

# **Comprehensive Annual Financial Report**

of the

Borough of Stone Harbor Board of Education

Stone Harbor, New Jersey

For the Fiscal Year Ended June 30, 2019

Prepared by

Borough of Stone Harbor Board of Education

Finance Department



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## **Introductory Section**

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**STONE HARBOR BOARD OF EDUCATION**  
**275 93<sup>rd</sup> STREET STONE HARBOR, NJ 08247**  
**PH #609-368-4596 X24 FAX #609-368-6545**

**STACEY LaROCCA-TRACY**  
Chief School Administrator

**DR. RENEE MURTAUGH**  
Supervisor of Curriculum  
& Instruction

**LINDA FIORI**  
Business Administrator

December 5, 2019

Honorable President and  
Members of the Board of Education  
Borough of Stone Harbor School District  
County of Cape May  
Stone Harbor, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Borough of Stone Harbor School District (District) for the fiscal year ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Management's Discussion and Analysis, basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is not required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, OMB Uniform Guidance, and State Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. However, the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

## **1) REPORTING ENTITY AND ITS SERVICES:**

The Borough of Stone Harbor School District is an independent reporting entity as set forth in Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards*. All funds and account groups of the District are included in this report. The Borough of Stone Harbor Board of Education and the school district constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 4 and includes servicing Avalon students as tuition students to the District. Students in grade levels Pre K 3, PreK 4 and 5 through 8 attend Avalon School District. Additionally, it provides tuition for grades 9 through 12 to Middle Township High School and to the Cape May County Special Services School District. These include regular, as well as special education for handicapped students. The District completed the 2018-2019 fiscal year with an enrollment of 99 students, which is 9 students above the previous year's enrollment.

The following details the changes in the student enrollment of the District over the last ten years.

<b><u>Fiscal Year</u></b>	<b><u>Average Daily Enrollment Student Enrollment</u></b>	<b><u>Percent Change</u></b>
2018-2019	99	10.0%
2017-2018	90	20.0%
2016-2017	75	11.0%
2015-2016	68	(1.5)%
2014-2015	69	(6.8)%
2013-2014	74	(5.1)%
2012-2013	78	(1.3)%
2011-2012	79	5.3%
2010-2011	75	23.0%
2009-2010	61	(23.8)%
2008-2009	80	(4.8)%

## **2) ECONOMIC CONDITION AND OUTLOOK:**

Stone Harbor Borough is an affluent seashore community consisting primarily of residential properties. The estimated 866 permanent, year-round resident population (2010 U.S. Bureau of Census, Population Division) swells to approximately 25,000 during the summer season. There is no major industry and very little room for growth in both the residential and business districts. Most residential properties are used for income purposes (summer rentals).

### **3) MAJOR INIATIVES:**

Students continued to score above the state and national averages. During the 2018-19 school year the district of Stone Harbor & Avalon continued a shared instructional model for educating students on the island. Stone Harbor Elementary School will educate all the K-4 students & Avalon Elementary School will educate grades PreK 3, Prek 4 and 5-8. We continue to align our curriculum syllabus K-8 with the New Jersey State Department's Common Core Content Standards and with the Work Place Readiness Standards. Technology continues to play a supplemental role in all academic areas.

### **4) INTERNAL ACCOUNTING CONTROLS:**

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control 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 the District management.

As a recipient of federal awards and state financial assistance, the District also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the District management.

### **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 the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2019.

## **6) ACCOUNTING SYSTEM AND REPORTS:**

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the 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 Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

## **8) RISK MANAGEMENT:**

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

## **9) OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford Scott & Associates, LLC, 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 Single Audit Act, OMB Uniform Guidance and State Treasury Circular Letter 15-08 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**10) ACKNOWLEDGMENTS:**

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

Respectfully submitted,

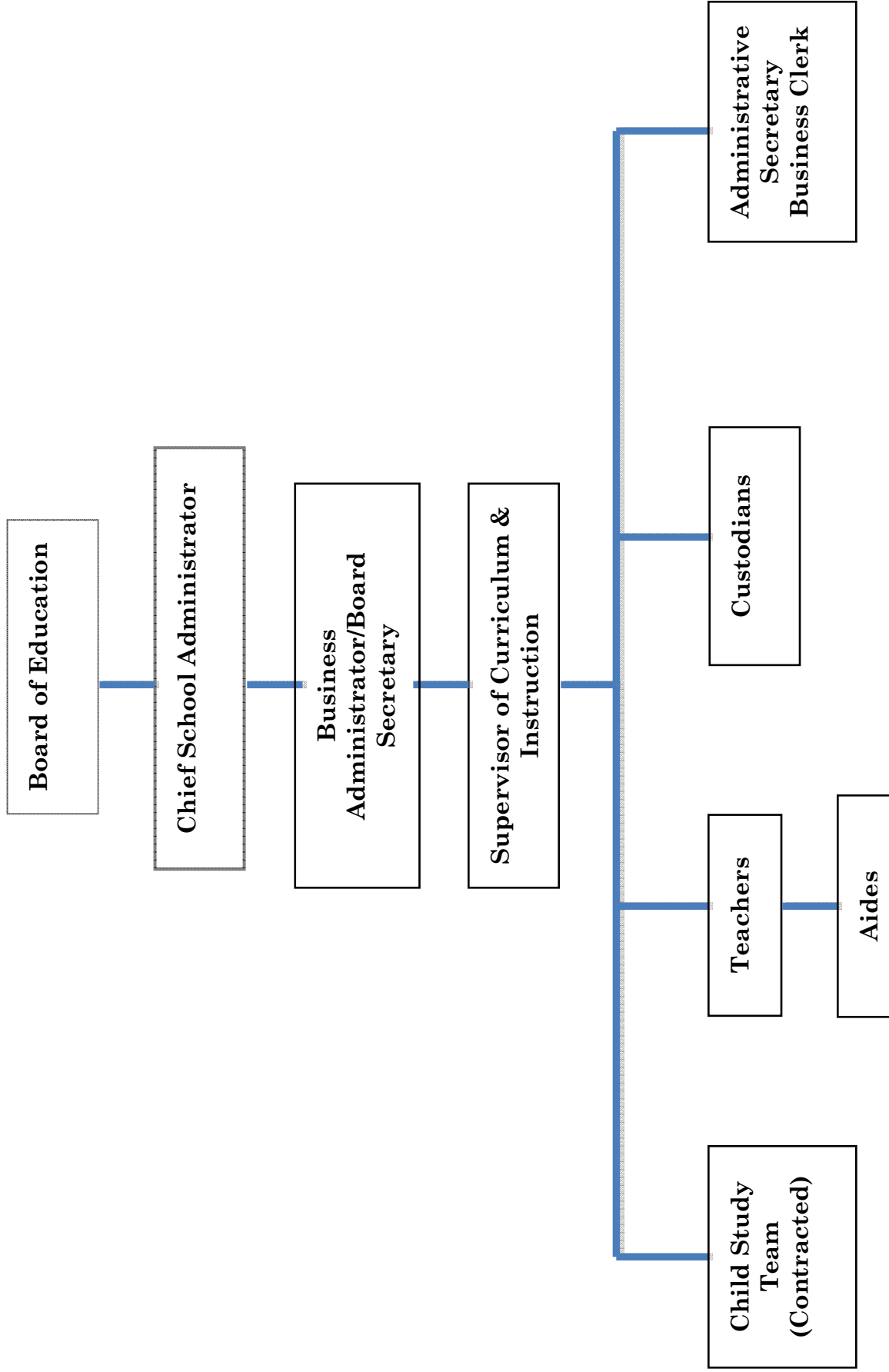
*Stacey LaRocca-Tracy*

Stacey LaRocca-Tracy  
Superintendent

*Linda Fiori*

Linda Fiori  
Business Administrator

**STONE HARBOR SCHOOL DISTRICT  
ORGANIZATIONAL CHART**



**BOROUGH OF STONE HARBOR BOARD OF EDUCATION**

**STONE HARBOR, NEW JERSEY**

**ROSTER OF OFFICIALS**  
June 30, 2019

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Mr. William Stump, President	2021
Ms. Suzanne Walters	2019
Dr. John McAllister	2019
Mr. Mark Matreale	2020
Ms. Maggie Day	2021
Lois Scarpa (Avalon Representative)	2020

**Other Officials**

Mrs. Stacey LaRocca-Tracy, Chief School Administrator

Ms. Linda Fiori, School Business Administrator

Ms. Patricia Wagner, Treasurer of School Monies

**BOROUGH OF STONE HARBOR BOARD OF EDUCATION  
Consultants and Advisors**

**Audit Firm**

Ford Scott & Associates, LLC  
1535 Haven Avenue  
Ocean City, NJ 08226  
(609) 399-6333

**Attorney**

Frank P. Cavallo, Jr., Esq.  
Parker McCay P.A.  
9000 Midlantic Drive, Suite 300  
Mount Laurel, New Jersey 08054

Vito A. Gagliardi, Jr., Esq  
Porzio, Bromberg & Newman, P.C.  
1000 Southgate Parkway  
Morristown, NJ 07962

**Official Depository**

Sturdy Savings Bank  
9417 Third Avenue  
P.O. Box 98  
Stone Harbor, New Jersey 08247



## **Financial Section**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## **Independent Auditor's Report**

Honorable President and  
Members of the Board of Education  
Borough of Stone Harbor School District  
County of Cape May, New Jersey

### **Report on the Financial Statements**

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 Borough of Stone Harbor School District, Borough of Stone Harbor, New Jersey, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing and opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the 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 Borough of Stone Harbor School District, Borough of Stone Harbor, New Jersey, as of June 30, 2019, 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.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Stone Harbor School District's basic financial statements. The introductory section, combining and individual non-major fund financial statements, schedule of expenditures of federal 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* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB 15-08, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section, combining statements, and individual non-major fund financial statements, schedule of expenditures of federal 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* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB 15-08, and statistical 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. Such information has been subjected to the auditing

procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal 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* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2019 on our consideration of the Borough of Stone Harbor School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Stone Harbor School District's internal control over financial reporting and compliance.

*Ford, Scott & Associates, L.L.C.*  
**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

*Michael S. Garcia*

**Michael S. Garcia**  
**Certified Public Accountant**  
**Licensed Public School Accountant**  
**No. 2080**

**December 5, 2019**

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**Required Supplemental Information**  
**Part I**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Borough of Stone Harbor School District ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statement.

### FINANCIAL HIGHLIGHTS

- The net position of the District increased compared to the prior year as a result of an excess of revenues over expenses.
- The State of New Jersey reimbursed the District \$68,190 during the fiscal year ended June 30, 2019 for the employer's share of social security contributions. The State of New Jersey also paid \$252,520 in pension contributions and retiree health coverage for TPAF members as calculated on their base salaries on behalf of the District. This amount, which is not budgeted, is included as both a revenue and appropriation in the financial statements.
- As indicated by New Jersey State Statutes, the unreserved fund balance of the general fund is limited to 2% of the total general fund expenditures or \$250,000, whichever is greater. Any excess is required to be designated as Reserved Fund Balance – Excess Surplus and included in the next year's budget as budgeted fund balance. As of June 30, 2019 the District had excess surplus of \$201,513, of which \$124,583 was required to be budgeted as a revenue for the year ending June 30, 2020 and \$76,930 is designated for subsequent year budgets.
- During the fiscal year ended June 30, 2019, the District's expenditures were approximately \$197,870 more than total revenues in the fund financial statements.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis* (this section), the basic *financial statements, required supplementary information*, and an optional section that presents *combining statements for special revenue, proprietary, and fiduciary funds*. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District's government, reporting on the District's operations in *more detail* than the government-wide statements.
  - The *governmental funds* statements tell how *general government* services like instruction were financed in the *short term* as well as what remains for future spending.

- *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the District operates like businesses, such as the milk program.
- *Fiduciary fund* statements provide information about the financial relationships – like the unemployment trust fund – in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the District’s financial statements, including the portion of the District’s government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

**Figure A-1**  
**Major Features of Borough of Stone Harbor Board of Education’s**  
**Government-wide and Fund Financial Statements**

	Government wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as food service and student activities	Activities the District operates similar to private businesses; food service	Instances in which the District is the trustee or agent for someone else’s resources, such as payroll agency and student activities.
Required financial statements	Statement of net position  Statement of activities	Balance sheet  Statement of revenues, expenditures, and changes in fund balances	Statement of net position  Statement of revenues, expenses, and changes in net position  Statement of cash flows	Statement of fiduciary net position  Statement of changes in fiduciary net position

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	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

### Government-wide Statements

The government-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 government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets 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 health is improving or deteriorating, respectively.

- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the Borough's property tax base and the condition of the District's facilities.

The government-wide financial statements of the District are divided into two categories:

- *Governmental activities* – most of the District's basic services are included here, such as instruction, transportation, administration, and plant operations. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* – the District charges fees to customers to help it cover the costs of certain services it provides. The District's milk fund program is included here. The District also has an internal service fund which provides for the Supervisor of Curriculum and Instruction. This fund is supported by payments from the District and Avalon Board of Education.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant *funds* – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which 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 government-wide statements, we provide additional information at the bottom of the governmental funds statement that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, 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.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for other assets that - because of a trust arrangement – can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in separate statement of fiduciary net position and a statement of

changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

**Net position.** The District's governmental activities net position increased between fiscal years 2019 and 2018 as a result of an excess of revenues over expenses. The business-type activities net position remained the same.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$1,116,607	\$1,295,324	(5,068)	(12,489)	1,111,539	1,282,835
Capital assets	3,068,255	2,781,305			3,068,255	2,781,305
<b>Total assets</b>	<b>4,184,862</b>	<b>4,076,629</b>	<b>(5,068)</b>	<b>(12,489)</b>	<b>4,179,794</b>	<b>4,064,140</b>
Deferred outflows of resources	117,640	163,754	-	-	117,640	163,754
Other liabilities	485,286	524,683			485,286	524,683
<b>Total liabilities</b>	<b>485,286</b>	<b>524,683</b>	<b>-</b>	<b>-</b>	<b>485,286</b>	<b>524,683</b>
Deferred inflows of resources	171,612	153,192	-	-	171,612	153,192
Net position						
Net invested in capital assets	3,068,255	2,781,305			3,068,255	2,781,305
Restricted	848,947	1,047,170			848,947	1,047,170
Unrestricted	(271,598)	(265,967)	(5,068)	(12,489)	(276,666)	(278,456)
<b>Total net assets</b>	<b>\$3,645,604</b>	<b>\$3,562,508</b>	<b>(5,068)</b>	<b>(12,489)</b>	<b>3,640,536</b>	<b>3,550,019</b>

Net position of the District increased due to an excess of revenues over expenses. Also, included in long-term liabilities are amounts due to be paid on compensated absences and the unfunded pension liability.

