,300	19,300	22,104,800	4,445,500	3,194,200	294,226,000	552	294,226,552	1.549	325,155,173
2020	2,653,900	261,922,500	19,300	22,104,800	4,445,500	3,194,200	294,340,200	-0-	294,340,200	1.611	331,859,380
2021	2,604,600	262,542,500	18,100	21,906,800	4,445,500	3,194,200	294,711,700	-0-	294,711,700	1.671	331,497,319
2022	2,604,600	264,077,700	18,100	21,906,800	4,445,500	3,194,200	296,246,900	-0-	296,246,900	1.687	350,519,794
2023	2,463,200	264,267,800	18,100	23,082,700	4,445,500	3,194,200	297,471,500	-0-	297,471,500	1.687	392,095,489
2024	2,270,000	265,373,900	18,100	24,137,700	4,445,500	3,194,200	299,439,400	-0-	299,439,400	1.703	433,785,489

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

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

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

Source: Municipal Tax Assessor

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

Year Ended December 31,	School District of the Borough of Stanhope Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	Debt Service ^b	Total Direct	Municipality	Regional High School District	County	
2015	\$ 1.309	\$ 0.113	\$ 1.422	\$ 1.115	\$ 0.746	\$ 0.580	\$ 3.863
2016	1.343	0.116	1.459	1.130	0.810	0.614	4.013
2017	1.382	0.114	1.496	1.141	0.808	0.622	4.067
2018	1.408	0.115	1.523	1.157	0.807	0.626	4.113
2019	1.433	0.116	1.549	1.167	0.798	0.643	4.157
2020	1.491	0.120	1.611	1.190	0.779	0.660	4.240
2021	1.557	0.114	1.671	1.217	0.752	0.661	4.301
2022	1.577	0.110	1.687	1.235	0.735	0.667	4.324
2023	1.612	0.075	1.687	1.288	0.767	0.683	4.425
2024	1.607	0.096	1.703	1.343	0.785	0.683	4.514

Note:

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

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

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

Source: Municipal Tax Collector and School Business Administrator

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

Taxpayer	2024		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Metro SH Storage, LLC/Metro Storage	\$ 3,611,600	1	1.21%
US Mineral Products Co.	1,701,900	2	0.57%
10 Furnace Street, LLC	1,308,000	3	0.44%
Heritage Crossing LLC	1,270,800	4	0.42%
Individual Taxpayer #1	1,129,000	5	0.38%
Juntos Holdings LLC	979,300	6	0.33%
Lakeland Bank	953,600	7	0.32%
Individual Taxpayer #2	950,000	8	0.32%
Andrew Benjamin, LLC	851,500	9	0.28%
Normandie Lane, LLC	550,000	10	0.18%
Total	<u>\$ 13,305,700</u>		<u>4.44%</u>

Taxpayer	2015		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Stanhope Storage LLC	\$ 3,611,600	1	1.23%
US Mineral Products Co.	1,701,900	2	0.58%
Netcong Development, LLC	1,308,000	3	0.45%
Heritage Crossing, LLC	1,270,800	4	0.43%
Individual Taxpayer #1	1,140,000	5	0.39%
Individual Taxpayer #2	1,129,000	6	0.38%
AHS Enterprises, LLC	979,300	7	0.33%
Lakeland Bank	953,600	8	0.32%
Andrew Benjamin, LLC	851,500	9	0.29%
Normandy Lane, LLC	685,300	10	0.23%
	<u>\$ 13,631,000</u>		<u>4.64%</u>

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

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2016	\$ 4,232,377	\$ 4,232,377	100.00%	\$ -0-
2017	4,232,377	4,232,377	100.00%	-0-
2018	4,431,131	4,431,131	100.00%	-0-
2019	4,514,883	4,514,883	100.00%	-0-
2020	4,602,173	4,602,173	100.00%	-0-
2021	4,602,173	4,602,173	100.00%	-0-
2022	4,967,974	4,967,974	100.00%	-0-
2023	5,026,012	5,026,012	100.00%	-0-
2024	5,015,971	4,676,606	93.23%	339,365
2025	5,180,503	4,773,151	92.14%	407,352

