

**SOUTH HUNTERDON REGIONAL
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

JUNE 30, 2020

**Responsibility of the Management of
South Hunterdon Regional School District
Hunterdon County, New Jersey**



**SOUTH HUNTERDON REGIONAL
SCHOOL DISTRICT**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020

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South Hunterdon Regional School District

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January 14, 2021

Honorable President and Members
of the Board of Education
South Hunterdon Regional School District
County of Hunterdon, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report of the South Hunterdon Regional School District for the fiscal year ending June 30, 2020 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 South Hunterdon Regional Board of Education. 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:

- A. The Introductory Section: Introduces the reader to the report and includes this transmittal letter, a list of principal officials, the District's organizational charts.
- B. The Financial Section: Consists of the independent auditor's report, management's discussion and analysis, the basic financial statements and combining individual fund statements and schedules.
- C. The Statistical Section: Contains selected financial and demographic information, generally presented on a multi-year basis.
- D. The Single Audit: Includes the auditor's report on the internal control structure, compliance with applicable laws and regulations and findings and recommendations.

Lambertville Public School – Wanda Quiñones, Principal
South Hunterdon Regional High School – Jennifer Beresh MacKnight, Principal
West Amwell Township Elementary School – David Miller, Principal

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The District is required to undergo an annual single audit in conformity with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor’s report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

DESCRIPTION OF THE DISTRICT

South Hunterdon Regional School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No.14. All funds and account groups of the District are included in this report. The South Hunterdon Regional School District and its PreK-12 comprehensive elementary, middle and high schools constitute the District’s reporting entity.

The District has four buildings located in the Township of West Amwell, City of Lambertville and Stockton Borough. The State of New Jersey requires submission of enrollment data as of October 15 of each year. The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, as well as education for special needs students. The District completed the 2019-2020 Fiscal Year with an average daily enrollment of 921. The following details the changes in the student enrollment of the District over the last seven years since regionalization.

AVERAGE DAILY ENROLLMENT

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2019-20	921	1.77%
2018-19	905	(.96%)
2017-18	935	(0.53%)
2016-17	940	0.11%
2015-16	939	(2.19%)
2014-15	960	(.21%)
2013-14	962	

Economic Condition and Outlook

In January of 2014, the New Board of Education voted to eliminate the Vote on the Annual School Budget and to move the election of School Board Members to the General Election in November. The municipal councils of the City of Lambertville, West Amwell Township and Stockton Borough, also voted to eliminate the Annual School Budget.

The District returned \$444,437 from unreserved fund balance in 2019-20 due to rigid controls on spending and the mandatory S1701 law enacted in 2004 limiting unreserved fund balance to two percent. The District will return \$389,375.99 in 2020-21 and \$ [REDACTED] in 2021-22.

The District received approximately ninety-seven (97) School Choice students for the 2019-20 school year.

Major Initiatives

There are a number of initiatives of note which are a source of pride for our school and we hope, for our community. These include:

1. Facilities

Projects for 2019-20 budget and future:

- Install HS Track - located at football field, regrade and seed football field
- Renovate HS Well room
- Update Security System

Future:

- Repave Student Parking lot – moved to 2020-2021 budget
- Soccer field renovation
- Field irrigation system

During the 2018-2019 school year, the board established an Ad Hoc Facility Committee to continue to address current and future use of the buildings that comprise the School District. Discussions center upon future renovations and or the consideration of a new Prek-6 school building. These discussions will continue in the 2020-2021 school year.

2. Administrative Team

During 2019-20 school year, the superintendent retired and the Board of Education hired an interim superintendent to serve out the year.

3. Strategic Planning/District Goals/Board Goals

With the assistance of New Jersey School Boards Association, the District developed District and Board goals for the 2019-2020 school year.

4. Student Achievement

Increasing student achievement continues to be a district goal for 2019-20. Teachers are committed to deliver content rich standards based curriculum. State and local assessments provide data to guide strategies that will support all students.

Professional development is provided to help deliver sound instructional practices in all classrooms. Students are supported by staff and appropriate resources throughout the school year. Students are challenged with 21st Century Learning skills at all levels. Advanced placement courses are offered at the high school that support plans to continue education in higher education settings.

South Hunterdon continues to welcome 97 students yearly from nearby districts participating in the Inter-District School Choice Program. In addition to providing revenue, the program has increased the diversity among our Pre-K-12 student population.

Student Achievement is under constant review by administration and staff throughout the school year.

Student achievement is reviewed by administration via classroom observations and review of teacher SGO's throughout the school year. This year PARCC tests were not administered due to the school closure.

5. Academic Partnerships

Teachers from South Hunterdon Regional School District continue to have a greater opportunity to collaborate since the formation of the regionalized District. Emphasis is being placed on articulation and alignment of curriculum Pre-K-12. Professional development outside the District continues to grow providing staff with opportunities to enrich and enhance their instruction.

Additionally, South participates in Hunterdon County consortiums that share, among other topics, information about technology and continue to host college admission representatives. South also has a close relationship with TCNJ and often hosts their student teachers.