As required by New Jersey Statutes, the unrestricted net position of the District are not permitted to exceed the greater of \$250,000 or 2% of total general fund expenditures, after reductions for On-behalf TPAF pension and social security. Any excess must be appropriated as budgeted fund balance in the subsequent years' budget. As of June 30, 2019, the District had excess fund balance in the amount of \$207,513 of which \$124,583 has been included in the 2019-2020 budget and the remaining \$76,930 will be included in the 2020-2021 budget.

**Changes in net position.** The total governmental activities revenue of the District increased approximately \$179,000 due to a increased tuition charges and increased state source revenues.

Approximately 1.46% of the District's governmental funds revenue comes from the State of New Jersey in the form of non-restricted federal and state aid. This aid is based on the District's enrollment as well as other factors related to the District's formula aid which is a relationship of the adequacy budget and the Borough's property values and income of the residents. The District expenses are primarily related to instruction, administration, and plant operations.

	2019		2018	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property taxes	\$ 2,543,276	70.30%	2,493,408	72.51%
Unrestricted Federal and State aid	52,694	1.46%	516,229	15.01%
Tuition	438,640	12.13%	414,228	12.05%
Operating grants and contributions	581,924	16.09%	13,728	0.40%
Other	1,037	0.03%	928	0.03%
Totals	\$ <u>3,617,571</u>	<u>100.00%</u>	<u>3,438,521</u>	<u>100.00%</u>

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## Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2019 and 2018 fiscal years:

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
<b>Revenues</b>						
Program revenue						
Charges for services	\$ 705,462	650,641	15,733	28,928	721,195	679,569
State grants and entitlements	581,924	761,708			581,924	761,708
General revenues						
Property taxes	2,543,276	2,493,408			2,543,276	2,493,408
State aid entitlements	52,694	217,678			52,694	217,678
Other	(13,963)	(5,179)	15,000		1,037	(5,179)
<b>Total revenues</b>	<b>3,869,393</b>	<b>4,118,256</b>	<b>30,733</b>	<b>28,928</b>	<b>3,900,126</b>	<b>4,147,184</b>
<b>Expenses</b>						
Instruction:						
Regular	1,426,737	1,555,586			1,426,737	1,555,586
Special Education	157,792	164,440			157,792	164,440
Other Instruction	167,261	200,205			167,261	200,205
Support services:						
Tuition	471,475	564,938			471,475	564,938
Student & instruction related	544,557	500,901			544,557	500,901
School administration services	129,908	111,745			129,908	111,745
General & business admin	160,072	172,431			160,072	172,431
Plant operations & maintenance	383,478	422,274			383,478	422,274
Pupil transportation	75,365	70,593			75,365	70,593
Internal service fund	266,822	236,413			266,822	236,413
Special Schools	2,830	1,859			2,830	1,859
Business-type activities			23,312	30,043	23,312	30,043
<b>Total expenses</b>	<b>3,786,297</b>	<b>4,001,385</b>	<b>23,312</b>	<b>30,043</b>	<b>3,809,609</b>	<b>4,031,428</b>
<b>Increase/(Decrease)</b>						
<b>in net assets</b>	<b>83,096</b>	<b>116,871</b>	<b>7,421</b>	<b>(1,115)</b>	<b>90,517</b>	<b>115,756</b>

## Business-type Activities

Operating and non-operating revenues of the District's business-type activities increased from the previous year and expenses increased. The new after school program caused the increase in both. The milk program was discontinued in the 2013 fiscal year.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$1,094,370 which is approximately \$197,870 lower than the beginning of the year.

### General Fund Budgetary Highlights

As further explained in the Notes to the Financial Statements, annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and, beginning with the 2012-2013 budget voter approval is no longer required if the budget meets certain statutory requirements. Transfers of appropriations may be made by Board resolution at any time during the fiscal year. The District is permitted to encumber funds throughout the year for purchases ordered but not yet received. Any open encumbrances as of June 30<sup>th</sup> carry over to the next fiscal year and are added to the appropriation reflected in the certified budget.

After adjusting total revenue reported on Exhibit C-1 for the Reimbursed TPAF Social Security Contribution and on-behalf TPAF Pension Contributions, which are not budgeted, the District's budgeted revenue exceeded the actual revenue by approximately \$16,630. This is a result of less tuition students than anticipated. Again, after adjusting for the Reimbursed TPAF Social Security Contribution and on-behalf TPAF Pension Contributions, actual expenditures were below the budgeted appropriations by approximately \$85,906.

## CAPITAL ASSET

### Capital Assets

At the end of 2019, the District had invested \$3.07 million in a broad range of capital assets, including land, buildings, vehicles and machinery.

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 410,630	\$ 410,630			410,630	410,630
Buildings and Bldg improvements	2,314,134	2,063,202			2,314,134	2,063,202
Machinery & equipment	343,491	307,473			343,491	307,473
					-	
<b>Total</b>	<b>\$ 3,068,255</b>	<b>\$ 2,781,305</b>	<b>-</b>	<b>-</b>	<b>3,068,255</b>	<b>2,781,305</b>



## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The student population in the District has fluctuated over the past 10 years, however state aid has remained fairly constant despite an increase in student population.

The District budget for the 2020 fiscal year includes required supplies and anticipated contractual increases in salaries and employee benefits.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to present users (residents, receiving districts, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, contact the District's business administrator at 275 93<sup>rd</sup> Street, Stone Harbor, New Jersey, 08247.

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## **BASIC FINANCIAL STATEMENTS**

The basic financial statements provide a financial overview of the district's operation. These financial statements present the financial position and operating results of all activities as of June 30, 2019.

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## **DISTRICT-WIDE FINANCIAL STATEMENTS**

The district-wide financial statements provide a financial overview of the district's operation. These financial statements present the financial position and operating results of the governmental and business-like activities as of June 30, 2019.

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**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
Statement of Net Position  
June 30, 2019

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,077,151	9,616	1,086,767
Internal funds	14,684	(14,684)	-
Due from Agency Fund	716		716
Due from other governments	24,056		24,056
Capital assets, net			
Land and land improvements	410,630		410,630
Depreciable assets, net of depreciation	2,657,625		2,657,625
Total Assets	<u>4,184,862</u>	<u>(5,068)</u>	<u>4,179,794</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	117,640		117,640
Total Deferred Outflows of Resources	<u>117,640</u>	<u>-</u>	<u>117,640</u>
<b>LIABILITIES</b>			
Accounts payable	21,009	-	21,009
Unearned revenue	1,228		1,228
Noncurrent liabilities:			
Due within one year	-		-
Due beyond one year	92,331		92,331
Net Pension Liability	370,718		370,718
Total liabilities	<u>485,286</u>	<u>-</u>	<u>485,286</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	171,612		171,612
Total Deferred Inflows of Resources	<u>171,612</u>	<u>-</u>	<u>171,612</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,068,255	-	3,068,255
Restricted for:			
Other purposes	848,947		848,947
Unrestricted	(271,598)	(5,068)	(276,666)
Total net position	<u>\$ 3,645,604</u>	<u>(5,068)</u>	<u>3,640,536</u>

The accompanying notes are an integral part of these financial statements.

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**

Statement of Activities  
June 30, 2019

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>								
<b>Instruction:</b>								
Regular	\$ 1,167,401	259,336	438,640	222,923		(765,174)		(765,174)
Special education	129,110	28,682		23,988		(133,804)		(133,804)
Other instruction	136,858	30,403		28,510		(138,751)		(138,751)
<b>Support services:</b>								
Tuition	385,776	85,699		97,379		(374,096)		(374,096)
Student & instruction related services	445,574	98,983		88,461		(456,096)		(456,096)
School administrative services	106,295	23,613		18,917		(110,991)		(110,991)
Other administrative services	130,977	29,095		24,377		(135,695)		(135,695)
Plant operations and maintenance	313,774	69,704		63,933		(319,545)		(319,545)
Pupil transportation	61,665	13,700		12,846		(62,519)		(62,519)
Unallocated benefits	639,215	(639,215)				-		-
Internal Service Fund	266,822		266,822			-		-
Special Schools	2,830			590		(2,240)		(2,240)
<b>Total governmental activities</b>	<u>3,786,297</u>	<u>-</u>	<u>705,462</u>	<u>581,924</u>	<u>-</u>	<u>(2,498,911)</u>	<u>-</u>	<u>(2,498,911)</u>
<b>Business-type activities:</b>								
Food Service	-	-	-	-		-		-
After School Program	23,312		15,733			(7,579)		(7,579)
<b>Total business-type activities</b>	<u>23,312</u>	<u>-</u>	<u>15,733</u>	<u>-</u>	<u>-</u>	<u>(7,579)</u>	<u>-</u>	<u>(7,579)</u>
<b>Total primary government</b>	<u>\$ 3,809,609</u>	<u>-</u>	<u>721,195</u>	<u>581,924</u>	<u>-</u>	<u>(2,498,911)</u>	<u>(7,579)</u>	<u>(2,506,490)</u>
<b>General revenues:</b>								
<b>Taxes:</b>								
Property taxes, levied for general purposes, net			2,543,276			2,543,276		2,543,276
Federal and State aid not restricted			52,694			52,694		52,694
Investment Earnings			200			200		200
Miscellaneous Income			837			837		837
Transfers			(15,000)			(15,000)	15,000	-
<b>Total general revenues, special items, extraordinary items and transfers</b>			<u>2,582,007</u>			<u>2,582,007</u>	<u>15,000</u>	<u>2,597,007</u>
<b>Change in Net Position</b>			<u>83,096</u>			<u>83,096</u>	<u>7,421</u>	<u>90,517</u>
<b>Net Position—beginning</b>			<u>3,562,508</u>			<u>3,562,508</u>	<u>(12,489)</u>	<u>3,550,019</u>
<b>Net Position—ending</b>			<u>3,645,604</u>			<u>3,645,604</u>	<u>(5,068)</u>	<u>3,640,536</u>

The accompanying notes are an integral part of these financial statements.



## FUND FINANCIAL STATEMENTS

The combining and individual fund and account group statements and schedules present more detailed information for the individual funds in a format that segregates information by fund type. The statements are segregated as follows:

**Governmental Funds** - This section consists of the general special revenue and capital project funds.

**Proprietary Funds** - This section consists of the milk program and the internal service fund. These funds are operated in a manner similar to a private business enterprise.

**Fiduciary Funds** - This section consists of the unemployment compensation insurance trust fund, the student activity and payroll agency funds and the scholarship expendable trust fund.

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**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**

Balance Sheet  
Governmental Funds  
June 30, 2019

	General	Special Revenue	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,072,998	4,153	1,077,151
Due from other funds	35,338		35,338
Intergovernmental receivable - state	7,043		7,043
Intergovernmental receivable - federal	-	17,013	17,013
	<hr/>	<hr/>	<hr/>
Total Assets	<u>1,115,379</u>	<u>21,166</u>	<u>1,136,545</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	21,009		21,009
Due to other funds	-	19,938	19,938
Unearned revenue	-	1,228	1,228
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>21,009</u>	<u>21,166</u>	<u>42,175</u>
<b>FUND BALANCES</b>			
Restricted for:			
Excess surplus	76,930		76,930
Excess surplus - designated for subsequent year's expenditures	124,583		124,583
Committed to:			
Capital reserve account	265,704		265,704
Maintenance reserve account	100,050		100,050
Emergency reserve account	193,050		193,050
Assigned to:			
Encumbrances	88,630		88,630
Unreserved, reported in:			
General fund	245,423		245,423
Special revenue fund		-	-
Capital Projects fund			-
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>1,094,370</u>	<u>-</u>	<u>1,094,370</u>
Total Liabilities and Fund Balances	<u>\$ 1,115,379</u>	<u>21,166</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds 3,068,255

Long-term pension liabilities are not due and payable in the current period and therefore are not reported in the funds (424,690)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (92,331)

Net position of governmental activities 3,645,604

The accompanying notes are an integral part of these financial statements.

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
for the Fiscal Year ended June 30, 2019

	General Fund	Special Revenue Fund	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES:</b>			
Local tax levy	\$ 2,543,276		2,543,276
Interest	200		200
Tuition	438,640		438,640
Miscellaneous	837		837
Local sources		3,410	3,410
State sources	373,404		373,404
Federal sources	-	17,013	17,013
	<u>          </u>	<u>          </u>	<u>          </u>
Total Revenues	<u>3,356,357</u>	<u>20,423</u>	<u>3,376,780</u>
<b>EXPENDITURES:</b>			
Current expense			
Instruction	957,887	765	958,652
Special education instruction	104,760		104,760
Other instruction	124,512		124,512
Support services and undistributed costs:			
Tuition	333,960	17,013	350,973
Student & instruction related services	386,322	-	386,322
School administrative services	34,482		34,482
Other administrative services	106,458		106,458
Central services	48,129		48,129
Plant operations and maintenance	279,207		279,207
Pupil transportation	56,102		56,102
Unallocated benefits	639,215		639,215
Capital outlay	465,819	2,645	468,464
Special Schools	2,574		2,574
	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenditures	<u>3,539,427</u>	<u>20,423</u>	<u>3,559,850</u>
Excess (deficiency) of revenues over (under) expenditures	(183,070)	-	(183,070)
<b>Other financing sources (uses):</b>			
Increase in Capital Reserve	(264,702)		(264,702)
Transfer to Capital Reserve	264,802		264,802
Decrease in Current Expense Emergency Reserve	57,050		57,050
Withdrawal from Current Expense Emergency Reserve	(57,000)		(57,000)
Decrease in Maintenance Reserve	(40,000)		(40,000)
Withdrawal from Maintenance Reserve	40,050		40,050
Transfer	(15,000)		(15,000)
	<u>          </u>	<u>          </u>	<u>          </u>
Total other financing sources (uses)	<u>(14,800)</u>	<u>-</u>	<u>(14,800)</u>
Net change in fund balances	<u>(197,870)</u>	<u>-</u>	<u>(197,870)</u>
Fund Balances, July 1	<u>1,292,240</u>	<u>-</u>	<u>1,292,240</u>
Fund Balances, June 30	<u>\$ 1,094,370</u>	<u>-</u>	<u>1,094,370</u>

The accompanying notes are an integral part of these financial statements.