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

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

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

Fiscal Year Ended June 30,	Governmental Activities						Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Obligations		Bond Anticipation Notes (BANs)	Business-Type Activities				
		Under Financed Purchases			Financed Purchases				
2016	\$ 2,040,000	\$	367,595	\$	-0-	\$	2,407,595	1.25%	\$ 718
2017	1,780,000		270,944		-0-		2,050,944	1.04%	615
2018	1,510,000		171,882		-0-		1,681,882	0.82%	506
2019	1,230,000		166,351		-0-		1,396,351	0.66%	422
2020	935,000		64,000		-0-		999,000	0.45%	304
2021	630,000		32,000		-0-		662,000	0.26%	187
2022	315,000		-0-		-0-		315,000	0.12%	88
2023	5,985,000		-0-		-0-		5,985,000	2.22%	1,674
2024	5,985,000		-0-		-0-		5,985,000	2.21%	1,663
2025	5,655,000		-0-		-0-		5,655,000	2.08%	1,571

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of	
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Net Valuation ^a Taxable	Per Capita ^b
2016	\$ 2,040,000	\$ -0-	\$ 2,040,000	0.47%	\$ 602.30
2017	1,780,000	-0-	1,780,000	0.61%	530.55
2018	1,510,000	-0-	1,510,000	0.51%	452.77
2019	1,230,000	-0-	1,230,000	0.42%	371.49
2020	935,000	-0-	935,000	0.32%	284.37
2021	630,000	-0-	630,000	0.21%	177.72
2022	315,000	-0-	315,000	0.11%	88.48
2023	5,985,000	-0-	5,985,000	2.02%	1,674.13
2024	5,985,000	-0-	5,985,000	2.01%	1,662.96
2025	5,655,000	-0-	5,655,000	1.89%	1,571.27

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

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

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

Source: School District Financial Reports

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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Borough of Stanhope	\$ 1,690,828	100.00%	\$ 1,690,828
Sussex County General Obligation Debt	79,054,107	1.66%	1,314,579
Subtotal, Overlapping Debt			3,005,408
Borough of Stanhope School District Direct Debt			5,985,000
Total Direct and Overlapping Debt			\$ 8,990,408

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2025

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Equalized Valuation Basis										
							2022	389,388,670		
							2023	429,747,905		
							2024	474,547,385		
								<u>\$ 1,293,683,960</u>		
Average Equalized Valuation of Taxable Property								<u>\$ 431,227,987</u>		
Debt Limit (3% of average equalization value)								\$ 12,936,840		
Net Bonded School Debt								<u>5,985,000</u>		
Legal Debt Margin								<u>\$ 6,951,840</u>		
Debt Limit	\$ 9,808,149	\$ 9,713,991	\$ 9,565,666	\$ 9,565,668	\$ 9,682,533	\$ 9,842,823	\$ 10,083,405	\$ 10,670,638	\$ 11,667,970	\$ 12,936,840
Total Net Debt Applicable to Limit	2,040,000	1,780,000	1,510,000	1,230,000	935,000	630,000	315,000	5,985,000	5,985,000	5,985,000
Legal Debt Margin	<u>\$ 7,768,149</u>	<u>\$ 7,933,991</u>	<u>\$ 8,055,666</u>	<u>\$ 8,335,668</u>	<u>\$ 8,747,533</u>	<u>\$ 9,212,823</u>	<u>\$ 9,768,405</u>	<u>\$ 4,685,638</u>	<u>\$ 5,682,970</u>	<u>\$ 6,951,840</u>
Total Net Debt Applicable to the Limit										
As a Percentage of Debt Limit	20.80%	18.32%	15.79%	12.86%	9.66%	6.40%	3.12%	56.09%	51.29%	46.26%