South has signed articulation agreements with Delaware Valley College, Rutgers University and SUNY providing opportunities for South students to receive college credit upon completion of high school coursework in agriculture science.

South also continues its relationship with colleges across the which who take part in a college visitation day and evening, prepping our students for their post-high school experiences.

6. Communication with Public

The South Hunterdon Board of Education encourages and supports communication with all the stakeholders that comprise the local communities of Lambertville, Stockton, and West Amwell. Daily, weekly and monthly messages regarding all aspects of our public schools are communicated via our SHRSB website, Facebook, letters to parents and Listserve, and increased use of social media. Additionally, a weekly update was created to highlight District accomplishments.

Traditional events such as "Senior Breakfast", "Senior Holiday Luncheon", "Senior Dinner and Musical", and "Senior Basketball Night" continue to be well attended.

Monthly public board meetings provide opportunities to report out information about the District and provide opportunities for public comment.

Technology

The South Hunterdon Regional School District continues to make technology acquisitions and improvements to areas such as infrastructure, communications systems such as Internet and Voice services, student, faculty and staff devices, classroom systems, software applications and IT support staffing needs in order to support all of our stakeholders.

For the 2020-2021 school year we will be purchasing 170 Lenovo 10e Chrome Tablets for students in grades PreK-1 as a refresh of our previous iPad fleet. Normal levels of support are anticipated for the school year, however, the model could change drastically depending on whether we are physically in-school or virtual due to Covid-19. With Remote Learning comes a need for WiFi hotspots for families without home Internet, the sending of all 1:1 Devices home (instead of just 7-12th Grades), remote troubleshooting and repair, and the potential need for a variety of new software services to support remote teaching and learning. Additional projects we may look at over the course of the year include data storage and virtualization platform upgrades and a new District security camera system.

8. Parent Involvement

The Parent Teacher Student Organization continues to be a very active and energetic support system. Parental participation levels are high and the generosity of the Elementary PTO's underwrite many school activities.

The Lambertville Education Foundation continues to be a great support for all of our schools. They sponsored major fund-raising events this year that helped fund STEM projects, cardio fitness equipment, school trips, individual classroom teacher projects, and Mind of the Student. Teachers can apply for mini grants that help support classroom learning.

The West Amwell Golf Day fundraiser continues to contribute to technology, library E-books and Info-based learning technology and other initiatives that support teaching and learning.

9. Awards

We are extremely proud of the Class of 2020; they had a high rate of college acceptances and several matriculated at the most selective colleges. Many of the students in the class received significant financial awards to help fund their post high school studies. The class of 75 students reported awards in the amount of \$727,585.12.

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). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits require estimates and judgments by management. The establishment of GAAP has been able to give management a day to day actual account of all moneys being received and spent. The preparation of these monthly reports provides a clear picture of all activity generated from the District.

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The last audit performed by the State found us to be in compliance.

Budgetary Controls

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

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 an expropriation of fund balance in the subsequent year. Those amounts to be expropriated are reported as reservations of fund balance.

Accounting System and Reports

The District's accounting records reflect GAAP, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting systems of the District are organized on the basis of funds and account groups. These funds and account groups are explained in Notes to the Financial Statements, Note

Debt Administration

The District's debt service payment for principal and interest during 2019-2020 school year were \$1,323,871 and \$392,047, respectively.

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.

Risk Management

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

We continue to realize broader coverage for our money with the School Alliance Insurance Fund and have received many cost saving services through them. The rates for the new school year have increased by six percent.

Other Information

Independent Audit: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of BKC, CPAs, PC 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 as amended and the related Uniform Guidance and State Treasury Circular Letter 15-08. The auditor's report on the basic financial statements, combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