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 for the Year Ended June 30, 2019

Total net change in fund balances - governmental funds (from B-2) \$ (197,870)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

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

	Depreciation expense	(139,618)	
	Capital outlays	<u>426,568</u>	286,950

In the statement of activities, certain operating expenses, e.g. pension expense are measured under full accrual accounting. In the governmental funds, however, expenditures are reported on the amounts actually billed by the State.

	District pension contributions	18,728	
	Cost of benefits earned, net of employee contributions	<u>(21,100)</u>	(2,372)

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

(3,612)

**Change in net position of governmental activities**

\$ 83,096

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**

Statement of Net Position

Proprietary Funds

June 30, 2019

	Non Major Funds	
	Business-type Activities - Enterprise Funds After School Program Fund	Governmental Activities Internal Service Fund
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	7,421	2,195
Total current assets	<u>7,421</u>	<u>2,195</u>
Noncurrent assets:		
Furniture, machinery & equipment		
Less accumulated depreciation		
Total noncurrent assets	<u>-</u>	<u>-</u>
Total assets	<u><u>7,421</u></u>	<u><u>2,195</u></u>
<b>Liabilities</b>		
Current liabilities		
Interfund payable	12,489	2,195
Total current liabilities	<u>12,489</u>	<u>2,195</u>
Total liabilities	<u>12,489</u>	<u>2,195</u>
<b>NET POSITION/(DEFICIT)</b>		
Invested in capital assets, net of related debt	-	-
Unrestricted	(5,068)	
Total net position	<u><u>(5,068)</u></u>	<u><u>-</u></u>

The accompanying notes are an integral part of these financial statements.

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
for the Fiscal Year ended June 30, 2019

	Non Major Funds	
	Business-type Activities - Enterprise Funds	Governmental Activities
	After School Program Fund	Internal Service Fund
OPERATING REVENUES:		
Local sources:		
Other revenue	15,733	266,822
Total Operating Revenues	15,733	266,822
OPERATING EXPENSES:		
Salaries	22,042	200,693
Other Objects		1,951
Employee Benefits		37,307
General Supplies	1,270	26,871
Total Operating Expenses	23,312	266,822
Operating profit	(7,579)	-
Net loss before contributions and transfers	(7,579)	-
OPERATING TRANSFERS:		
Transfers in - General Fund	15,000	
Change in net position	7,421	-
Total net position - beginning	(12,489)	-
Total net position - ending	(5,068)	-

The accompanying notes are an integral part of these financial statements.

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
Statement of Cash Flows  
Proprietary Fund  
for the Fiscal Year ended June 30, 2019

	Non Major Funds	
	Business-type Activities - Enterprise Funds	Governmental Activities
	After School Program Fund	Internal Service Fund
Cash Flows from Operating Activities:		
Receipts from customers and others	\$ 15,733	266,822
Payments to employees	(22,042)	(200,693)
Payments for employee benefits		(37,307)
Payments to suppliers	(1,270)	(28,822)
Net cash provided by (used for) operating activities	(7,579)	-
Cash Flows from Noncapital Financing Activities		
Interfund Activity	15,000	2,195
Net cash provided by noncapital financing activities	15,000	2,195
Net increase in cash and cash equivalents	7,421	2,195
Balances - beginning of year	-	-
Balances - end of year	\$ 7,421	2,195
Reconciliation of operating loss to net cash used by operating activities:		
Operating income	(7,579)	-
Adjustments to reconcile operating loss to cash used by operating activities		
Change in assets and liabilities:		
(Increase) in Accounts Receivable	-	-
Total adjustments	-	-
Net cash (used) by operating activities	(7,579)	-

The accompanying notes are an integral part of these financial statements.



**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**

## Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2019

	Scholarship Fund	Unemployment Compensation Trust	Agency Fund
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 2,108	39,481	6,256
Total Assets	<u>2,108</u>	<u>39,481</u>	<u>6,256</u>
<b>LIABILITIES:</b>			
Payable to Student Groups			2,636
Payroll liabilities			2,904
Interfund Payable			716
Total Liabilities	<u>-</u>	<u>-</u>	<u>6,256</u>
<b>NET POSITION</b>			
Held in trust for unemployment claims and other purposes	<u>\$ 2,108</u>	<u>39,481</u>	

The accompanying notes are an integral part of these financial statements.

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
for the Year Ended June 30, 2019

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>
<b>ADDITIONS</b>		
Contributions:		
Plan member	\$ 1,933	
Board		
Total Contributions	<u>1,933</u>	<u>-</u>
Investment earnings:		
Interest	20	1
Net investment earnings	20	1
Total additions	<u>1,953</u>	<u>1</u>
<b>DEDUCTIONS</b>		
Unemployment claims	210	
Total deductions	<u>210</u>	<u>-</u>
Change in net position	1,743	1
Net position—beginning of the year	37,738	2,107
Net position—end of the year	<u>\$ 39,481</u>	<u>2,108</u>

The accompanying notes are an integral part of these financial statements.

**Borough of Stone Harbor School District**  
**Notes to Financial Statements**  
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Borough of Stone Harbor School District 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.

The financial statements of the Board of Education (Board) of the Borough of Stone Harbor School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the District are discussed below.

**A. REPORTING ENTITY:**

The Borough of Stone Harbor School District is a Type II district located in the County of Cape May, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of five board members and 1 representative from Avalon elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Borough of Stone Harbor School District had an approximate enrollment at June 30, 2019 of 99 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

**Borough of Stone Harbor School District**  
**Notes to Financial Statements**  
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**B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS:**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general and special revenue activities are classified as governmental activities. The District's milk fund program is classified as business-type activities. Fiduciary funds are excluded from the government-wide financial statements.

In the governmental-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net positions are reported in three parts—invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (milk fund). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

- a. The District does allocate indirect costs such as depreciation expense, compensated absences, On-behalf TPAF Pension Contributions, and Reimbursed TPAF Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net positions resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

**C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS**

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues

**Borough of Stone Harbor School District**  
**Notes to Financial Statements**  
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and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the criteria are applied to proprietary funds.

The following fund types are used by the District:

**1. Governmental Funds:**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District.

- a. **General fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose.

**Fund Balances – Governmental Funds**

Stone Harbor Board of Education has implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. In the fund financial statements, governmental funds report the following classifications of fund balance:

- **Nonspendable** – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- **Restricted** – includes amounts restricted by external sources (creditors, laws of other governments, ect.) or by constitutional provision or enabling legislation.

**Borough of Stone Harbor School District**  
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- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

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

## **2. Proprietary Funds:**

The focus of proprietary fund measurement is upon determination of operating income, changes in net positions, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District:

- a. **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs.
- b. **Internal Service funds** are used to account for activities that service multiple funds or governmental agencies.

**Borough of Stone Harbor School District**  
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**3. Fiduciary Funds:**

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net positions and changes in net positions and are reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments), private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

**D. BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**1. Accrual:**

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**2. Modified Accrual:**

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**E. FINANCIAL STATEMENT AMOUNTS**

**1. Cash and Cash Equivalents:**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and

**Borough of Stone Harbor School District**  
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certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

For the purpose of determining cash equivalents the District considers all investments with an original maturity of three months or less as cash equivalents.

New Jersey school districts are limited as to the types 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.

NJSA 17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value 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 other public depositories, is available to pay the full amount of their deposits to the Governmental units.

**2. Investments:**

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned on investments in the Capital Projects Fund is recognized in the District's General Fund.

**3. Capital Assets:**

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:



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Buildings	20-50 years
Machinery and equipment	5-10 years
Improvements	10-20 years

GASBS No. 34 requires the District to report and depreciate new infrastructure assets. Infrastructure assets include roads, parking lots, underground pipe, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The District has included all infrastructure assets in the current fiscal year.

**4. Revenues:**

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes in the amount certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient. Program revenues, including tuition revenue are reported as reductions to expenses in the statement of activities.

**5. Expenditures:**

Expenses are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

**6. Compensated Absences:**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure

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and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the District-wide Financial Statements as a Governmental Activity.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

**7. Interfund Activity:**

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**8. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office for approval and, as long as the District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPs, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools. No material transfers were made to/(from) budgetary line items 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 legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

**Borough of Stone Harbor School District**  
**Notes to Financial Statements**  
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The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

**9. Encumbrances:**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of 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 deferred revenues at fiscal year end.

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

**10. Tuition Payable**

Tuition charges for the fiscal years 2018-19 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**11. Tuition Receivable**

Tuition is received through an interlocal agreement negotiated annually with the Avalon Board of Education.

**12. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those results.

**Borough of Stone Harbor School District**  
**Notes to Financial Statements**  
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**13. Allocation of Costs**

In the government-wide statement of activities, the District has allocated unallocated benefits to various programs based on the amended budget by program.

**14. 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 Teachers' Pension and Annuity Fund (TPAF) and Public Employee Retirement System (PERS) and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the TPAF and PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**F. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE**

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84 "Fiduciary Activities." This statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the District's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "Leases". This statement, which is effective for reporting periods beginning after December 15, 2019, may have an effect on the District's financial reporting.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period". This statement is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the District's financial reporting.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90, "Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61". This statement is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the District's financial reporting.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations". This statement is effective for fiscal periods beginning after December 15, 2020, will not have any effect on the District's financial reporting.

**Borough of Stone Harbor School District**  
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**NOTE 2. INVESTMENTS**

As of June 30, 2019, the District had no investments.

**Interest Rate Risk.** The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investment to 397 days.

**Credit Risk.** New Jersey Statutes 18A:20-37 limits district investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the district or the local units in which the district is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk.** The district places no limit on the amount the district may invest in any one issuer.

**NOTE 3. CASH**

**Custodial Credit Risk—Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The district's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholding or student activity funds. As of June 30, 2019, \$0 of the government's bank balance of \$1,214,293 was exposed to custodial credit risk.

**NOTE 4. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Borough of Stone Harbor Board of Education by the inclusion of \$1 on October 11, 2000 for the accumulation of funds for the 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) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the

**Borough of Stone Harbor School District**  
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department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) 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 16:60-2. Pursuant to NJAC 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. The activity is shown as follows:

Beginning Balance, July 1, 2018	\$	530,306
Interest Earned		100
Appropriated in annual budget		(264,702)
Ending Balance, June 30, 2019	\$	<u><u>265,704</u></u>

**NOTE 5. MAINTENANCE RESERVE**

New Jersey Statute 18A:7G-9 permits districts to accumulate funds for the required maintenance of a facility in accordance with the Educational Facilities Construction and Financing Act (EFCFA). The balance may be increased through an appropriation in the annual general fund budget certified for taxes or a resolution of the Board at the June meeting. This reserve may be used at any time during the year, by resolution, to transfer to the required maintenance budget lines for use on required maintenance activities for a school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted for use on required maintenance appropriations and may not be transferred to any other line-item account. As of June 30, 2019 the District has reserved \$100,050 for maintenance.

**Borough of Stone Harbor School District**  
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**NOTE 6. FIXED ASSETS**

Capital asset activity for the year ended June 30, 2019 was as follows:

	<b>Balance June 30, 2018</b>	<b>Additions</b>	<b>Disposals/ Adjustments</b>	<b>Balance June 30, 2019</b>
<b>Governmental Activities:</b>				
Capital assets that are not being depreciated:				
Land	\$ 410,630			410,630
Total capital assets not being depreciated	<u>410,630</u>	-	-	<u>410,630</u>
Bldg and bldg improve	2,917,010	352,511	22,957	3,246,564
Site improvements	605,466			605,466
Machinery and Equipment	<u>971,538</u>	<u>74,057</u>	<u>(94,670)</u>	<u>1,140,265</u>
Total at historical cost	<u>4,494,014</u>	<u>426,568</u>	<u>(71,713)</u>	<u>4,992,295</u>
Less: Accumulated depreciation	<u>(2,123,339)</u>	<u>(139,618)</u>	<u>71,713</u>	<u>(2,334,670)</u>
Total capital assets being depr, net of accum depr	<u>2,370,675</u>	<u>286,950</u>	-	<u>2,657,625</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 2,781,305</u>	<u>286,950</u>	-	<u>3,068,255</u>

Depreciation expense as charged to governmental functions as follows:

Regular instruction	69,809
Special education	13,962
Student & instruction related services	20,943
School administrative expenses	13,962
General and business administration	13,962
Plant operations and maintenance	6,980
	<u>139,618</u>

**Borough of Stone Harbor School District**  
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**NOTE 7. GENERAL LONG-TERM DEBT**

Long-term liability activity for the year ended June 30, 2019 was as follows:

	<b>Balance 6/30/2018</b>	<b>Issued</b>	<b>Retired</b>	<b>Balance 6/30/2019</b>	<b>Due in one year</b>
<b>Governmental Activities</b>	\$				
Other liabilities:					
Compensated Absences Payable	88,719	12,750	9,138	92,331	-
Net Pension Liability	<u>432,880</u>	<u>          </u>	<u>62,162</u>	<u>370,718</u>	<u>          </u>
Governmental activities long-term liabilities	\$ <u>521,599</u>	<u>12,750</u>	<u>71,300</u>	<u>463,049</u>	<u>          </u>

**NOTE 8. PENSION PLANS**

**Description of Plans**

All required employees of the District are covered by either the Public Employees' Retirement System or the Teacher's Pension and Annuity Fund cost-sharing multiple-employer defined benefit pension plans which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at [http://www.state.nj.us/treasury/pensions/annrpts\\_archive.htm](http://www.state.nj.us/treasury/pensions/annrpts_archive.htm).

***Teachers' Pension and Annuity Fund***

The Teachers' Pension and Annuity Fund was established in January, 1955 under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing



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employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

*Public Employees' Retirement System*

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

*Defined Contribution Retirement Program (DCRP)*

The Defined Contribution Retirement program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15C-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et seq.

*Funding Policy*

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 7.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 27.50% and the PERS rate is 14.11% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2019, 2018 and 2017 were \$173,660, \$108,049, and \$76,720 respectively, and paid by the State of New Jersey on behalf of the board. The School District's contributions to PERS for the years ending June 30, 2019, 2018 and 2017 were \$18,728, \$17,227 and \$18,806 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2019, 2018 and 2017, the State of New Jersey contributed \$78,772, \$91,306, and \$91,180, respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$68,190, \$65,778, \$66,632 during the same fiscal years for the employer's share of social security contributions for

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TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures.