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

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

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

<u>Year</u>	<u>Population ^a</u>	<u>Borough of Stanhope Personal Income ^b</u>	<u>Sussex County Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2016	3,355	\$ 192,332,085	\$ 57,327	4.6%
2017	3,335	197,245,240	59,144	4.6%
2018	3,323	204,467,513	61,531	4.2%
2019	3,311	212,844,324	64,284	3.3%
2020	3,288	222,972,432	67,814	9.9%
2021	3,545	251,904,155	71,059	5.8%
2022	3,560	255,148,760	71,671	3.4%
2023	3,575	269,426,300	75,364	4.1%
2024	3,599	271,235,036 ***	75,364 *	4.1%
2025	3,599 ** .	271,235,036 ***	75,364 *	N/A

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

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

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

N/A - Information not available

Source:

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

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

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

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

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

Employer	2024		
	Employees	Rank	Percentage of Total Employment
Selective Insurance Group Inc.	1,000-4,999	1	1.29%-6.44%
Crystal Springs Resort	1,000-4,999	2	1.29%-6.44%
Newton Medical Center	1,000-4,999	3	1.29%-6.44%
Thorlabs	1,000-4,999	5	1.29%-6.44%
County of Sussex	500-999	4	0.64%-1.29%
Mountain Creek Resort	500-999	6	0.64%-1.29%
Shop Rite	500-999	7	0.64%-1.29%
Sussex County Community College	250-499	8	0.64%-1.29%
United Methodist Community Bristol Glen	250-499	9	0.64%-1.29%
Franklin Mutual Insurance	100-249	10	0.13%-0.32%
Total Employment	<u>77,594</u>		

Employer	2015		
	Employees	Rank	Percentage of Total Employment
Newton Medical Center	1,000-4,999	1	1.36%-6.79%
Selective Insurance Group Inc.	1,000-4,999	2	1.36%-6.79%
Mountain Creek Resort	500-999	3	0.68%-1.36%
Thorlabs	500-999	4	0.68%-1.36%
Sussex County Offices	500-999	5	0.68%-1.36%
Ames Rubber Corp	250-499	6	0.34%-0.68%
Raider Express	250-499	7	0.34%-0.68%
Sussex County Community College	250-499	8	0.34%-0.68%
Mountain Creek Waterpark	100-249	9	0.14%-0.34%
A&P Food Store	100-249	10	0.14%-0.34%
Total Employment	<u>73,609</u>		

Source: County of Sussex

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

<u>Function/Program</u>	<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	22.2	22.2	21.6	21.6	21.6	22.5	22.5	21.9	24.1	27.3
Special education	10.7	14.2	19.3	18.2	18.2	16.3	16.3	16.6	17.7	18.9
Other instruction	1.4	1.4	1.4	1.4	1.4	1.7	1.7	1.7	1.7	1.7
Support Services:										
Student & instruction related services	15.1	15.5	19.9	19.8	19.8	18.1	18.1	20.7	22.3	27.8
General administrative services	1.4	1.4	1.4	1.0	1.0	1.0	1.0	1.0	0.9	0.9
School administrative services	1.5	1.5	2.5	1.8	1.7	1.8	1.8	1.8	1.7	1.7
Administrative Technology	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Plant operations and maintenance	3.0	3.0	3.6	3.6	3.6	3.6	3.6	4.9	5.2	4.6
Business and other support services	1.5	2.0	2.0	2.0	2.0	1.8	1.8	1.7	0.7	0.7
Food Service	1.2	1.2	1.2	1.2	1.2	0.9	0.9	1.3	1.3	1.3
Total	<u>58.2</u>	<u>62.6</u>	<u>73.1</u>	<u>70.9</u>	<u>70.8</u>	<u>68.0</u>	<u>67.9</u>	<u>71.8</u>	<u>75.8</u>	<u>85.1</u>