Acknowledgements

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

Respectfully submitted,

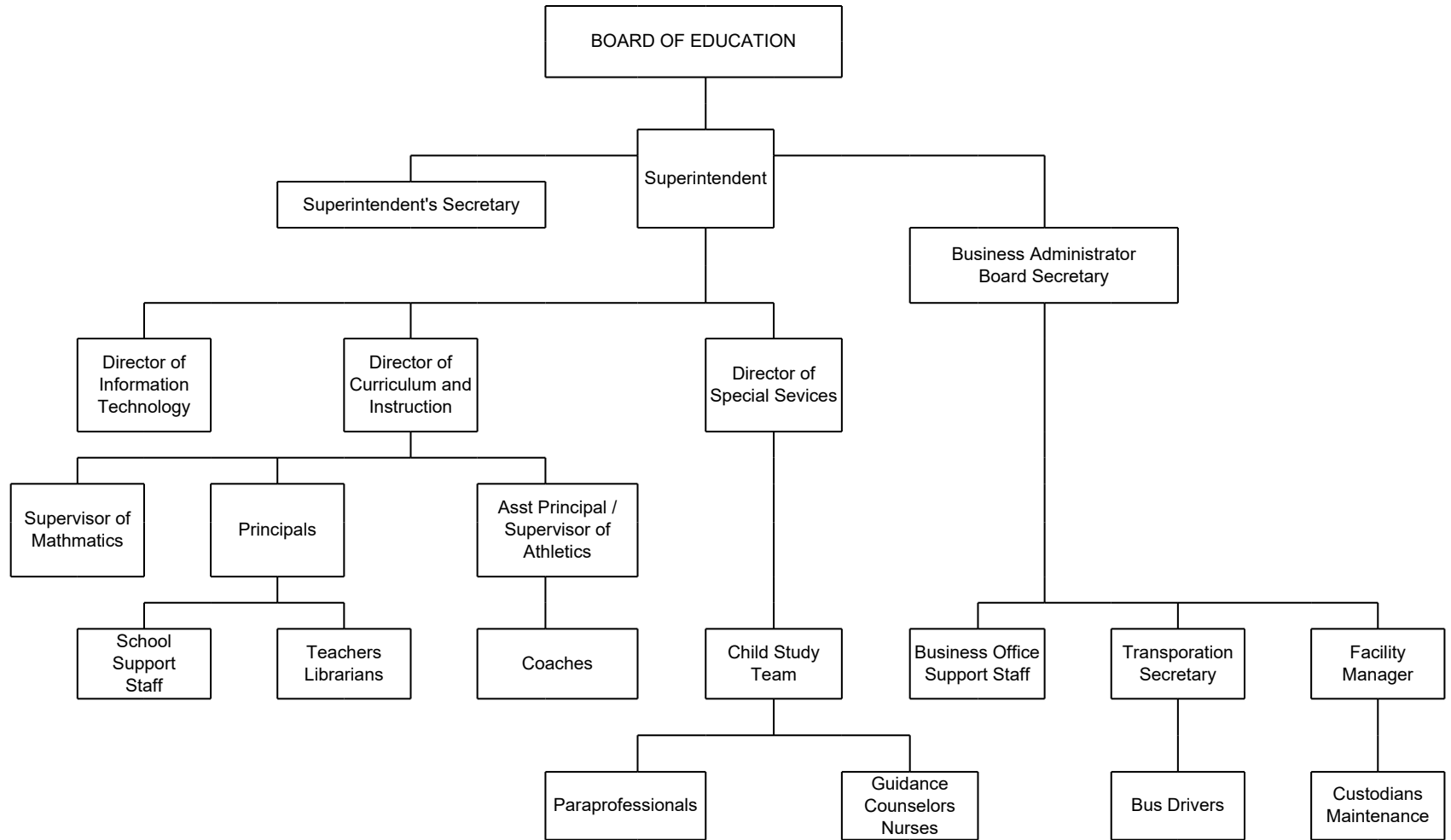


Anthony Suozzo
Superintendent



Kerry Sevilis
Business Administrator/Board Secretary

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
ORGANIZATIONAL CHART



**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION
Roster of Officials
June 30, 2020**

Members of the Board of Education	Title	Term Expires
Kevin Koveloski	President	2022
Filomena Hengst	Vice President	2021
Diana Pursell		2020
Larry Vellensky		2020
Meagan Warner		2020
Dr. Lauren Braun-Strumfels		2021
Traci Paciulli		2021
Jim Gallagher		2022
Lauren Young		2022

Other Officials	Title
Charles M. Shaddow, Ph.D,	Interim Superintendent
Kerry Sevilis	Business Administrator/Board Secretary

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION
Consultants and Advisors
June 30, 2020**

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Certified Public Accountants, PC
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Independent Auditors' Report

Honorable President and
Members of the Board of Education
South Hunterdon Regional School District
County of Hunterdon, 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 South Hunterdon Regional School District (the District) in the County of Hunterdon, as of and for the fiscal year ended June 30, 2020, 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.

Auditors' Responsibility

Our responsibility is to express an opinion 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 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. 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 District'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 an opinion on the effectiveness of the District'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 opinion.

Opinion

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 South Hunterdon Regional School District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits listed 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 an opinion on the financial statements that collectively comprise the District's Basic Financial Statements. The introduction section, combining and individual fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also not a required part of the basic financial statements.

The combining and individual fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are the responsibility of management and were derived from and relate 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 fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introduction 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 January 14, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



BKC, CPAs, PC



Michael Holk, CPA, PSA
NO. 20CS00265600

January 14, 2021
Flemington, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

The discussion and analysis of South Hunterdon Regional School District's (the District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2020 are as follows:

- In total, net position increased \$681,720 which represents a 6.65% increase from 2019.
- General revenues accounted for \$30,465,884 in revenue or 97.23% of all revenues. Program specific revenues in the form of charges for services, operating grants, and contributions accounted for \$869,395 or 2.77% to total revenues of \$31,335,279.
- Total assets of governmental activities decreased by \$756,704, as cash and cash equivalents decreased by \$1,755,387, receivables and other assets increased by \$116,581, and capital assets increased by \$882,102.
- The School District had \$30,623,660 in expenses; only \$869,395 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$30,465,884 were adequate to provide for these programs.
- Among major funds, the general fund had \$24,466,764 in revenues and \$24,208,964 in expenditures. The general fund's balance decreased \$280,953 from 2019.

Using this Comprehensive Annual Financial Report (CAFR)

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of South Hunterdon Regional School District, the general fund is by far the most significant fund.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question; "How did we do financially during fiscal year 2020?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. No financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, special revenue fund, capital projects fund and debt service fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds measure and report the operating results by measuring cash on hand and other assets that can be easily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provided.