**Significant Legislation**

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Teacher's Pension and Annuity Fund (TPAF) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS and TPAF hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the systems is increased from age 63 to 65 for Tier 5 members.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years. For fiscal year 2013, the member contribution rates increased in October 2012. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement systems.

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Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS and TPAF from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS and TPAF to 1/60<sup>th</sup> from 1/55<sup>th</sup>, and it provided that new members of PERS and TPAF have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS and TPAF will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. The law also requires the State to make its full pension contribution, defined as 1/7<sup>th</sup> of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS and TPAF with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

**NOTE 9: Public Employees Retirement System**

At June 30, 2019, the District reported a liability of \$370,718 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the District's proportion was 0.00188282240%, which was an increase of 1.25% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$21,100. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,070	1912
Changes of assumptions	61,088	118,536
Differences between expected and actual earnings		3477
Changes in proportion and differences between District contributions and proportionate share of contributions	49,483	47,687
District contributions subsequent to the measurement date	18,728	
Total	\$ 136,369	171,612

\$18,727 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2018) will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,		
2019	\$	2,178
2020		(3,732)
2021		(23,938)
2022		(21,447)
2023		(7,032)
Total	\$	(53,971)

**Actuarial Assumptions**

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all period in the measurement:

Inflation rate	2.25%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.00%

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Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) 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 inflations. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

*Discount Rate*

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on 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. 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 the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and the municipal bond rate was applied to projected benefit payments after that date 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 collective net pension liability of the participated employers as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

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	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
District's proportionate share of the net pension liability	\$ 445,697	370,718	307,853

*Pension plan fiduciary net position.*

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

**NOTE 10. Teachers Pensions and Annuity Fund (TPAF)**

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net position liability associated with the District		5,962,289
Total	\$	5,962,289

The net pension liability was measured as of June 30, 2018 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 school districts and the State, actuarially determined. At June 30, 2018, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the District recognized pension expense of \$347,581 and revenue of \$347,581 for support provided by the State. At June 30, 2019, the deferred outflows of resources and deferred inflows of resources attributable to the District related to TPAF from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 133,105	9,019
Changes of assumptions	1,035,963	1,506,907
Net difference between expected and actual earnings on pension plan investments		543
Changes in proportion and differences between District contributions and proportionate share of contributions		425,465
District contributions subsequent to the measurement date	<u>141,673</u>	
Total	<u>\$ 1,310,741</u>	<u>1,941,934</u>

\$141,673 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2018) will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>		
2019	\$	83,728
2020		43,562
2021		(46,480)
2022		(31,113)
2023		(153,256)
Thereafter		<u>(669,305)</u>
Total	\$	<u>(772,864)</u>

*Actuarial assumptions.* The total pension liability in the June 30, 2018 actuarial valuation was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all period included in the measurement:

Inflation Rate	2.25%
Salary increases	
2012-2021	1.55-4.55%
Thereafter	2.00-5.45%
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar



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Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

***Long-Term Expected Rate of Return***

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return.</u>
Risk Mitigation Services	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts Venture Capital	8.25%	13.08%

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*Discount rate.* The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.78% as of June 30, 2018, based on 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. 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 the contribution rate in the most recent fiscal year. The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date 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 net pension liability calculated using the discount rate of 4.86% 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 (3.86%) or 1-percentage point higher (5.86%) than the current rate:

	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
District's proportionate share of the net pension liability	\$ -	-	-

*Pension plan fiduciary net position.*

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

**NOTE 11. POST-RETIREMENT BENEFITS**

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirement. In Fiscal Year 2018, the State paid PRM benefits for 148,401 State and local retirees.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool

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of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2018, the State contributed \$1.909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The increase in the State's pay-as-you-go contribution between Fiscal Year 2017 and Fiscal Year 2018 is attributed to rising health care costs, and increase in the number of participants qualifying for State-paid PRM benefits at retirement and larger fund balance utilization in Fiscal Year 2017 than in Fiscal Year 2018. The Fiscal Year 2019 Appropriations Act includes \$1.921 billion as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the Fiscal Year 2017 total State OPEB liability to provide these benefits has been re-measured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year's \$36.5 billion liability booked in accordance with GASB Statement No. 45. For Fiscal Year 2018, the total OPEB liability for the State is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the re-measured total OPEB liability in Fiscal Year 2017.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 53, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

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

*Total OPEB Liability*

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportional share percentage determined under paragraphs 193 and 203 through 205 of GASBS no. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education. Note that actual numbers will be published in the NJ State CAFR at <https://www.nj.gov/treasury/omb/cafr.shtml>.

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*Actuarial assumptions and other imputes:*

The total OPEB liability in the June 30, 2018 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

**Discount Rate:** The discount rate basis under GASB 75 is required to be consistent with a 20-Year Municipal Bond Index. The Bond Buyer General Obligation 20-Bond Municipal Bond Index is used for the determination of the discount rate. The discount rate will be based on this index rate that is reported on the last Friday prior to the measurement date.

The discount rates as of June 30, 2016, 2017, and 2018 are 2.58%, 3.58%, and 3.87%, respectively.

**Health Care Trend:** For pre-Medicare PPO medical benefits, the initial amount is 5.8% and decreases to 5.0% long term trend rate after 8 years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For HMO medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after 8 years. For prescription drug benefits, the initial trend rate is 8% decreasing to a 5.0% long-term trend rate after 7 years.

**Salary Scale:** The salary scale assumptions in the calculation of Entry Age Normal (Level Percent) liability and normal costs will be consistent with the salary scale assumptions used in the pension plans and the calculation of the retiree health contributions for current and future retirees who are subject to Chapter 78. The PERS and TPAF pension actuarial reports are used for the fiscal year ending June 30, 2018.

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

Mortality rates were based on RP-2006 headcount-weighted mortality table for healthy and disabled lives with fully generational mortality improvement projections from the central year using Scale MP-2017.

**Pre-retirement Healthy Mortality:** RP-2006 headcount-weighted healthy employee male/female mortality table with fully generational mortality improvement projections from the central year using scale MP-2017.

**Post-retirement Healthy Mortality:** RP-2006 headcount-weighted healthy annuitant male/female mortality table with fully generational improvement projections from the central year using scale MP-2017.

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Disabled Mortality: RP-2006 headcount-weighted disabled male/female mortality table with fully generational improvement projections from the central year using scale MP-2017

*Changes in the Total OPEB liability reported by the State of New Jersey:*

Balance at 6/30/17	\$	53,639,841,858
Changes for the year:		
Service cost		1,984,642,729
Interest		1,970,236,232
Differences between Expected & Actual Experiences		(5,002,065,740)
Changes in assumptions or other inputs		(5,291,448,855)
Contributions: Member		42,614,005
Benefit payments		<u>(1,232,987,247)</u>
Net changes		<u>(7,529,008,876)</u>
Balance at 6/30/18	\$	<u>46,110,832,982</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58% in 2017 to 3.87% in 2018.

*Sensitivity of the total OPEB liability to changes in the discount rate:*

The following presents the total OPEB liability of the State for school board retirees, as well as what the state's total OPEB liability for school boards would be if it were calculated using a discount rate that 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease (2.87%)</u>	<u>Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Total OPEB Liability (School Retirees)	54,512,391,175	46,110,832,982	39,432,461,816

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*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.*

The following presents the total OPEB liability of the State, as well as what the State's total OPB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	38,113,289,045	46,110,832,982	56,687,891,003

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

For the year ended June 30, 2019, the board of education recognized OPEB expense of \$34,883 determined by the State as the total OPEB liability for benefits provided through a defined OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

In accordance with GASB 75, the board of education's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience		4,476,086,167
Changes of assumptions		10,335,978,867
Net difference between projected and actual earnings on investments		
Changes in proportion and differences between District contributions and proportionate share of contributions		
District contributions subsequent to the measurement date		
Total	\$ -	14,812,065,034

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Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2019	\$ (1,825,218,593)
2020	(1,825,218,593)
2021	(1,825,218,593)
2022	(1,825,218,593)
2023	(1,825,218,593)
Thereafter	(5,685,972,069)
Total	<u><u>\$ (14,812,065,034)</u></u>

(Contributions made after June 30, 2018 are reported as deferred outflow of resources but are not amortized in the expense.)

Detailed information about the plan's fiduciary net position is available in the separately issued OPEB financial report.

**NOTE 12. DEFERRED COMPENSATION**

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits 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 Investment Planning  
Travelers Insurance Company

**NOTE 13. COMPENSATED ABSENCES**

The District accounts for compensated absences (e.g. sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. Unused sick leave may be accumulated and carried forward to subsequent years. Upon retirement for those who have not less than fifteen (15) years of service in the District, the District shall pay the employee for unused sick leave in accordance with the District's agreements with the various employee unions. Vacation days not used during the year may only be carried forward with approval from the Superintendent.

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.

**NOTE 14. LITIGATION**

From time to time, the District is a defendant in legal proceedings relating to its operations as a school district. In the best judgment of the District's management, the outcome of any present legal proceedings will not have any adverse material affect on the accompanying financial statements.

**NOTE 15. FUND BALANCE APPROPRIATED**

General Fund – Of the \$1,094,370 General Fund fund balance at June 30, 2019, \$88,630 is reserved for encumbrances; \$201,513 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$124,583 has been anticipated as revenue in the 2019-2020 budget, \$265,704 has been reserved in the Capital Reserve Account; \$100,050 has been reserved in the Maintenance Reserve Account. \$193,050 has been reserved in the Emergency Reserve Account and \$245,423 is unreserved and undesignated.

**NOTE 16. CALCULATION OF EXCESS SURPLUS**

In accordance with NJSA 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Reserved Fund Balance – Excess Surplus is a required calculation. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, 2019 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2019 is \$201,513, of which \$124,583 has been appropriated and included as anticipated revenue for the year ended June 30, 2020.



**Borough of Stone Harbor School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 17. INTERFUND RECEIVABLES AND PAYABLES**

As of June 30, 2019, an interfund remained on the various balance sheets of the Borough of Stone Harbor Board of Education.

	<u>From</u>	<u>To</u>
General Fund:		
Agency Fund	\$ 716	
Internal Service Fund	2,195	
Enterprise Fund	12,489	
Special Revenue Fund	19,938	
Special Revenue Fund		
General Fund		19,938
Enterprise Fund		
General Fund		12,489
Internal Service Fund		
General Fund		2,195
Agency Fund:		
General Fund		716
	\$ 35,338	35,338

Interfunds were created throughout the year due to short term borrowings to cover cash flow needs in the various funds. The fund financial interfunds were eliminated in the governmental-wide statements.

**NOTE 18. 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.

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. During the fiscal year ended June 30, 2019 the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

**Borough of Stone Harbor School District**  
**Notes to Financial Statements**  
**June 30, 2019**

State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the School's expendable trust fund for the current and prior year:

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Interest on Investments</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018-2019	\$ 1,933	\$ 20	\$ 210	\$ 39,481
2017-2018	1,804	14	495	37,738
2016-2017	1,806	14	5,212	36,415

Worker's Compensation Fund –The Board currently maintains traditional insurance for its worker's compensation coverage.

**NOTE 19. ECONOMIC DEPENDENCY**

The District is heavily reliant on local property taxation to fund District operations. Property taxes funded 75% of the Districts 2018-2019 governmental operations.

**NOTE 20. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through December 5, 2019, the date on which the financial statements were available to be issued, and no items were identified that require disclosure.

**Required Supplemental Information**  
**Part II**

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## **BUDGETARY COMPARISON SCHEDULES**

The budgetary comparison schedules consist of the comparison of anticipated revenues and budgeted expenditures to actual results for the general and the special revenue funds.

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**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 for the Fiscal Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 2,543,276		2,543,276	2,543,276	-
Interest earned	200		200	200	-
Tuition - individuals	179,200		179,200	164,140	(15,060)
Tuition - other LEA's	274,500		274,500	274,500	-
Miscellaneous	250		250	837	587
<b>Total local sources</b>	<b>2,997,426</b>	<b>-</b>	<b>2,997,426</b>	<b>2,982,953</b>	<b>(14,473)</b>
State sources:					
Special Education Aid	23,364		23,364	23,364	-
Security Aid	2,797		2,797	2,797	-
Adjustment Aid	8,728		8,728	6,281	(2,447)
Transportation Aid	19,899		19,899	19,899	-
Other				290	290
On behalf TPAF Pension					
Contributions (non-budgeted)				173,660	173,660
On behalf TPAF Pension					
Post-Retirement Medical (non-budgeted)				78,772	78,772
On behalf TPAF Pension					
Long-Term Disability Insurance (non-budgeted)				88	88
Reimbursed TPAF Social Security					
Contributions (non-budgeted)				68,190	68,190
<b>Total state sources</b>	<b>54,788</b>	<b>-</b>	<b>54,788</b>	<b>373,341</b>	<b>318,553</b>
<b>Total Revenues</b>	<b>3,052,214</b>	<b>-</b>	<b>3,052,214</b>	<b>3,356,294</b>	<b>304,080</b>

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 for the Fiscal Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Regular programs - Instruction:					
Salaries of teachers:					
Kindergarten	88,569	(8,824)	79,745	79,744	1
Grades 1 - 5	524,203	10,627	534,830	534,829	1
Salaries of teachers	250		250		250
Regular programs - home instruction:					
Other salaries for instruction	23,314	(1,279)	22,035	22,014	21
Purchased professional/educational services	205,476	6,481	211,957	211,957	-
Purchased technical services	500		500		500
Other purchased services	31,820	(4,072)	27,748	26,988	760
General supplies	80,000	(11,236)	68,764	68,469	295
Textbooks	10,000	(3,098)	6,902	6,681	221
Other objects	15,000	(6,736)	8,264	7,205	1,059
<b>Total regular programs</b>	<b>979,132</b>	<b>(18,137)</b>	<b>960,995</b>	<b>957,887</b>	<b>3,108</b>
Resource room/Resource center:					
Salaries of teachers	103,176	190	103,366	103,366	-
General supplies	2,500	(190)	2,310	1,394	916
Textbooks	100		100		100
<b>Total resource room/resource center</b>	<b>105,776</b>	<b>-</b>	<b>105,776</b>	<b>104,760</b>	<b>1,016</b>
<b>Total special education - instruction</b>	<b>105,776</b>	<b>-</b>	<b>105,776</b>	<b>104,760</b>	<b>1,016</b>
Basis Skills/Remedial - instruction:					
Purchased professional/educational services	120,213		120,213	120,213	-
General Supplies	5,000	(4,999)	1	-	1
<b>Total Basic Skills/Remedial</b>	<b>125,213</b>	<b>(4,999)</b>	<b>120,214</b>	<b>120,213</b>	<b>1</b>