Source: School District of the Borough of Stanhope Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2016	317	\$ 6,009,785	\$ 18,958	3.20%	29	1:12	316	304	-0.32%	96.20%
2017	316	6,349,412	20,093	5.99%	36	1:09	309	300	2.13%	96.92%
2018	312	6,619,917	21,218	5.60%	42	1:74	321	307	-3.79%	95.64%
2019	308	6,856,310	22,261	4.92%	41	1:08	307	293	4.36%	95.44%
2020	308	6,772,356	21,988	-1.22%	41	1:08	318	306	-3.58%	96.23%
2021	307	6,606,827	21,521	-2.13%	41	1:08	307	288	3.46%	93.81%
2022	301	7,073,347	23,499	9.20%	40	1:07	301	284	1.95%	94.35%
2023	316	7,588,919	24,016	2.20%	40	1:08	311	295	-3.32%	94.86%
2024	321	8,366,142	26,063	8.52%	33	1:10	317	301	-1.82%	95.08%
2025	343	8,634,096	25,172	-3.42%	35	1:12	354	336	-11.77%	95.04%

Note: Enrollment based on annual October district count.

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

Source: Borough of Stanhope District Records

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>District Building</u>										
<u>Elementary</u>										
Valley Road Elementary										
Square Feet	62,378	62,378	62,378	62,378	62,378	62,378	62,378	62,378	62,378	62,378
Capacity (students)	536	536	536	536	536	536	536	536	536	536
Enrollment	317	316	312	308	308	304	301	316	321	343
Linden Avenue Elementary (1)										
Square Feet	7,768	7,768	7,768	7,768	7,768	7,768	7,768	N/A	N/A	N/A
Capacity (students)	138	138	138	138	138	138	138	N/A	N/A	N/A
Enrollment										

Number of Schools at June 30, 2025

Elementary = 1

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

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

Source: District Facilities Office

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

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

<u>Fiscal Year Ended June 30,</u>	<u>Linden Avenue School (1)</u>	<u>Valley Road School</u>	<u>Total</u>
2016	\$ 5,254	\$ 107,140	\$ 112,394
2017	10,939	98,111	109,050
2018	6,745	101,103	107,848
2019	5,134	104,703	109,837
2020	1,979	108,987	110,966
2021	1,995	94,473	96,468
2022	3,530	166,453	169,983
2023	761	149,904	150,665
2024	-0-	177,754	177,754
2025	-0-	154,570	154,570

(1) Linden Avenue School not in use after 2012.

* School facilities as defined under EFCFA.

(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District Records

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

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund (SAIF):		
Physical Damage - Property	500,000,000 per occurrence	\$ 2,500
Physical Damage - Inland Marine & Auto	500,000,000 per occurrence	NIL
Worker' Compensation/Employers' Liability		
Coverage A	NJ Statutory Benefits	NIL
Coverage B	6,000,000	None
Supplemental Indemnity	NJ Statutory Benefits	
General & Automobile Liability	10,000,000 per occurrence 46,000,000 fund aggregate	1,000
Critical Incident Management	25,000	
Flood (All Other Zones besides A or V)	10,000,000 per occurrence 100,000,000 fund aggregate	
Employee Benefits	5,000,000 per occurrence	
Sexual Abuse and Molestation	10,000,000 per occurrence 28,000,000 fund aggregate	
Excess General & Auto Liability	10,000,000 occurrence/agg.	None
Boiler & Machinery	100,000,000 per occurrence	2,500
Money and Securities	50,000	1,000
Blanket Dishonesty Bond	500,000 per loss	1,000
Environmental Impairment Liability	1,000,000 per incident 10,000,000 fund aggregate	50,000
Student Accident	500,000 Bollinger	25,000
School Leaders' Professional Liability	5,000,000 per claim	5,000
Excess School Leaders' Professional Liability	15,000,000 occurrence/agg.	
Cyber Liability		
First Party Liability (inc. Business Interruption)	750,000 per event/agg.	10,000
Third Party Liability	2,000,000 per event/agg.	10,000
Official Bonds - Selective Insurance and Travelers Casualty and Surety Company of America		
SallyAnn McCarty	175,000	None
Daniel Borgo	175,000	None