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
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For the Fiscal Year Ended June 30, 2020
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The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position at June 30, 2020 compared to June 30, 2019.

Table 1
Net Position

	06/30/20	06/30/19	Variance	
			Dollars	Percent
Assets				
Current & other assets	\$ 4,721,202	\$ 6,414,687	\$ (1,693,485)	-26.40%
Capital assets	22,226,743	21,303,160	923,583	4.34%
Total assets	26,947,945	27,717,847	(769,902)	-2.78%
Deferred outflows of resources				
Deferred amount on pension activity	4,435,066	6,061,985	(1,626,919)	-26.84%
Deferred amount on bond premium	599,054	698,897	(99,843)	-14.29%
Deferred amount on loss on refunding long-term debt	10,803	12,603	(1,800)	-14.28%
Total deferred outflows of resources	5,044,923	6,773,485	(1,728,562)	-25.52%
Liabilities				
Long-term liabilities	15,442,788	17,280,913	(1,838,125)	-10.64%
Other liabilities	514,594	753,167	(238,573)	-31.68%
Total liabilities	15,957,382	18,034,080	(2,076,698)	-11.52%
Deferred inflows of resources				
Deferred amount on pension liability	5,041,912	6,134,966	(1,093,054)	-17.82%
Deferred amount on gain on refunding long-term debt	62,595	73,027	(10,432)	-14.29%
Total deferred inflows of resources	5,104,507	6,207,993	(1,103,486)	-17.78%
Net position				
Net investment in capital assets	13,338,725	10,969,018	2,369,707	21.60%
Restricted	3,330,453	4,480,684	(1,150,231)	-25.67%
Unrestricted	(5,738,199)	(5,200,443)	(537,756)	-10.34%
Total net position	\$ 10,930,979	\$ 10,249,259	\$ 681,720	6.65%

Total assets decreased \$769,902. Cash and cash equivalents decreased by \$1,698,183, receivables and other assets increased by \$4,698, and capital assets increased by \$923,583. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District decreased by \$537,756.

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The negative balance in unrestricted net position is the result of reporting required by GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2020 compared to June 30, 2019.

Table 2
Changes in Net Position

	06/30/20	06/30/19	Variance	
			Dollars	Percent
Revenues				
Program revenues				
Charges for services	\$ 205,089	\$ 373,456	\$ (168,367)	-45.08%
Operating grants and contributions	664,306	598,495	65,811	11.00%
General revenues				
Property taxes	19,723,954	19,267,103	456,851	2.37%
Grants and entitlements	10,490,631	10,935,459	(444,828)	-4.07%
Other	251,299	154,283	97,016	62.88%
Total revenues	<u>31,335,279</u>	<u>31,328,796</u>	<u>6,483</u>	<u>0.02%</u>
Expenses				
Instruction				
Regular	11,326,376	11,754,926	(428,550)	-3.65%
Special	4,334,615	4,534,366	(199,751)	-4.41%
Other	2,555,179	1,915,349	639,830	33.41%
Support services				
Tuition	1,490,348	1,408,860	81,488	5.78%
Student & instructional related services	4,421,506	4,339,269	82,237	1.90%
General & business administration	1,594,351	1,716,121	(121,770)	-7.10%
School administration	857,511	860,577	(3,066)	-0.36%
Maintenance	2,157,943	2,035,753	122,190	6.00%
Transportation	1,244,432	1,325,485	(81,053)	-6.11%
Food service	306,787	335,489	(28,702)	-8.56%
Interest on long-term debt	334,612	280,145	54,467	19.44%
Total expenses	<u>30,623,660</u>	<u>30,506,340</u>	<u>117,320</u>	<u>0.38%</u>
Increase (Decrease) in Net Position				
Before special position	<u>711,619</u>	<u>822,456</u>	<u>(110,837)</u>	<u>-13.48%</u>
Special Items				
Loss on disposal of assets	(29,899)	-	(29,899)	*
Increase (decrease) in net position	<u>\$ 681,720</u>	<u>\$ 822,456</u>	<u>\$ (140,736)</u>	<u>-17.11%</u>

* = undefined

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
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For the Fiscal Year Ended June 30, 2020
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Governmental Activities

Local property taxes made up 62.94% of revenues for governmental activities for the South Hunterdon Regional School District for Fiscal Year 2020.