**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 for the Fiscal Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
School sponsored cocurricular activities - instruction:					
Salaries	5,525		5,525	4,299	1,226
Supplies and Materials	1,000		1,000		1,000
Total school sponsored cocurricular activities - instruction	6,525	-	6,525	4,299	2,226
Total - Instruction	1,216,646	(23,136)	1,193,510	1,187,159	6,351
Undistributed expenditures - Instruction:					
Tuition to other LEA's within the state - regular	325,286		325,286	325,286	-
Tuition - County Voc. School District - Regular	8,674		8,674	8,674	-
Total undistributed expenditures - instruction	333,960	-	333,960	333,960	-
Undistributed expenditures - Attendance & Social Work					
Salaries	8,604		8,604	8,487	117
Purchased professional and technical services	11,392	1,868	13,260	13,260	-
Other Purchased Services	1,500	31	1,531	1,531	-
Total undistributed expenditures - attendance & social work	21,496	1,899	23,395	23,278	117
Undistributed expenditures - Health services:					
Salaries	625	500	1,125	1,125	-
Purchased professional and technical services	100,941	(499)	100,442	100,441	1
Supplies and materials	2,000	(1)	1,999	1,927	72
Total undistributed expenditures - health services	103,566	-	103,566	103,493	73

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 for the Fiscal Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed expenditures - Other support services - students - related services:					
Purchased professional educational services	2,800	(737)	2,063	1,898	165
Total undistributed expenditures - other support services - students - related services	2,800	(737)	2,063	1,898	165
Undistributed expenditures - Other support services - Guidance					
Other purchased prof. and tech. services	24,043		24,043	19,790	4,253
Supplies and materials	1,000	1,148	2,148	2,148	-
Total undistributed expenditures - other support services - Guidance	25,043	1,148	26,191	21,938	4,253
Undistributed expenditures - other support services - students - Child Study Team:					
Salaries of secretaries and clerical assistants	5,403		5,403	5,325	78
Purchased professional educational services	43,509	700	44,209	42,578	1,631
Other purchased prof. and tech. services	3,142		3,142	3,142	-
Supplies and Materials		718	718	470	248
Total undistributed expenditures - other support services - students - Child Study Teams	52,054	1,418	53,472	51,515	1,957
Undistributed expenditures - Improvement of instruction services:					
Salaries of Supervisor of Instruction	69,587	1,264	70,851	70,851	-
Salaries of Other Prof. Staff	1,000	(483)	517		517
Other purchased prof. and tech. services	11,413	(1,264)	10,149	8,413	1,736
Supplies and materials	7,500	(6,923)	577		577
Other Objects	750	389	1,139	1,139	-
Total undistributed expenditures - improvement of instruction services	90,250	(7,017)	83,233	80,403	2,830

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 for the Fiscal Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>Undistributed expenditures - educational media services/school library:</b>					
Salaries	12,969		12,969	12,512	457
Purchased professional and technical services	38,768	(3,863)	34,905	34,768	137
Other purchased services	2,000	(150)	1,850		1,850
Supplies and materials	9,000	29,432	38,432	38,076	356
<b>Total undistributed expenditures - educational media services/school library</b>	<b>62,737</b>	<b>25,419</b>	<b>88,156</b>	<b>85,356</b>	<b>2,800</b>
<b>Undistributed expenditures - instruction staff training services</b>					
Other purchased prof. educational services	8,000	(4,951)	3,049	212	2,837
Other purchases professional and technical services	15,143	4,375	19,518	15,143	4,375
Other purchased services	5,000		5,000	3,086	1,914
Supplies and materials	1,000		1,000		1,000
<b>Total undistributed expenditures - instructional staff training services</b>	<b>29,143</b>	<b>(576)</b>	<b>28,567</b>	<b>18,441</b>	<b>10,126</b>
<b>Undistributed expenditures - Support services - general administration:</b>					
Salaries	26,905	1,750	28,655	28,655	-
Legal services	8,796	4,130	12,926	10,090	2,836
Audit fees	8,000		8,000		-
Other purchased professional services	40,118		40,118	40,118	-
Purchased technical services	250		250	50	200
Communications/telephone	4,422	893	5,315	5,315	-
BOE other purchased services	500	(300)	200	62	138
Other purchased services	7,051	2,936	9,987	9,986	1
Supplies and materials	2,000	(247)	1,753	840	913
Miscellaneous expenditures	250	(55)	195		195
BOE membership dues and fees	2,500	842	3,342	3,342	-
<b>Total undistributed expenditures - support services - general administration</b>	<b>100,792</b>	<b>9,949</b>	<b>110,741</b>	<b>106,458</b>	<b>4,283</b>
<b>Undistributed expenditures - Support services school administration:</b>					
Salaries of Other Professional Staff	288	2,176	2,176		2,176
Salaries of secretarial and clerical assistants			288		288
Purchased professional and tech. services	33,652		33,652	33,652	-
Other purchased services	500		500		500
Supplies and materials	300		300	140	160
Other objects	1,000		1,000	690	310
<b>Total undistributed expenditures - support services school administration</b>	<b>35,740</b>	<b>2,176</b>	<b>37,916</b>	<b>34,482</b>	<b>3,434</b>
<b>Undistributed expenditures - Central services</b>					
Purchased professional services	31,420		31,420	31,420	-
Purchased technical services	11,500	847	12,347	12,347	-
Miscellaneous purchased services	200	1,778	1,978	1,864	114
Supplies and materials	250	3,001	3,251	2,498	753
<b>Total Undistributed expenditures - central services</b>	<b>43,370</b>	<b>5,626</b>	<b>48,996</b>	<b>48,129</b>	<b>867</b>

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 for the Fiscal Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed expenditures - Maintenance of school property:					
Salaries	24,225		24,225	23,955	270
Cleaning, repair and maintenance	75,692	(16,647)	59,045	56,041	3,004
Supplies and materials	4,500	(2,959)	1,541		1,541
<b>Total undistributed expenditures - maintenance of school property</b>	<b>104,417</b>	<b>(19,606)</b>	<b>84,811</b>	<b>79,996</b>	<b>4,815</b>
Undistributed expenditures - Operation and maintenance of plant services:					
Salaries	58,954	2,941	61,895	61,783	112
Purchased professional and technical services	35,518		35,518	28,990	6,528
Cleaning, repair and maintenance services	25,000	(21,450)	3,550	235	3,315
Insurance	37,529		37,529	35,987	1,542
Miscellaneous purchased services	3,817	3,252	7,069	7,069	-
General supplies	15,000	(4,253)	10,747	10,746	1
Energy (natural gas)	20,000	(5,699)	14,301	14,301	-
Energy (electricity)	40,000		40,000	40,000	-
<b>Total undistributed expenditures - operation and maintenance of plant services</b>	<b>235,818</b>	<b>(25,209)</b>	<b>210,609</b>	<b>199,111</b>	<b>11,498</b>
Undistributed expenditures - student transportation services:					
Salaries for pupil transportation (Between home and school) - regular non-public	1,351		1,351	1,331	20
Other Purchased Prof. and technical Services	6,753	(23)	6,730	6,656	74
Contracted services (other than between home and school) - vendors	13,731	2,902	16,633	16,632	1
Contracted services (bet. home & sch) joint agreements	5,272	(2,266)	3,006	3,006	-
Contracted services - (aide in lieu) - non public	26,477		26,477	26,477	-
	2,500	(500)	2,000	2,000	-
<b>Total undistributed expenditures student transportation services</b>	<b>56,084</b>	<b>113</b>	<b>56,197</b>	<b>56,102</b>	<b>95</b>

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 for the Fiscal Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Unallocated Benefits					
Social security	17,500	2,673	20,173	20,172	1
Other retirement contributions - PERS	20,000	1,189	21,189	21,188	1
Unemployment compensation	2,000	(1,404)	596	596	-
Workmen's compensation	18,500	(1,421)	17,079	17,079	-
Health benefits	252,554	(1,977)	250,577	222,133	28,444
Tuition reimbursement	9,000	(2,272)	6,728	2,934	3,794
Other employee benefits	20,000	14,405	34,405	34,403	2
<b>Total Regular Program Instruction Employee Benefits</b>	<b>339,554</b>	<b>11,193</b>	<b>350,747</b>	<b>318,505</b>	<b>32,242</b>
On behalf TPAF Pension Contributions (non-budgeted)				173,660	(173,660)
On behalf TPAF Pension Post-Retirement Medical (non-budgeted)				78,772	(78,772)
On behalf TPAF Pension Long-Term Disability (non-budgeted)				88	(88)
Reimbursed TPAF Social Security Contributions (non-budgeted)				68,190	(68,190)
<b>Total on-behalf contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>320,710</b>	<b>(320,710)</b>
<b>Total undistributed expenditures</b>	<b>1,636,824</b>	<b>5,796</b>	<b>1,642,620</b>	<b>1,883,775</b>	<b>(241,155)</b>
Interest Earned on Emergency Reserve	50		50	50	-
Interest Earned on Maintenance Reserve	50		50	50	-
<b>Total current expense</b>	<b>2,853,570</b>	<b>(17,340)</b>	<b>2,836,230</b>	<b>3,071,034</b>	<b>(234,804)</b>
Capital Outlay:					
Instruction					
Undist. Expend. - Instruction	15,000	3,861	18,861	18,860	1
Undist. Expend. - General Admin.	20,000	(20,000)	-	-	-
Undist. Expend. - Required Maint. of School Fac.	27,000	36,454	63,454	22,825	63,454
Undist. Expend. - Custodial Services	22,500	325	22,825	22,825	-
Undist. Expend. - Student Transportation					
<b>Total equipment</b>	<b>84,500</b>	<b>20,640</b>	<b>105,140</b>	<b>41,685</b>	<b>63,455</b>
Facilities Acquisition and Construction Services					
Other Purchased professional and technical services	55,000	7,350	62,350	55,317	7,033
Construction Services	310,000	75,789	385,789	365,053	20,736
Assessment for Debt Service on SDA funding	3,664		3,664	3,664	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>368,664</b>	<b>83,139</b>	<b>451,803</b>	<b>424,034</b>	<b>27,769</b>
Interest Deposit to Capital Reserve	100		100	100	-
<b>Total Capital Outlay</b>	<b>453,264</b>	<b>103,779</b>	<b>557,043</b>	<b>465,819</b>	<b>91,224</b>
Transfer to charter school					

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 for the Fiscal Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>Special Schools:</b>					
Summer School - Instruction	1,763	561	2,324	2,324	-
Salaries of teachers	250		250	250	-
General supplies					
Total summer school - instruction	2,013	561	2,574	2,574	-
Total Special Schools	2,013	561	2,574	2,574	-
<b>Total Expenditures</b>	<b>3,308,847</b>	<b>87,000</b>	<b>3,395,847</b>	<b>3,539,427</b>	<b>(143,580)</b>
Excess (deficiency) of revenues over (under) expenditures	(256,633)	(87,000)	(343,633)	(183,133)	160,500
<b>Other Financing Sources/(Uses)</b>					
Operating transfers out:	(20,000)		(20,000)	(15,000)	(5,000)
Decrease in Capital Reserve	-		-	(264,702)	264,702
Transfer from Capital Reserve				264,802	(264,802)
Decrease in Current Expense				57,050	(57,050)
Emergency Reserve				(57,000)	57,000
Withdrawal from Current Expense				(40,000)	40,000
Emergency Reserve				40,000	(40,000)
Decrease in Maintenance Reserve				(40,000)	40,000
Withdrawal from Maintenance Reserve				40,050	(40,050)
Total other financing uses	(20,000)	-	(20,000)	(14,800)	(5,200)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(276,633)	(87,000)	(363,633)	(197,933)	155,300
Fund Balances, July 1	1,297,170		1,297,170	1,297,170	-
Fund Balances, June 30	\$ 1,020,537	(87,000)	933,537	1,099,237	155,300
<b>Recapitulation of Fund Balance:</b>					
<b>Restricted Fund Balance:</b>					
Reserve for Excess Surplus				76,930	
Excess Surplus Designated for Subsequent Years Expenditures				124,583	
<b>Committed Fund Balance:</b>					
Maintenance Reserve				100,050	
Capital Reserve				265,704	
Emergency Reserve				193,050	
<b>Assigned Fund Balance:</b>					
Designated for Subsequent Years Expenditures				88,630	
Reserve for Encumbrances				250,290	
<b>Unassigned Fund Balance</b>				1,099,237	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid payment not recognized on GAAP basis				(4,867)	
Fund Balance per Governmental Funds (GAAP)				1,094,370	

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 for the Fiscal Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>REVENUES:</b>					
Local Sources					
AtlantiCare Garden Grant		800	800	765	(35)
Safety Grant		2,645	2,645	2,645	-
<b>Total local sources</b>	<b>-</b>	<b>3,445</b>	<b>3,445</b>	<b>3,410</b>	<b>(35)</b>
Federal sources:					
I.D.E.A., Part B	9,000	5,763	14,763	14,763	-
I.D.E.A., Preschool	-	4,487	4,487	2,250	(2,237)
<b>Total federal sources</b>	<b>9,000</b>	<b>10,250</b>	<b>19,250</b>	<b>17,013</b>	<b>(2,237)</b>
<b>Total Revenues</b>	<b>9,000</b>	<b>13,695</b>	<b>22,695</b>	<b>20,423</b>	<b>(2,272)</b>

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 for the Fiscal Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>EXPENDITURES:</b>					
Instruction:					
General Supplies		800	800	765	35
Total instruction	-	800	800	765	35
Support services					
Other Purchased Professional and Technical Services	9,000	10,250	19,250	17,013	2,237
Total support services	9,000	10,250	19,250	17,013	2,237
Capital Outlay					
Construction Services		2,645	2,645	2,645	-
Total capital outlay	-	2,645	2,645	2,645	-
Total Expenditures	9,000	13,695	22,695	20,423	2,272
Excess (deficiency) of revenues over (under) expenditures	\$ -	-	-	-	-



**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Notes to Required Supplementary Information  
 for the Fiscal Year Ended June 30, 2019

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

	General Fund	Special Revenue
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 3,356,294	20,423
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		
Prior year		
Current year		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	4,930	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(4,867)	
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	3,356,357	20,423
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	3,539,427	20,423
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		
Current year		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 3,539,427	20,423

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**Required Supplemental Information**  
**Part III**

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**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Public Employee Retirement System**  
**Last Six Fiscal Years**

	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0018828224%	0.0018595776%	0.0021168733%	0.0016612157%	0.0016022842%	0.1884589900%
District's proportionate of the net pension liability (asset)	\$ 432,880	\$ 626,957	\$ 372,910	\$ 340,803	\$ 299,991	\$ 360,183
District's covered payroll	\$ 148,536	\$ 132,462	\$ 114,011	\$ 146,513	\$ 114,350	\$ 101,934
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	291.43%	473.31%	327.08%	232.61%	262.34%	353.35%
Plan fiduciary net position as a percentage of the total pension liability	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to be show information for a 10 year period. However, information is only currently available for six years. Additional years will be presented as they become available.