Source: District's Records

SINGLE AUDIT

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

Independent Auditors' Report

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

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

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

November 5, 2025
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

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

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

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

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

November 5, 2025
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

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

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

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2024			Balance at June 30, 2025		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Amount Provided to Subre- cipients
U.S. Department of Agriculture:										
Passed-through State Department of Agriculture:										
Child Nutrition Cluster:										
Food Distribution Program	10.555	N/A	7/1/24-6/30/25	\$ 14,962			\$ 14,962	\$ (12,166)	\$ 2,796	
Food Distribution Program	10.555	N/A	7/1/23-6/30/24	11,915		\$ 1,946		(1,946)		
National School Lunch Program	10.555	N/A	7/1/24-6/30/25	74,445			69,793	(74,445)	\$ (4,652)	
National School Lunch Program	10.555	N/A	7/1/23-6/30/24	47,983	\$ (2,972)		2,972			
School Breakfast Program	10.553	N/A	7/1/24-6/30/25	17,846			16,620	(17,846)	(1,226)	
COVID-19 - Supply Chain Assistance	10.555	N/A	7/1/22-6/30/25	40,232	(2,972)	10,561	104,347	(8,615)	(5,878)	2,796
Total Child Nutrition Cluster				322			322	(322)		
Summer EBT Cost Reimbursement	10.646	N/A	7/1/24-6/30/25		(2,972)	10,561	104,669	(115,340)	2,796	
Total U.S. Department of Agriculture										
U.S. Department of Education:										
Passed-through State Department of Education:										
Special Revenue:										
Elementary and Secondary Education Act:										
Title I	84.010	ESEA546525	7/1/24-9/30/25	47,335			37,811	(43,983)	(6,172)	
Title I	84.010	ESEA546524	7/1/23-9/30/24	41,505	(622)		623	(1)		
Subtotal - Title I					(622)		38,434	(43,984)	(6,172)	
Title IIA	84.367	ESEA546525	7/1/24-9/30/25	9,480			703	(9,239)	(8,536)	
Title IIA	84.367	ESEA546524	7/1/23-9/30/24	7,415	(468)		468			
Subtotal - Title IIA					(468)		1,171	(9,239)	(8,536)	
Title III	84.365	ESEA546525	7/1/24-9/30/25	3,923			3,923	(3,923)		
Title IV	84.424	ESEA546525	7/1/24-9/30/25	20,000			1,328	(12,744)	(11,416)	
Title IV	84.424	ESEA546524	7/1/23-9/30/24	12,250	(2,046)		2,250	(204)		
Subtotal - Title IV					(2,046)		3,578	(12,948)	(11,416)	
Total Elementary and Secondary Education Act					(3,136)		47,106	(70,094)	(26,124)	
Education Stabilization Fund:										
COVID 19 - American Rescue Plan:										
ESSER III	84.425U	S425U210027	3/13/20-9/30/24	313,553	(24,299)		26,019	(1,720)		
Accelerated Learning Coach and Educator Support	84.425U	S425U210027	3/13/20-9/30/24	50,000	(38,314)		38,314			
Evidence Based:										
Comprehensive Beyond the School Day	84.425U	S425U210027	3/13/20-9/30/24	40,000	(4,586)		4,586			
COVID 19 - ARP GEER:										
NJ High Impact Tutoring	84.425C	E2500365	10/11/23-8/31/24	37,962	(37,962)		37,962	(3,085)		
Total Education Stabilization Fund					(105,161)		106,881	(4,805)	(3,085)	

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

(Continued)

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2024			Balance at June 30, 2025			Amount Provided to Subre- cipients
					Budgetary Accounts Receivable	Cash Received	Budgetary Expendi- tures	Budgetary Accounts Receivable	Budgetary Unearned Revenue		
U.S. Department of Education:											
Passed-through State Department of Education:											
Special Revenue:											
Special Education Cluster (IDEA):											
	84.027X	IDEA546525	7/1/24-9/30/25	\$ 94,446		\$ 40,788	\$ (94,446)	\$ (53,658)			
	84.173	IDEA546525	7/1/23-9/30/25	5,592			(5,592)	(5,592)			
Total Special Education Cluster (IDEA)											
Total U.S. Department of Education / Special Revenue Fund											
Total Federal Awards											
					\$ (111,269)	\$ 10,561	\$ 299,444	\$ (290,277)	\$ (94,337)	\$ 2,796	\$ -0-