Instruction comprises 59.48% of district expenses. Support services expenses make up 40.52% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 provides a summary of the School District's cost of governmental services in fiscal year ending June 30, 2020 compared to June 30, 2019.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	06/30/20	06/30/19	06/30/20	06/30/19
Instruction	\$ 18,216,170	\$ 18,204,641	\$ 17,875,914	\$ 17,946,028
Support services				
Tuition	1,490,348	1,408,860	1,276,601	1,199,617
Student & instructional staff	4,421,506	4,339,269	4,404,027	4,317,033
General & business administration	1,594,351	1,716,121	1,594,351	1,716,121
School administration	857,511	860,577	857,511	860,577
Plant operations & maintenance	2,157,943	2,035,753	2,157,943	1,885,784
Pupil transportation	1,244,432	1,325,485	1,244,432	1,325,485
Food services	306,787	335,489	8,874	3,599
Interest on long-term debt	334,612	280,145	334,612	280,145
Total expenses	<u>\$ 30,623,660</u>	<u>\$ 30,506,340</u>	<u>\$ 29,754,265</u>	<u>\$ 29,534,389</u>

Instructional expenses include activities dealing directly with the teaching of pupils and the interaction between teacher and student.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration, and business administration include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in a safe and effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
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Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

The dependence upon tax revenues is apparent. For all activities, general revenue support is 97.23%. The community, as a whole, is the primary support or funding source for the South Hunterdon Regional School District.

The School District's Funds

Information about the School District's major funds starts in the section entitled Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$26,659,603 and expenditures of \$28,068,164. The general fund had a decrease in fund balance of \$280,953.

General Fund Budgeting Highlights

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

The School District uses program-based budgeting. The budgeting systems are designed to tightly control total program budgets but provide the flexibility for program management.

For the general fund, budgetary basis revenue was \$21,186,419, \$221,281 above original budgeted estimates of \$20,965,138. This difference was due primarily to increased interest earnings and other miscellaneous revenues.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
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Unaudited

Capital Assets

At the end of the fiscal year 2020, the School District had \$22,226,743 invested in land, building, furniture, equipment and vehicles. Table 4 shows June 30, 2020 balances compared to June 30, 2019.

Table 4
Capital Assets at Year End (Net of Depreciation)

	06/30/20	06/30/19	Variance	
			Dollars	Percent
Land	\$ 498,143	\$ 498,143	\$ -	0.00%
Construction in progress	1,244,838	92,873	1,151,965	1240.37%
Buildings & improvements	19,248,968	19,661,584	(412,616)	-2.10%
Furniture & equipment	640,520	510,411	130,109	25.49%
Vehicles	594,274	540,149	54,125	10.02%
	<u>\$ 22,226,743</u>	<u>\$ 21,303,160</u>	<u>\$ 923,583</u>	<u>4.34%</u>

Overall capital assets increased \$923,583 from fiscal year 2019 to fiscal year 2020. Increases in capital assets were offset by depreciation expenses for the year.

Long-term liabilities

At June 30, 2020, the School District had \$15,442,788 of outstanding long-term liabilities. This amount is detailed in Table 5 below for June 30, 2019 compared to June 30, 2020.

Table 5
Long-Term Liabilities at Year End

	06/30/20	06/30/19	Variance	
			Dollars	Percent
General obligation bonds payable	\$ 8,771,161	\$ 10,146,155	\$ (1,374,994)	-13.55%
Compensated absences payable	199,502	173,669	25,833	14.87%
Capital leases payable	65,065	127,563	(62,498)	-48.99%
PERS net pension liability	5,808,006	6,134,629	(326,623)	-5.32%
Bond premium	599,054	698,897	(99,843)	-14.29%
	<u>\$ 15,442,788</u>	<u>\$ 17,280,913</u>	<u>\$ (1,838,125)</u>	<u>-10.64%</u>

For the Future

The District has committed itself to financial excellence. The School District plans to continue its sound fiscal management to meet the challenges of the future.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, kindly contact Kerry Sevilis, School Business Administrator/Board Secretary at South Hunterdon Regional School District, 301 Mt. Airy-Harbourton Road, Lambertville, NJ 08530.

DISTRICT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,049,756	\$ 66,136	\$ 1,115,892
Due from other funds, net	30	-	30
Receivables, net	248,541	-	248,541
Inventory	-	13,457	13,457
Restricted assets			
Capital reserve account - cash	2,620,172	-	2,620,172
Maintenance reserve - cash	474,986	-	474,986
Capital projects - cash	235,292	-	235,292
Debt service - cash	12,832	-	12,832
Capital assets, net			
Land	498,143	-	498,143
Capital assets not being depreciated	1,244,838	-	1,244,838
Other capital assets, net of depreciation	20,365,055	118,707	20,483,762
Total assets	<u>26,749,645</u>	<u>198,300</u>	<u>26,947,945</u>
Deferred outflows of resources			
Deferred amount on pension activity	4,435,066	-	4,435,066
Deferred amount on bond premium	599,054	-	599,054
Deferred amount on loss on refunding long-term debt	10,803	-	10,803
Total deferred outflows of resources	<u>5,044,923</u>	<u>-</u>	<u>5,044,923</u>
Liabilities			
Due to other funds, net	-	30	30
Accounts payable	136,631	16,885	153,516
Accrued interest	114,549	-	114,549
Unearned revenue	235,667	10,832	246,499
Long-term liabilities			
Due within one year	1,591,069	-	1,591,069
Due beyond one year	13,851,719	-	13,851,719
Total liabilities	<u>15,929,635</u>	<u>27,747</u>	<u>15,957,382</u>
Deferred inflows of resources			
Deferred amount on pension liability	5,041,912	-	5,041,912
Deferred amount on gain on refunding long-term debt	62,595	-	62,595
Total deferred inflows of resources	<u>5,104,507</u>	<u>-</u>	<u>5,104,507</u>