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
**Schedule of District Contributions**  
**Public Employee Retirement System**  
**Last Six Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 18,728	\$ 18,806	\$ 15,537	\$ 13,209	\$ 14,200	\$ 14,305
Contributions in relation to the contractually required contribution	<u>18,728</u>	<u>18,806</u>	<u>15,537</u>	<u>13,209</u>	<u>14,200</u>	<u>14,305</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 148,536	\$ 132,462	\$ 114,011	\$ 146,513	\$ 114,350	\$ 101,934
Contributions as a percentage of covered-employee payroll	12.61%	14.20%	13.63%	9.02%	12.42%	14.03%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to be show information for a 10 year period.  
However, information is only currently available for six years.  
Additional years will be presented as they become available.

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Teachers' Pension and Annuity Fund**  
**Last Six Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>6,487,617</u>	<u>7,578,245</u>	<u>6,560,243</u>	<u>5,350,407</u>	<u>5,381,934</u>	<u>5,159,698</u>
<b>Total</b>	<b><u>\$ 6,487,617</u></b>	<b><u>\$ 7,578,245</u></b>	<b><u>\$ 6,560,243</u></b>	<b><u>\$ 5,350,407</u></b>	<b><u>\$ 5,381,934</u></b>	<b><u>\$ 5,381,934</u></b>
District's covered payroll	\$ 909,754	\$ 923,245	\$ 926,822	\$ 990,706	\$ 976,233	\$ 1,027,060
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to be show information for a 10 year period. However, information is only currently available for six years. Additional years will be presented as they become available.

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net OPEB Liability**  
**Public Employee Retirement System and Teachers' Pension and Annuity Fund**  
**Last Three Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net OPEB liability (asset)	0.00%	0.00%	0.00%
District's proportionate of the net OPEB liability (asset)	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 4,147,928</u>	<u>\$ 5,050,276</u>	<u>\$ 5,417,806</u>
Total	<u><u>\$ 4,147,928</u></u>	<u><u>\$ 5,050,276</u></u>	<u><u>\$ 5,417,806</u></u>
District's covered payroll	\$ 1,058,290	\$ 1,055,707	\$ 1,040,833
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
State's proportionate share of OPEB associated with the District:			
Service Cost	137,098	163,407	
Interest Cost	183,808	157,470	
Differences between Expected & Actual	(640,178)	-	
Changes in Assumptopns	(475,995)	(575,739)	
Member Contributions	3,833	4,307	
Penefit Payments	(110,914)	(116,975)	
Change in Total Opeb Liability	<u>(902,348)</u>	<u>(367,530)</u>	
State's proportionate share of the net OPEB liability (asset) associated with the District - Beginning Balance	<u>5,050,276</u>	<u>5,417,806</u>	
Ending Balance	<u><u>\$ 4,147,928</u></u>	<u><u>\$ 5,050,276</u></u>	
State's proportionate share of the net OPEB liability associated with the District - as a percentage of its covered-employee payroll	391.95%	478.38%	

Source: GASB 75 report on State of New Jersey State Health Benefits Program; District records

Note: This schedule is required by GASB 75 to be show information for a 10 year period.  
However, information is only currently available for three years.  
Additional years will be presented as they become available.



## **SPECIAL REVENUE FUND**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

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**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
 Special Revenue Fund  
 Combining Schedule of Revenues and Expenditures  
 Budgetary Basis  
 for the Fiscal Year ended June 30, 2019

	I.D.E.A. Part B	I.D.E.A. Part B - Preschool	AtlantiCare Garden Grant	Safety Grant	Totals
<b>REVENUES:</b>					
Federal sources	\$ 14,763	2,250			17,013
State sources					
Local Sources			765	2,645	3,410
<b>Total Revenue</b>	<b>14,763</b>	<b>2,250</b>	<b>765</b>	<b>2,645</b>	<b>20,423</b>
<b>EXPENDITURES:</b>					
Instruction:					
Supplies			765		765
Total instruction	-	-	765	-	765
Support services					
Other purchased professional and tech. services	14,763	2,250			17,013
Total support services	14,763	2,250	-	-	17,013
Capital Outlay					
Construction Services				2,645	2,645
Total capital outlay	-	-	-	2,645	2,645
<b>Total Expenditures</b>	<b>14,763</b>	<b>2,250</b>	<b>765</b>	<b>2,645</b>	<b>20,423</b>

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## FIDUCIARY FUNDS

Trust funds are used to account for gifts and bequests to the school district for a specific purpose.

### **Unemployment Compensation Insurance Trust Fund -**

This is an expendable trust fund used to pay unemployment compensation insurance claims.

Agency funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

### **Agency Funds -**

This agency funds are used to account for the payroll transactions of the school district and student activity funds

### **Scholarship Fund -**

This fund is an expendable trust fund to provide for scholarships for district students

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**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**

Fiduciary Fund

Combining Statement of Fiduciary Net Position

June 30, 2019

	Expendable Trust		Agency		
	NJ Unemployment Compensation Insurance	Scholarship Fund	Student Activity	Payroll	Total
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 39,481	2,108	2,636	3,620	47,845
Total Assets	<u>39,481</u>	<u>2,108</u>	<u>2,636</u>	<u>3,620</u>	<u>47,845</u>
<b>LIABILITIES AND NET POSITION:</b>					
<b>Liabilities:</b>					
Due to student groups			2,636		2,636
Payroll deductions and withholdings				2,904	2,904
Interfund payable - general fund				716	716
Total Liabilities	-	-	2,636	3,620	6,256
<b>Net Position:</b>					
Reserved for future unemployment claims	39,481				39,481
Total Net Position	<u>39,481</u>	<u>2,108</u>	<u>-</u>	<u>-</u>	<u>41,589</u>
Total Liabilities and Fund Balances	\$ <u>39,481</u>	<u>2,108</u>	<u>2,636</u>	<u>3,620</u>	<u>47,845</u>

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
Combining Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
for the Fiscal Year ended June 30, 2019

	Unemployment Compensation Trust	Scholarship Fund	Total
<b>ADDITIONS:</b>			
Contributions:			
Plan Members	\$ 1,933		1,933
Total Contributions	1,933	-	1,933
Investment Earnings			
Interest	20	1	21
Net investment earnings	20	1	21
Total additions	1,953	1	1,954
<b>DEDUCTIONS:</b>			
Unemployment Claims	210		210
Total deductions	210	-	210
Change in net position	1,743	1	1,744
Net Position, July 1	37,738	2,107	39,845
Net Position, June 30	\$ 39,481	2,108	41,589



**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
Student Activity Agency Fund  
Schedule of Receipts and Disbursements  
for the Fiscal Year ended June 30, 2019

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	<u>Balance June 30, 2018</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2019</u>
School fund account	\$ 2,851	2,008	2,223	2,636
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 2,851</u>	<u>2,008</u>	<u>2,223</u>	<u>2,636</u>

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
 Payroll Agency Fund  
 Statement of Changes in Assets and Liabilities  
 for the Fiscal Year ended June 30, 2019

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 3,726	1,313,290	1,313,396	3,620
<b>Total Assets</b>	<u>3,726</u>	<u>1,313,290</u>	<u>1,313,396</u>	<u>3,620</u>
<b>LIABILITIES:</b>				
Net Payroll	-	757,835	757,835	-
Payroll deductions and withholdings	3,028	555,437	555,561	2,904
Interfunds payable	698	18		716
<b>Total Liabilities</b>	<u>\$ 3,726</u>	<u>1,313,290</u>	<u>1,313,396</u>	<u>3,620</u>

## **Statistical Section**

Governmental Accounting Standards Board (GASB) requires 10 years of statistical information to be included in the CAFR. However, due to the change in the statistical requirements, information was unavailable for all 10 years.

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**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
**Net Position by Component,**  
**Last Ten Fiscal Years**  
*Unaudited*

	For the Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental activities</b>										
Net investment in capital assets	1,854,129	1,794,232	1,734,899	1,778,058	1,914,369	2,420,762	2,771,109	2,890,929	2,781,305	3,068,255
Restricted	622,660	1,041,086	1,015,417	1,017,420	757,330	758,704	780,486	822,953	1,047,170	848,947
Unrestricted*	230,551	135,851	131,212	126,019	543	(214,499)	(228,763)	(268,245)	(265,967)	(271,598)
<b>Total governmental activities net position</b>	<u>2,707,340</u>	<u>2,971,169</u>	<u>2,881,528</u>	<u>2,921,497</u>	<u>2,672,242</u>	<u>2,964,967</u>	<u>3,322,832</u>	<u>3,445,637</u>	<u>3,562,508</u>	<u>3,645,604</u>
<b>Business-type activities</b>										
Net investment in capital assets										
Restricted	1,424	690	719	1,077	1,077	1,077	1,077	(11,374)	(12,489)	(5,068)
Unrestricted	1,424	690	719	1,077	1,077	1,077	1,077	(11,374)	(12,489)	(5,068)
<b>Total business-type activities net position</b>										
<b>District-wide</b>										
Net investment in capital assets	1,854,129	1,794,232	1,734,899	1,778,058	1,914,369	2,420,762	2,771,109	2,890,929	2,781,305	3,068,255
Restricted	622,660	1,041,086	1,015,417	1,017,420	757,330	758,704	780,486	822,953	1,047,170	848,947
Unrestricted	231,975	136,541	131,931	127,096	1,620	(213,422)	(227,686)	(279,619)	(278,456)	(276,666)
<b>Total district net position</b>	<u>2,708,764</u>	<u>2,971,859</u>	<u>2,882,247</u>	<u>2,922,574</u>	<u>2,673,319</u>	<u>2,966,044</u>	<u>3,323,909</u>	<u>3,434,263</u>	<u>3,550,019</u>	<u>3,640,536</u>

Source: CAFR Schedule A-1

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
**Changes in Net Position, Last Ten Fiscal Years**  
*Unaudited*

	For the Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	1,118,763	1,222,275	1,122,672	1,024,767	1,162,153	1,054,873	1,121,525	1,336,009	1,555,586	1,426,737
Special education	86,445	54,763	108,924	115,364	148,083	160,655	149,805	157,826	164,440	157,792
Other special instruction										
Other instruction	14,907	15,157	121,088	133,244	31,664	32,674	35,545	100,063	200,205	167,261
Adult/continuing education programs										
Support Services:										
Tuition	240,719	196,793	1,182,222	1,119,127	935,354	745,152	722,129	689,862	564,938	471,475
Student & instruction related services	422,926	367,940	431,288	444,796	384,082	404,955	434,731	482,116	500,901	544,557
School administrative services	103,098	93,023	90,564	97,228	93,554	98,702	93,040	106,783	111,745	129,908
Other administrative services	79,892	93,526	100,103	120,089	131,607	149,288	179,487	211,317	172,431	160,072
Plant operations and maintenance	273,800	238,060	267,438	332,738	372,915	563,572	399,244	373,612	422,274	383,478
Pupil transportation	44,447	43,280	57,344	55,533	52,318	55,572	67,197	73,900	70,593	75,365
Employee benefits	-	-	-	-	-	-	-	-	-	-
Internal service	99,099	105,527	12,553	68,645	69,186	72,122	163,364	172,311	236,413	266,822
Interest on long-term debt										
Special Schools				2,598	-	-	3,742	-	1,859	2,830
<b>Total governmental activities expenses</b>	<b>2,484,096</b>	<b>2,430,344</b>	<b>3,494,196</b>	<b>3,514,129</b>	<b>3,380,916</b>	<b>3,337,565</b>	<b>3,369,809</b>	<b>3,703,799</b>	<b>4,001,385</b>	<b>3,786,297</b>
Business-type activities:										
Milk Fund	1,397	1,845	819	140	-	-	-	-	28,966	23,312
After School Program									28,966	23,312
<b>Total business-type activities expense</b>	<b>1,397</b>	<b>1,845</b>	<b>819</b>	<b>140</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,966</b>	<b>23,312</b>
<b>Total district expenses</b>	<b>2,485,493</b>	<b>2,432,189</b>	<b>3,495,015</b>	<b>3,514,269</b>	<b>3,380,916</b>	<b>3,337,565</b>	<b>3,369,809</b>	<b>3,703,799</b>	<b>4,030,351</b>	<b>3,809,609</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for Services										
Central and other support services	255,196	276,376	937,233	871,405	766,306	569,522	647,414	603,931	650,641	705,462
Operating grants and contributions	49,815	33,612	33,475	32,393	25,798	305,266	451,135	615,609	761,708	581,924
<b>Total governmental activities program revenues</b>	<b>305,011</b>	<b>309,988</b>	<b>970,708</b>	<b>903,798</b>	<b>792,104</b>	<b>874,788</b>	<b>1,098,549</b>	<b>1,219,540</b>	<b>1,412,349</b>	<b>1,287,386</b>
Business-type activities:										
Charges for services										
Milk Fund	2,229	1,111	848	498	-	-	-	-	28,928	15,733
After School Program										
Operating grants and contributions										
Capital grants and contributions										
<b>Total business type activities program revenues</b>	<b>2,229</b>	<b>1,111</b>	<b>848</b>	<b>498</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,928</b>	<b>15,733</b>
<b>Total district program revenues</b>	<b>307,240</b>	<b>311,099</b>	<b>971,556</b>	<b>904,296</b>	<b>792,104</b>	<b>874,788</b>	<b>1,098,549</b>	<b>1,219,540</b>	<b>1,441,277</b>	<b>1,303,119</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities	(2,179,085)	(2,120,356)	(2,523,488)	(2,610,331)	(2,588,812)	(2,462,777)	(2,271,260)	(2,484,259)	(2,589,036)	(2,498,911)
Business-type activities	832	(734)	29	358	-	-	-	-	(38)	(7,579)