N/A - Not Applicable/Available

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

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2025			Balance at June 30, 2025			MEMO Cumulative Total Expenditures
				Budgetary			Budgetary			
				Accounts Receivable	Unearned Revenue	Cash Received	GAAP Accounts Receivable	Unearned Revenue	Accounts Receivable	
State Department of Education:										
General Fund State Aid:										
Equalization Aid	25-495-034-5120-078	7/1/24-6/30/25	\$ 1,033,702			\$ 932,794			\$ (100,908)	\$ 1,033,702
Special Education Categorical Aid	25-495-034-5120-089	7/1/24-6/30/25	345,444			311,722			(33,722)	345,444
Security Aid	25-495-034-5120-084	7/1/24-6/30/25	42,905			38,717			(4,188)	42,905
Transportation Aid	25-495-034-5120-014	7/1/24-6/30/25	22,257			20,084			(2,173)	22,257
Nonpublic School Transportation Costs	25-495-034-5120-014	7/1/24-6/30/25	6,071						(6,071)	6,071
Extraordinary Special Education Costs Aid	25-495-034-5120-044	7/1/24-6/30/25	184,490						(184,490)	184,490
Reimbursed TPAF Social Security Contributions	25-495-034-5094-003	7/1/24-6/30/25	220,694			198,821			(21,873)	220,694
On-Behalf TPAF Post Retirement Contributions	25-495-034-5094-001	7/1/24-6/30/25	281,239			281,239				281,239
On-Behalf TPAF Pension Contributions	25-495-034-5094-002	7/1/24-6/30/25	950,710			950,710				950,710
On-Behalf TPAF Non-Contributory Insurance	25-495-034-5094-004	7/1/24-6/30/25	11,777			11,777				11,777
On-Behalf TPAF Long-Term Disability Insurance	25-495-034-5094-004	7/1/24-6/30/25	565			565			(565)	565
Equalization Aid	24-495-034-5120-078	7/1/23-6/30/24	785,037	\$ (94,874)		94,874				785,037
Special Education Categorical Aid	24-495-034-5120-089	7/1/23-6/30/24	272,686	(32,954)		32,954				272,686
Security Aid	24-495-034-5120-084	7/1/23-6/30/24	33,994	(4,108)		4,108				33,994
Transportation Aid	24-495-034-5120-014	7/1/23-6/30/24	21,534	(2,602)		2,602				21,534
Nonpublic School Transportation Costs	24-495-034-5120-014	7/1/23-6/30/24	5,460	(5,460)		5,460				5,460
Extraordinary Special Education Costs Aid	24-495-034-5120-044	7/1/23-6/30/24	95,256	(95,256)		95,256				95,256
Reimbursed TPAF Social Security Contributions	24-495-034-5094-003	7/1/23-6/30/24	209,344	(40,755)		40,755				209,344
Homeless Tuition Reimbursement	24-495-034-5120-005	7/1/23-6/30/24	5,094	(5,094)		5,094				0
Subtotal - General Fund				(281,103)		3,027,532	(212,434)		(353,425)	4,689,002
Debt Service Fund Aid:										
Debt Service Aid - State Support	25-100-034-5120-125	7/1/24-6/30/25	265,750			265,750				265,750
Special Revenue Fund:										
Emergent and Capital Maintenance Needs Grant	N/A	11/19/21-6/30/25	6,772		\$ 6,772			\$ 6,772		6,684
Emergent and Capital Maintenance Needs Grant	N/A	7/1/23-6/30/25	6,684		6,684				(6,684)	6,924
Emergent and Capital Maintenance Needs Grant	N/A	7/1/24-6/30/25	6,924		6,924				(6,924)	100,000
Preschool Education Aid	24-495-034-5120-025	7/1/23-6/30/26	145,510	(14,551)	100,000	14,551				153,803
Preschool Education Aid	25-495-034-5120-025	7/1/24-6/30/27	153,960	(14,551)	120,380	138,564		157	(15,396)	267,411
Subtotal - Special Revenue Fund				(295,654)	120,380	3,446,397	(212,434)	6,929	(368,821)	5,222,163
Total NJ Department of Education										