See accompanying notes to financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Statement of Net Position (continued)
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
Net position			
Net investment in capital assets	\$ 13,220,018	\$ 118,707	\$ 13,338,725
Restricted for			
Capital reserve	2,620,172	-	2,620,172
Maintenance reserve	474,986	-	474,986
Capital projects	235,292	-	235,292
Debt service	3	-	3
Unrestricted	(5,790,045)	51,846	(5,738,199)
Total net position	<u>\$ 10,760,426</u>	<u>\$ 170,553</u>	<u>\$ 10,930,979</u>

See accompanying notes to financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2020

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 5,987,206	\$ 5,339,170	\$ 61,012	\$ 84,710	\$ -	\$ (11,180,654)	\$ -	\$ (11,180,654)
Special education	2,150,504	2,184,111	-	2,611	-	(4,332,004)	-	(4,332,004)
Other special education	623,230	727,008	-	191,923	-	(1,158,315)	-	(1,158,315)
Other instruction	706,909	498,032	-	-	-	(1,204,941)	-	(1,204,941)
Support services								
Tuition	1,490,348	-	-	213,747	-	(1,276,601)	-	(1,276,601)
Students & instruction related services	2,387,252	2,034,254	-	17,479	-	(4,404,027)	-	(4,404,027)
General & business administration services	736,782	857,569	-	-	-	(1,594,351)	-	(1,594,351)
School administration services	790,344	67,167	-	-	-	(857,511)	-	(857,511)
Plant operations & maintenance	1,792,344	365,599	-	-	-	(2,157,943)	-	(2,157,943)
Pupil transportation	895,087	349,345	-	-	-	(1,244,432)	-	(1,244,432)
Interest on long-term debt	334,612	-	-	-	-	(334,612)	-	(334,612)
Total governmental activities	<u>17,894,618</u>	<u>12,422,255</u>	<u>61,012</u>	<u>510,470</u>	<u>-</u>	<u>(29,745,391)</u>	<u>-</u>	<u>(29,745,391)</u>
Business-type activities								
Food service	306,787	-	144,077	153,836	-	-	(8,874)	(8,874)
Total business-type activities	<u>306,787</u>	<u>-</u>	<u>144,077</u>	<u>153,836</u>	<u>-</u>	<u>-</u>	<u>(8,874)</u>	<u>(8,874)</u>
Total primary government	<u>\$ 18,201,405</u>	<u>\$ 12,422,255</u>	<u>\$ 205,089</u>	<u>\$ 664,306</u>	<u>\$ -</u>	<u>(29,745,391)</u>	<u>(8,874)</u>	<u>(29,754,265)</u>
			General revenues, special items and transfers					
			Property taxes levied for general purposes			18,398,914	-	18,398,914
			Property taxes levied for debt service			1,325,040	-	1,325,040
			Federal and state aid not restricted			10,490,631	-	10,490,631
			Investment earnings			55,769	801	56,570
			Miscellaneous income			184,833	9,896	194,729
			Loss on disposal of assets			(5,331)	(24,568)	(29,899)
			Total general revenues, special items and transfers			<u>30,449,856</u>	<u>(13,871)</u>	<u>30,435,985</u>
			Change in net position			704,465	(22,745)	681,720
			Net position - beginning (restated)			10,055,961	193,298	10,249,259
			Net position - ending			<u>\$ 10,760,426</u>	<u>\$ 170,553</u>	<u>\$ 10,930,979</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,049,756	\$ -	\$ -	\$ -	\$ 1,049,756
Due from other funds	39,959	-	-	-	39,959
Receivables from other governments					
State	125,569	-	-	-	125,569
Federal	-	121,015	-	-	121,015
Accounts receivable	1,957	-	-	-	1,957
Restricted cash and cash equivalents	3,095,158	-	235,292	12,832	3,343,282
Total assets	\$ 4,312,399	\$ 121,015	\$ 235,292	\$ 12,832	\$ 4,681,538
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ -	\$ 39,929	\$ -	\$ -	\$ 39,929
Accounts payable	101,165	35,466	-	-	136,631
Unearned revenue	177,218	45,620	-	12,829	235,667
Total liabilities	278,383	121,015	-	12,829	412,227

See accompanying notes to financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances					
Fund balances					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures	\$ 293,324	\$ -	\$ -	\$ -	\$ 293,324
Excess surplus - current year	300,705	-	-	-	300,705
Capital reserve	2,620,172	-	-	-	2,620,172
Maintenance reserve	474,986	-	-	-	474,986
Capital projects	-	-	235,292	-	235,292
Committed fund balance					
Year-end encumbrances	42,355	-	-	-	42,355
Assigned fund balance					
Debt service fund balance	-	-	-	3	3
Unassigned fund balance	302,474	-	-	-	302,474
Total fund balances	<u>4,034,016</u>	<u>-</u>	<u>235,292</u>	<u>3</u>	<u>4,269,311</u>
Total liabilities and fund balances	<u>\$ 4,312,399</u>	<u>\$ 121,015</u>	<u>\$ 235,292</u>	<u>\$ 12,832</u>	