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
**Changes in Net Position, Last Ten Fiscal Years**  
*Unaudited*

	For the Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total district-wide net expense	<u>(2,178,253)</u>	<u>(2,121,090)</u>	<u>(2,523,459)</u>	<u>(2,609,973)</u>	<u>(2,588,812)</u>	<u>(2,462,777)</u>	<u>(2,271,260)</u>	<u>(2,484,259)</u>	<u>(2,589,074)</u>	<u>(2,506,490)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	2,129,907	2,215,103	2,215,104	2,259,406	2,349,594	2,396,585	2,396,585	2,444,516	2,493,408	2,543,276
Taxes levied for debt service										
Unrestricted grants and contributions	192,429	159,464	221,509	268,924	238,831	214,869	211,978	211,130	217,678	52,694
Restricted grants and contributions						142,397	-	-	-	-
Tuition										
Investment earnings		100	200	719	18	463	427	494	549	200
Miscellaneous income	5,740	9,518	4,180	126,123	100,985	1,188	15,731	5,395	379	837
Cancellation of Prior Year Receivable								(25,045)	-	-
Loss on Disposal of Fixed Assets								(29,426)	(7,184)	-
Adjustments				(4,872)	(3,888)	-	4,404	-	-	-
Transfers									1,077	(15,000)
Total governmental activities	<u>2,328,076</u>	<u>2,384,185</u>	<u>2,440,993</u>	<u>2,650,300</u>	<u>2,685,540</u>	<u>2,755,502</u>	<u>2,629,125</u>	<u>2,607,064</u>	<u>2,705,907</u>	<u>2,582,007</u>
Business-type activities:										
Investment earnings									(1,077)	15,000
Transfers									(1,077)	15,000
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,077)</u>	<u>15,000</u>
Total district-wide	<u>2,328,076</u>	<u>2,384,185</u>	<u>2,440,993</u>	<u>2,650,300</u>	<u>2,685,540</u>	<u>2,755,502</u>	<u>2,629,125</u>	<u>2,607,064</u>	<u>2,704,830</u>	<u>2,597,007</u>
<b>Change in Net Position</b>										
Governmental activities	148,991	263,829	(82,495)	39,969	96,728	292,725	357,865	122,805	116,871	83,096
Business-type activities	832	(734)	29	358	-	-	-	-	(1,115)	7,421
Total district	<u>149,823</u>	<u>263,095</u>	<u>(82,466)</u>	<u>40,327</u>	<u>96,728</u>	<u>292,725</u>	<u>357,865</u>	<u>122,805</u>	<u>115,756</u>	<u>90,517</u>

Source: CAFR Schedule A-2

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
**Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
*Unaudited*

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Restricted		390,311	372,479	332,577	326,037	144,441	223,824	223,824	124,583	201,513
Committed		612,315	637,614	600,304	421,046	600,105	555,206	555,306	920,656	558,804
Assigned		38,460	5,324	84,539	10,247	14,158	1,456	43,823	1,931	88,630
Unassigned		250,622	248,360	245,091	245,417	244,257	245,543	240,139	245,070	245,423
Reserved	791,473									
Unreserved	243,337									
Total general fund	<u>1,034,810</u>	<u>1,291,708</u>	<u>1,263,777</u>	<u>1,262,511</u>	<u>1,002,747</u>	<u>1,002,961</u>	<u>1,026,029</u>	<u>1,063,092</u>	<u>1,292,240</u>	<u>1,094,370</u>
All Other Governmental Funds										
Assigned					358,741	12,351	12,351	-	-	-
Unreserved, reported in:										
Capital projects fund	-	-	-	-	(146,802)	1,967	1,967	-	-	-
Total all other governmental funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>211,939</u>	<u>14,318</u>	<u>14,318</u>	<u>-</u>	<u>-</u>	<u>-</u>

Beginning with fiscal year ended June 30, 2011 the District was required to comply with GASB 54, which required a change in the method of presentation of fund balances.

Source: CAFR Schedule B-1



**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
*Unaudited*

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Tax levy	2,129,907	2,215,103	2,215,104	2,259,406	2,349,594	2,396,585	2,396,585	2,444,516	2,493,408	2,543,276
Tuition charges	156,097	170,849	924,680	802,760	697,120	497,400	484,050	431,620	414,228	438,640
Interest earning		100	200	719	18	463	427	494	549	200
Miscellaneous	8,520	12,662	8,091	128,979	100,985	4,318	16,865	8,169	1,479	4,247
State sources	192,429	159,464	219,232	268,924	238,831	413,381	289,107	319,360	516,229	373,404
Federal sources	47,035	30,468	29,564	29,537	25,798	12,537	28,092	11,925	12,628	17,013
<b>Total revenue</b>	<b>2,533,988</b>	<b>2,588,646</b>	<b>3,396,871</b>	<b>3,490,325</b>	<b>3,412,346</b>	<b>3,324,684</b>	<b>3,215,126</b>	<b>3,216,084</b>	<b>3,438,521</b>	<b>3,376,780</b>
<b>Expenditures</b>										
Instruction										
Regular Instruction	846,601	907,748	888,555	817,336	913,362	883,639	813,375	879,251	980,603	958,652
Special education instruction	65,923	38,115	85,869	87,336	114,434	111,122	96,661	98,877	100,896	104,760
Other instruction	10,108	9,609	107,908	109,694	26,345	24,595	25,431	68,874	135,115	124,512
Support Services:										
Tuition	199,628	156,324	995,934	921,326	778,222	560,920	516,664	474,836	381,266	350,973
Student & instruction related services	342,082	369,521	354,491	354,723	306,402	290,115	295,257	317,211	322,926	386,322
General administration	37,362	68,907	78,438	91,226	100,726	102,565	117,898	135,695	106,290	106,458
School administrative services	60,488	37,979	38,687	40,500	34,248	30,938	30,202	32,740	34,511	34,482
Plant operations and maintenance	31,682	186,557	221,416	275,814	304,864	418,392	283,245	252,283	279,945	279,207
Pupil transportation	222,862	34,380	48,308	45,717	43,529	41,833	48,078	50,864	47,641	56,102
Other support services	36,860	28,611	30,524	30,800	34,223	32,068	31,756	31,591	30,537	48,129
Unallocated employee benefits	395,253	464,132	537,599	608,516	556,345	582,532	544,738	536,556	737,842	639,215
Special Schools			2,598				3,226		1,560	2,574
Charter Schools										
Capital outlay	17,027	29,865	32,204	106,005	243,583	443,372	404,249	275,198	51,318	468,464
Debt service:										
Principal										
Interest and other charges										
<b>Total expenditures</b>	<b>2,265,876</b>	<b>2,331,748</b>	<b>3,419,933</b>	<b>3,491,591</b>	<b>3,456,283</b>	<b>3,522,091</b>	<b>3,210,780</b>	<b>3,153,976</b>	<b>3,210,450</b>	<b>3,559,850</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>268,112</b>	<b>256,898</b>	<b>(23,062)</b>	<b>(1,266)</b>	<b>(43,937)</b>	<b>(197,407)</b>	<b>4,346</b>	<b>62,108</b>	<b>228,071</b>	<b>(183,070)</b>
<b>Other Financing sources (uses)</b>										
Transfer in	16,877				246,588	6,371	(6,371)	-	-	-
Transfers out	(16,877)				(246,588)	(6,371)	6,371	-	1,077	(15,000)
Cancellation of prior year receivable					(3,888)			(25,045)		
Cancellation of prior year payable										
Insurance Recoveries for Storm Damage							4,404			
Expenses related to Storm Damage				648,334						
Increase in Capital Reserve				(648,334)						
Transfer to Capital Reserve						(101)	(101)			
Decrease in Current Expense Reserve						(178,958)	(44,899)			
Withdrawal from Current Expense Reserve										(264,702)
Withdrawal from Current Expense Reserve										57,050
Decrease in Maintenance Reserve										(57,000)
Withdrawal from Maintenance Reserve										(40,000)
Interest earned on Capital Reserve						179,059	45,000			40,050
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,888)</b>	<b>179,059</b>	<b>4,404</b>	<b>(25,045)</b>	<b>1,077</b>	<b>264,802</b>
<b>Net change in fund balances</b>	<b>268,112</b>	<b>256,898</b>	<b>(23,062)</b>	<b>(1,266)</b>	<b>(47,825)</b>	<b>(197,407)</b>	<b>8,750</b>	<b>37,063</b>	<b>229,148</b>	<b>(197,870)</b>

Source: CAFR Schedule B-2

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
**General Fund Other Local Revenue by Source**  
**Last Ten Fiscal Years**  
*Unaudited*

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Misc.</u>	<u>Total</u>
2010	-	5,740	5,740
2011	100	12,662	12,762
2012	200	8,091	8,291
2013	719	126,123	126,842
2014	18	100,985	101,003
2015	463	1,188	1,651
2016	427	15,731	16,158
2017	494	5,395	5,889
2018	549	379	928
2019	200	837	1,037

Source: District Records

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
**Assessed Value and Actual Value of Taxable Property,**  
**Last Ten Fiscal Years**  
*Unaudited*

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2010	68,696,300	4,482,120,600			161,782,800		4,370,200	4,716,969,900	295,268,500	557,703	4,422,259,103	0.052	4,619,894,891
2011	67,064,000	4,490,125,700			161,489,800		4,370,200	4,723,049,700	295,268,500	489,027	4,428,270,227	0.051	4,498,890,590
2012	75,408,100	4,490,726,300			159,449,900		4,370,200	4,729,954,500	295,268,500	473,991	4,435,159,991	0.051	4,449,303,435
2013	86,382,100	4,472,077,900			156,638,100		4,370,200	4,719,468,300	296,529,600	440,239	4,423,378,939	0.053	4,188,584,215
2014	94,982,300	4,451,222,400			165,999,000		4,370,200	4,716,573,900	298,422,200	303,125	4,418,454,825	0.056	4,053,767,320
2015	96,253,000	4,468,793,200			165,112,500		2,655,200	4,732,813,900	299,171,000	304,330	4,433,947,230	0.055	4,008,685,861
2016	82,610,800	4,489,928,900			165,428,800		2,655,200	4,740,623,700	299,171,000	304,621	4,441,757,321	0.056	4,130,826,571
2017	50,599,300	4,536,037,000			163,874,700		2,655,200	4,753,166,200	299,161,600	308,488	4,454,313,088	0.056	4,316,439,875
2018	121,948,900	4,522,154,000			400,104,600		2,750,400	5,046,957,900	218,854,500	-	4,828,103,400	0.053	4,534,047,182
2019	88,234,700	4,574,049,100			399,439,100		2,750,400	5,064,473,300	218,630,100	-	4,845,843,200	0.054	4,782,440,552

Source: District records Tax list summary & Municipal Tax Assessor

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

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

**b** Tax rates are per \$100

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
**Direct and Overlapping Property Tax Rates**  
**Rate per \$100 of Assessed Value**  
**Last Ten Fiscal Years**  
*Unaudited*

Fiscal Year Ended June 30,	BOROUGH OF STONE HARBOR SCHOOL DISTRICT			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Borough of Stone Harbor	Cape May County	
2010	0.052	-	0.052	0.198	0.223	0.473
2011	0.051	-	0.051	0.202	0.226	0.479
2012	0.051	-	0.051	0.216	0.235	0.502
2013	0.053	-	0.053	0.224	0.232	0.509
2014	0.056	-	0.056	0.232	0.230	0.518
2015	0.055	-	0.055	0.239	0.231	0.525
2016	0.056	-	0.056	0.239	0.240	0.535
2017	0.056	-	0.056	0.245	0.254	0.555
2018	0.053	-	0.053	0.246	0.253	0.552
2019	0.054	-	0.054	0.251	0.268	0.573

Source: District Records and Municipal Tax Collector

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

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

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

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
**Principal Property Tax Payers,**  
**Current Year and Nine Years Ago**  
*Unaudited*

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Immaculate Heart of Mary Convent	30,611,000	1	0.63%	19,867,700	1	0.45%
100th Street LLC	14,585,900	2	0.30%	7,790,700	8	0.18%
Taxpayer #1	13,608,100	3	0.28%			
NACL Associates	12,453,800	4	0.26%	11,340,300	3	0.26%
Taxpayer #2	11,198,700	5	0.23%			
Taxpayer #3	10,874,100	6	0.22%			
Taxpayer #4	10,098,700	7	0.21%			
Taxpayer #5	9,622,100	8	0.20%			
Taxpayer #6	8,794,500	9	0.18%			
Taxpayer #7	8,629,700	10	0.18%			
Taxpayer #8				15,408,600	2	0.35%
Fammersham Associates				9,498,900	4	0.21%
Taxpayer #9				9,180,900	5	0.21%
Taxpayer #10				9,146,800	6	0.21%
Taxpayer #11				8,038,600	7	0.18%
Dove Holdings, LLC				7,548,700	9	0.17%
Taxpayer #12				7,380,700	10	0.17%
<b>Total</b>	<b>130,476,600</b>		<b>2.69%</b>	<b>105,201,900</b>		<b>2.38%</b>

Source: District CAFR & Municipal Tax Assessor

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
**Property Tax Levies and Collections,**  
**Last Ten Fiscal Years**  
*Unaudited*

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2010	2,129,907	2,129,907	100%	
2011	2,215,103	2,215,103	100%	
2012	2,215,104	2,215,104	100%	
2013	2,259,406	2,259,406	100%	
2014	2,349,594	2,304,594	98%	45,000
2015	2,396,585	2,396,585	100%	
2016	2,396,585	2,396,585	100%	
2017	2,444,516	2,396,585	100%	
2018	2,493,408	2,493,408	100%	
2019	2,543,276	2,543,276	100%	

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

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

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**Unaudited**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2010	-	-	-	-	-	-	0.000%	
2011	-	-	-	-	-	-	0.000%	
2012	-	-	-	-	-	-	0.000%	
2013	-	-	-	-	-	-	0.000%	
2014	-	-	-	-	-	-	0.000%	
2015	-	-	-	-	-	-	0.000%	
2016	-	-	-	-	-	-	0.000%	
2017	-	-	-	-	-	-	0.000%	
2018	-	-	-	-	-	-	0.000%	
2019	-	-	-	-	-	-	0.000%	