BOROUGH OF STANHOPE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2025			Cash Received	Budgetary Expenditures	Balance at June 30, 2025			MEMO Cumulative Total Expenditures
				Accounts Receivable	Unearned Revenue	Budgetary			GAAP Accounts Receivable	Unearned Revenue	Accounts Receivable	
N.J. Department of Agriculture:												
Food Service Fund:												
State School Lunch Program	24-100-010-3350-023	7/1/23-6/30/24	\$ 2,824	\$ (179)			\$ 179					\$ 2,824
State School Lunch Program	25-100-010-3350-023	7/1/24-6/30/25	3,738				3,501	\$ (3,738)	\$ (237)		\$ (237)	3,738
State School Lunch Program - NJEIE	25-100-010-3350-023	7/1/23-6/30/24	531	(39)			39					531
State School Lunch Program - NJEIE	25-100-010-3350-023	7/1/24-6/30/25	489				449	(489)	(40)		(40)	489
State School Breakfast Program	25-100-010-3350-021	7/1/24-6/30/25	589				539	(589)	(50)		(50)	589
State School Breakfast Program - NJEIE	25-100-010-3350-021	7/1/24-6/30/25	204				186	(204)	(18)		(18)	204
Summer EBT Cost Reimbursement	N/A	7/1/24-6/30/25	321				321	(321)				321
N.J. Department of Agriculture / Food Service Fund				(218)			5,214	(5,341)	(345)		(345)	8,696
Total State Awards Subject to Single Audit Determination				\$ (295,872)	\$ 120,380		\$ 3,451,611	\$ (3,638,356)	\$ (212,779)	\$ 6,929	\$ (369,166)	\$ 5,230,859
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Pension Contributions	25-495-034-5094-001	7/1/24-6/30/25						281,239				
On-Behalf TPAF Pension Contributions	25-495-034-5094-002	7/1/24-6/30/25						950,710				
On-Behalf TPAF Non-Contributory Insurance	25-495-034-5094-004	7/1/24-6/30/25						11,777				
On-Behalf TPAF Long-Term Disability Insurance	25-495-034-5094-004	7/1/24-6/30/25						565				
Subtotal - On-Behalf TPAF Pension System Contributions								1,244,291				
Total State Awards Subject to Single Audit Major Program Determination								\$ (2,394,065)				

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

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

NOTE 1. BASIS OF PRESENTATION

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$6,453) for the general fund and (\$1,717) for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 3,093,401	\$ 3,093,401
Special Revenue Fund	\$ 174,065	266,566	440,631
Debt Service Fund		265,750	265,750
Food Service Fund	115,340	5,341	120,681
Total Awards	<u>\$ 289,405</u>	<u>\$ 3,631,058</u>	<u>\$ 3,920,463</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

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

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

Section I - Summary of Auditors' Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Federal Awards

The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2025 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.

State Awards

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

Unmodified

Internal control over major programs:

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

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

_____	Yes	_____ X _____	No
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Identification of major programs:

Program Name or Cluster	State Grant No.	Grant Period		Award Amount	Budgetary Expenditures
		Start	End		
Reimbursed TPAF Social Security Contributions	25-495-034-5094-003	7/1/24	6/30/25	\$ 281,239	\$ 281,239
Debt Service Aid - State Support	25-100-034-5120-125	7/1/24	6/30/25	265,750	265,750

Dollar threshold used to distinguish between Type A and B programs

\$ 750,000

Auditee qualified as low-risk auditee?

_____ X _____	Yes	_____	No
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BOROUGH OF STANHOPE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

Section II - Financial Statement Findings - N/A

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

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

K-7

Status of Prior Year Findings:

There were no prior year findings.