Statement of Net Position (A-1) are different because:

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$33,732,095 and the accumulated depreciation is \$11,624,059.	22,108,036
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.	(59,584)
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(15,442,788)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(114,549)</u>
Total net position of governmental activities	<u>\$ 10,760,426</u>

See accompanying notes to financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 18,398,914	\$ -	\$ -	\$ 1,325,040	\$ 19,723,954
Tuition					
Individual	16,900	-	-	-	16,900
Transportation	44,112	-	-	-	44,112
Interest	55,769	-	-	-	55,769
Miscellaneous	184,833	66,924	-	-	251,757
Total local sources	<u>18,700,528</u>	<u>66,924</u>	<u>-</u>	<u>1,325,040</u>	<u>20,092,492</u>
State sources	5,743,762	-	-	357,329	6,101,091
Federal sources	22,474	443,546	-	-	466,020
Total revenues	<u>24,466,764</u>	<u>510,470</u>	<u>-</u>	<u>1,682,369</u>	<u>26,659,603</u>
Expenditures					
Current					
Instructional					
Regular instruction	5,902,496	84,710	-	-	5,987,206
Special education instruction	2,147,893	2,611	-	-	2,150,504
Other special instruction	504,322	118,908	-	-	623,230
Other instruction	706,909	-	-	-	706,909
Support service & undistributed costs					
Tuition	1,276,601	213,747	-	-	1,490,348
Student & instruction related services	2,369,773	17,479	-	-	2,387,252
General & business administrative services	736,782	-	-	-	736,782
School administrative services	790,344	-	-	-	790,344
Plant operations & maintenance	1,792,344	-	-	-	1,792,344
Pupil transportation	957,585	-	-	-	957,585
Unallocated benefits	6,915,168	73,015	-	-	6,988,183

See accompanying notes to financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 95,001	\$ -	\$ 1,626,363	\$ -	\$ 1,721,364
Debt service					
Principal	-	-	-	1,374,994	1,374,994
Interest & other charges	13,746	-	-	347,373	361,119
Total expenditures	<u>24,208,964</u>	<u>510,470</u>	<u>1,626,363</u>	<u>1,722,367</u>	<u>28,068,164</u>
Excess (deficit) of revenues over (under) expenditures	<u>257,800</u>	<u>-</u>	<u>(1,626,363)</u>	<u>(39,998)</u>	<u>(1,408,561)</u>
Other financing sources (uses)					
Operating transfers in	-	-	538,753	-	538,753
Operating transfers out	(538,753)	-	-	-	(538,753)
Total other financing sources (uses)	<u>(538,753)</u>	<u>-</u>	<u>538,753</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(280,953)	-	(1,087,610)	(39,998)	(1,408,561)
Fund balances, July 1	<u>4,314,969</u>	<u>-</u>	<u>1,322,902</u>	<u>40,001</u>	<u>5,677,872</u>
Fund balances, June 30	<u>\$ 4,034,016</u>	<u>\$ -</u>	<u>\$ 235,292</u>	<u>\$ 3</u>	<u>\$ 4,269,311</u>

See accompanying notes to financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2020

Total net changes in fund balances - Governmental fund (from B-2) \$ (1,408,561)

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 expenses. This is the amount by which capital outlays exceeds depreciation in the period:

Capital outlays	\$ 1,721,364	
Depreciation expense	(833,931)	
Loss on disposal of assets	<u>(5,331)</u>	882,102

Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and are not reported in the Statement of Activities:

Debt principal payments	1,374,994	
Capital lease principal payments	<u>62,498</u>	1,437,492

Governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Amortization of bond premium		99,843
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In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.

17,875

In the Statement of Activities, deferred outflows and inflows from a refunding issue is amortized over the remaining life of the old or new debt, whichever is shorter.

(91,211)

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

(207,242)

See accompanying notes to financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities (continued)
For the Fiscal Year Ended June 30, 2020

In the Statement of Activities, compensated absences and early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.

\$ (25,833)

Change in net position of governmental activities

\$ 704,465

See accompanying notes to financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2020

	Food Service Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 66,136
Inventory	13,457
Total current assets	79,593
Noncurrent assets	
Capital assets	247,087
Less: accumulated depreciation	128,380
Total noncurrent assets	118,707
Total assets	198,300
Liabilities	
Current liabilities	
Interfund payable	30
Accounts payable	16,885
Unearned revenues - commodities	1,989
Unearned revenues - prepaid sales	8,843
Total liabilities	27,747
Net position	
Invested in capital assets, net of related debt	118,707
Unrestricted	51,846
Total net position	\$ 170,553

See accompanying notes to financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2020