No Debt for past 10 Years

Source: District CAFR Schedules I-1, I-2

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

<sup>a</sup> See Exhibit NJ J-13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
*Unaudited*

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>			Percentage of Actual Taxable Value <sup>a</sup> of Property	<u>Per Capita <sup>b</sup></u>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2010	-		-	0.000%	
2011	-		-	0.000%	
2012	-		-	0.000%	
2013	-		-	0.000%	
2014	-		-	0.000%	
2015	-		-	0.000%	
2016	-		-	0.000%	
2017	-		-	0.000%	
2018	-		-	0.000%	
2019	-		-	0.000%	

No Debt for past 10 Years

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

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

**b** Population data can be found in Exhibit NJ J-13.



**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
**Ratios of Overlapping Governmental Activities Debt**  
**As of June 30, 2019**  
*Unaudited*

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Borough of Stone Harbor	37,139,988	100.00%	37,139,988
County of Cape May - Borough's share (9.17%)	336,526,298	9.17%	30,866,042
			<hr/>
Subtotal, overlapping debt			68,006,030
			<hr/>
<b>BOROUGH OF STONE HARBOR SCHOOL DISTRICT Direct Debt</b>			-
			<hr/>
<b>Total direct and overlapping debt</b>			<u>68,006,030</u>

**Sources:** Borough of Stone Harbor Finance Officer

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

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

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
**Legal Debt Margin Information,**  
**Last Ten Fiscal Years**  
*Unaudited*

**Legal Debt Margin Calculation for Fiscal Year 2018**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	142,109,124	139,288,030	112,803,220	109,336,311	105,722,581	101,999,242	101,370,716	103,423,858	107,678,231	113,025,923
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>142,109,124</u>	<u>139,288,030</u>	<u>112,803,220</u>	<u>109,336,311</u>	<u>105,722,581</u>	<u>101,999,242</u>	<u>101,370,716</u>	<u>103,423,858</u>	<u>107,678,231</u>	<u>113,025,923</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

	4,761,443,195
	4,501,267,913
	4,300,399,593
	<u>13,563,110,701</u>
Average equalized valuation of taxable property	4,521,036,900

	113,025,923
	<u>-</u>
	<u>113,025,923</u>

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

**a** Limit set by NJSA 18A:24-19 for a K through 5 district; other % limits would be applicable for other districts

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**  
*Unaudited*

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2010	1,016	46,741	46,005	8.70%
2011	866	48,258	47,498	9.10%
2012	860	41,133	47,498	9.50%
2013	854	40,563	47,498	10.30%
2014	847	41,244	48,694	11.20%
2015	844	44,121	52,276	10.30%
2016	836	45,087	53,932	8.90%
2017	833	44,406	53,309	6.90%
2018	822	45,099	54,865	6.40%
2019	811	47,301	58,324	5.20%

**Source:**

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

b Personal income provided by the US Dept. of Commerce, Bureau of Economic Analysis.

c Per Capita information provided by the US Dept. of Commerce, Bureau of Economic Analysis.

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



**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
**Full-time Equivalent District Employees by Function/Program,**  
**Last Ten Fiscal Years**  
*Unaudited*

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instruction	13.4	13.2	13.7	11.6	11.8	11.1	11.1	11.1	11.1	9.6
Regular										
Support Services:										
School administrative services	0.5	0.5	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Business administrative services	1.0	1.0	1.0	0.5	0.5	0.5	0.5	0.5	0.5	0.6
Student & instruction related services	0.5	0.5	2.3	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Central services	1.0	1.0	1.0	2.0	2.5	2.0	2.0	2.0	2.0	2.0
<b>Total</b>	<b>14.5</b>	<b>16.2</b>	<b>16.2</b>	<b>18.4</b>	<b>16.6</b>	<b>17.3</b>	<b>16.1</b>	<b>16.1</b>	<b>16.1</b>	<b>14.7</b>

**Source: District Personnel Records**

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
**Operating Statistics**  
**Last Ten Fiscal Years**  
*Unaudited*

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2010	61	2,248,849	36,866	29.54%	13.4	8:1	62.80	58.70	-21.30%	93.47%	
2011	75	2,301,883	30,692	-16.75%	13.4	6:1	78.70	69.70	25.32%	88.56%	
2012	79	3,387,729	42,883	39.72%	13.7	6:1	73.00	69.60	-7.24%	95.34%	
2013	78	2,531,378	32,454	-24.32%	11.6	7:1	76.30	72.61	4.52%	95.16%	
2014	76	2,674,255	35,188	8.42%	11.8	7:1	73.56	69.68	-3.59%	94.73%	
2015	69	2,638,452	38,238	8.67%	11.1	6:1	67.50	64.16	-8.24%	95.05%	
2016	68	2,397,405	35,256	-7.80%	11.1	6:1	69.42	65.63	2.84%	94.54%	
2017	75	2,274,725	30,330	-13.97%	11.1	7:1	81.25	76.69	17.04%	94.39%	
2018	90	2,229,847	24,776	-18.31%	11.1	8:1	89.62	84.07	10.30%	93.81%	
2019	99	2,601,198	26,275	6.05%	11.1	8:1	98.32	92.27	9.71%	93.85%	

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

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- 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).

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
**School Building Information**  
 Last Ten Fiscal Years  
*Unaudited*

<u>District Building</u>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b><u>Elementary</u></b>										
Stone Harbor Elementary										
Square Feet	22,665	22,665	22,665	22,665	22,665	22,665	22,665	22,665	22,665	22,665
Capacity (students)	154	154	154	154	154	154	154	154	154	154
Enrollment	61	79	79	78	76	69	68	75	75	99

Number of Schools at June 30, 2019  
 Elementary = 1

**Source: District records, ASSA**

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

**CITY OF BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Required Maintenance for School Facilities**  
**Last Ten Years**  
*Unaudited*

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

School Facilities	Project # (s)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Stone Harbor Elementary	N/A	79,996	71,875	55,957	58,742	203,864	67,919	44,024	69,292	50,641	57,150
<b>Total School Facilities</b>		<u>79,996</u>	<u>71,875</u>	<u>55,957</u>	<u>58,742</u>	<u>203,864</u>	<u>67,919</u>	<u>44,024</u>	<u>69,292</u>	<u>50,641</u>	<u>57,150</u>
Other Facilities											
<b>Grand Total</b>		<u>79,996</u>	<u>71,875</u>	<u>55,957</u>	<u>58,742</u>	<u>203,864</u>	<u>67,919</u>	<u>44,024</u>	<u>69,292</u>	<u>50,641</u>	<u>57,150</u>



**BOROUGH OF STONE HARBOR BOARD OF EDUCATION****Insurance Schedule****June 30, 2019*****Unaudited***

	<u>Coverage <sup>a</sup></u>	<u>Deductible</u>
School package Policy - New Jersey School Board Association Insurance Group		
Property- Blanket Building & Contents	\$ 5,476,700	1,000
Comprehensive General Liability	11,000,000	
Comprehensive Automobile Liability	11,000,000	
Comprehensive Crime Coverage	50,000	500
Electronic Data Processing Equipment	275,000	1,000
Blanket Extra Expense	50,000,000	1,000
Blanket Valuable Papers and Records	10,000,000	1,000
Employee Benefits Liability	11,000,000	1,000
Cyber Liability	1,000,000	1,000
Environmental Liability	1,000,000	1,000
Equipment Breakdown	100,000,000	1,000
Loss of Business Income/Tuition	846,000	1,000
Workers' Compensation - New Jersey School Board Association Insurance Group	statutory	
School Board Legal Liability - New Jersey School Board Association Insurance Group		
Errors and Omissions Policy	11,000,000	5,000
Flood Insurance - New Jersey School Board		
Building	1,000,000	500,000
Contents	1,000,000	500,000

Source: District Records

a - Coverage includes all schools covered by the New Jersey School Board Insurance Group.

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## **Single Audit Section**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditor's Report

The Honorable President and  
Members of the Board of Education  
Borough of Stone Harbor School District  
County of Cape May, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Stone Harbor School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Borough of Stone Harbor School District's basic financial statements, and have issued our report thereon dated .

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Borough of Stone Harbor School District's control over financial reporting (internal control) to determine the 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 Borough of Stone Harbor School District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

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

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

### **Compliance and Other Matters**

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

### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ford, Scott & Associates, L.L.C.*  
**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

*Michael S. Garcia*

**Michael S. Garcia**  
**Certified Public Accountant**  
**Licensed Public School Accountant**  
**No. 2080**

**December 5, 2019**

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
Schedule of Expenditures of Federal Awards  
for the Fiscal Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Program or Award Amount	Balance 6/30/2018	Carryover/ (Waiver) Amount	Cash Received	Budgetary Expenditures		(MEMO) Pass Through to Sub-Recipients	Payment of Prior Year Balances/ Adjustments	(Accounts Receivable) 6/30/2019	Deferred Revenue 6/30/2019	Due to Grantor at 6/30/2019
									Pass Through	Direct					
<b>Passed-through State Department of Education:</b>															
Special Revenue Fund															
IDEA Part B, Basic Regular	84-027	H027A18010C	FT18	7/1/18-6/30/19	14,763	(12,628)	-	12,628	(14,763)	(14,763)	(2,250)	-	(14,763)	-	-
IDEA Part B, Basic Preschool	84-173	H173A180114	FT17	7/1/17-6/30/18	4,487	-	-	-	(2,250)	(2,250)	-	-	(2,250)	-	-
IDEA Part B, Basic Regular	84-027	H027A17010C			12,628	(12,628)	-	12,628	(17,013)	(17,013)	-	-	(17,013)	-	-
Total Special Revenue Fund						(12,628)	-	12,628	(17,013)	(17,013)	-	-	(17,013)	-	-
Total Federal Awards						(12,628)	-	12,628	(17,013)	(17,013)	-	-	(17,013)	-	-

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year Ended June 30, 2019

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period	Balance at 6/30/2018	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2019			MEMO			
									(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures		
<b>State Department of Education</b>															
General Fund:															
Special Education Categorical Aid	19-495-034-5120-089	23,364	7/1/18-6/30/19			23,364	(23,364)								23,364
Security Aid	19-495-034-5120-084	2,797	7/1/18-6/30/19			2,797	(2,797)								2,797
Adjustment Aid	19-495-034-5120-085	6,281	7/1/18-6/30/19			6,281	(6,281)								6,281
Subtotal State Aid Public				-	-	32,442	(32,442)	-	-	-	-	3,017			32,442
Transportation Aid	19-495-034-5120-014	19,899	7/1/18-6/30/19			19,899	(19,899)					1,850			19,899
Reimbursed Non Public Transportation Aid	N/A	290	7/1/18-6/30/19				(290)								290
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	68,190	7/1/18-6/30/19			61,437	(68,190)								68,190
On-Behalf TPAF Pension Contributions	19-495-034-5095-001	252,520	7/1/18-6/30/19			252,520	(252,520)								252,520
<b>Total General Fund</b>				-	-	366,298	(373,341)	-	-	(7,043)	-	4,867			373,341
<b>Total State Financial Assistance</b>				-	-	366,298	(373,341)	-	-	(7,043)	-	4,867			373,341
							(252,520)								
							(120,821)								

Less: On-Behalf TPAF Pension Contributions:



**Borough of Stone Harbor School District**  
**Notes to the Schedules of Financial Assistance**  
**June 30, 2019**

**NOTE 1. GENERAL**

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

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting. This basis of accounting is described in Note 1 to the Board's basic financial statements. The District has elected not to use the 10% de minimis indirect cost rate.

**NOTE 3. RELATIONSHIP TO GENERAL PURPOSE 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 P.L. 2003, c.97 (A3521). For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from budgetary basis to GAAP basis is \$63 for the general fund and \$0 for the special revenue fund. See the following schedule and Schedule C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

**Borough of Stone Harbor School District**  
**Notes to the Schedules of Financial Assistance**  
**June 30, 2019**

	<u>General Fund</u>	<u>Total</u>
<b>State Assistance:</b>		
Actual amounts (budgetary) “revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 373,341	373,341
Difference – budget to “GAAP”		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	4,930	4,930
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(4,867)	(4,867)
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 373,404</u>	<u>\$ 373,404</u>

**Borough of Stone Harbor School District**  
**Notes to the Schedules of Financial Assistance**  
**June 30, 2019**

	Special Revenue Fund	Total
<b>Federal Assistance:</b>		
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	\$ 17,103	17,103
Difference - budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	-
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balances	\$ 17,103	17,103

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER**

The amounts reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the district for the year ended June 30, 2019. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2019.

BOROUGH OF STONE HARBOR SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Part I -- Summary of Auditor's Results

**Financial Statement Section**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified?                      yes     X     no

2) Significant deficiencies identified that are not considered to be material weaknesses?                      yes     X     none reported

Noncompliance material to basic financial statements noted?                      yes     X     no

**Federal Awards Section**

**Not Applicable**

Internal Control over major programs:

1) Material weakness(es) identified?                      yes                      no

2) Significant deficiencies identified                      yes                      none reported

Type of auditor's report on compliance for major programs N/A

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance                      yes                      no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Dollar threshold used to determine Type A programs: \_\_\_\_\_

Auditee qualified as low-risk auditee?                      yes                      no

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

*Part I -- Summary of Auditor's Results*

**State Awards Section**

**Not Applicable**

Internal Control over major programs:

1) Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ no

2) Significant deficiencies identified \_\_\_\_\_ yes \_\_\_\_\_ none reported

Type of auditor's report on compliance for major programs

\_\_\_\_\_ N/A \_\_\_\_\_

Any audit findings disclosed that are required to be reported in accordance NJOMB Circular Letter 15-08?

\_\_\_\_\_ yes \_\_\_\_\_ no

Identification of major programs:

GMIS Number(s)

Name of State Program

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

N) Dollar threshold used to determine Type A programs: \_\_\_\_\_

O) Auditee qualified as low-risk auditee? \_\_\_\_\_ yes \_\_\_\_\_ no

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDING JUNE 30, 2019**

***Part 2 – Schedule of Financial Statement Findings***

**NONE**

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

**NONE**

**STATUS OF PRIOR YEAR FINDINGS**

**NONE**