	Food Service Fund
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 84,388
Daily sales - non-reimbursable programs	59,689
Total operating revenues	144,077
 Operating expenses	
Cost of sales - reimbursable programs	92,961
Cost of sales - non-reimbursable programs	53,649
Commodity food costs	19,077
Salaries	77,164
Supports services - employee benefits	10,636
Purchased professional/technical services	1,239
Other purchased services	
Insurance	9,953
Management fee	22,050
Supplies and materials	939
Depreciation	16,273
Miscellaneous expenditures	2,846
Total operating expenses	306,787
 Operating income (loss)	(162,710)
 Non-operating revenues (expenses)	
State sources	
State school lunch program	2,625
Federal sources	
National school breakfast program	
Cash assistance	32,181
National school lunch program	
Cash assistance	99,953
Non-cash assistance (commodities)	19,077
Other sources	
Interest earned on investments	801
Miscellaneous	9,896
Total non-operating revenues (expenses)	164,533

See accompanying notes to financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020

	<u>Food Service Fund</u>
Other financing sources (uses)	
Loss on disposal of assets	<u>\$ (24,568)</u>
Total other financing sources (uses)	<u>(24,568)</u>
Change in net position	(22,745)
Net position, beginning	<u>193,298</u>
Net position, ending	<u><u>\$ 170,553</u></u>

See accompanying notes to financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020

	Food Service Fund
Cash flows from operating activities	
Receipts from customers	\$ 151,365
Payments to Food Service Management Co.	(273,591)
Payments to vendors (net)	(2,370)
Net cash provided by (used for) operating activities	(124,596)
Cash flows from non-capital financing activities	
State sources	2,799
Federal sources	139,192
Interfund receipts	111,434
Miscellaneous	9,896
Net cash provided by (used for) non-capital financing activities	263,321
Cash flows from capital financing activities	
Acquisition of equipment	(82,322)
Net cash provided by (used for) capital financing activities	(82,322)
Cash flows from investing activities	
Interest earned on investments	801
Net cash provided by (used for) investing activities	801
Net increase (decrease) in cash and cash equivalents	57,204
Cash and cash equivalents, beginning	8,932
Cash and cash equivalents, ending	\$ 66,136
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (162,710)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	16,273
Federal food donation program	19,077
Increase (decrease) in accounts receivable	2,083
Increase (decrease) in accounts payable	3,576
(Increase) decrease in inventory	(8,836)
Increase (decrease) in deferred revenue	5,941
Net cash provided by (used for) operating activities	\$ (124,596)

See accompanying notes to financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2020

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Student Activity Agency Fund	Payroll Agency Fund
Assets				
Cash and cash equivalents	\$ 244,257	\$ 23,415	\$ 142,256	\$ 39,615
Investments	-	28,428	-	-
Due from other funds	11,165	-	556	-
Total assets	<u>\$ 255,422</u>	<u>\$ 51,843</u>	<u>\$ 142,812</u>	<u>\$ 39,615</u>
Liabilities				
Payroll deductions and withholdings	\$ -	\$ -	\$ -	\$ 28,324
Accounts Payable	33,589	-	-	-
Due to other funds	-	556	-	11,165
Due to student groups	-	-	142,812	-
Net payroll	-	-	-	126
Total liabilities	<u>33,589</u>	<u>556</u>	<u>\$ 142,812</u>	<u>\$ 39,615</u>
Net position				
Held in trust for unemployment claims and other purposes	<u>\$ 221,833</u>	<u>\$ 51,287</u>		

See accompanying notes to financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2020

	Unemployment Compensation Fund	Private Purpose Scholarship Fund
	<u> </u>	<u> </u>
Additions		
Contributions		
Employee withholdings	\$ 22,451	\$ -
Investment earnings - interest	2,274	794
Total additions	<u>24,725</u>	<u>794</u>
Deductions		
Scholarship awards	-	1,250
Miscellaneous expense	-	712
Unemployment claims	45,116	-
Total deductions	<u>45,116</u>	<u>1,962</u>
Change in net position	(20,391)	(1,168)
Net position, beginning of the year	<u>242,224</u>	<u>52,455</u>
Net position, end of the year	<u><u>\$ 221,833</u></u>	<u><u>\$ 51,287</u></u>

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

The financial statements of the South Hunterdon Regional School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the District's over-all financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting entity

The District is a Type II District located in the County of Hunterdon, State of New Jersey. As a Type II District, the school district functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the District is to educate students in Grades PreK-12. The District serves the communities of the Borough of Stockton, City of Lambertville and Township of West Amwell. The District had an approximate enrollment at June 30, 2020 of 971 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:

1. The organization is legally separate (can sue or be sued in their own name).
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's board.
4. The District is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/burden on the District.
6. There is a fiscal dependency by the organization on the District.

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and postemployment healthcare benefits, are recorded only when payment is due.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted state aids.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

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

The District reports the following major governmental funds:

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

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by Board Resolution.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes in the special revenue fund.

Capital Projects Fund - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Additionally, the District reports the following fund types:

Proprietary fund types

Proprietary Fund - The focus of proprietary fund measurement is upon determination of net income, 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:

Enterprise Fund - The enterprise fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's enterprise fund is comprised of the food service fund.

All proprietary funds are accounted for on a current financial resource's measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (total net position) segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 - 20 Years
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Fiduciary fund types

Trust and Agency Funds - This fund is used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the trust and agency funds of the District:

Unemployment Compensation Trust Fund - This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the Benefit Reimbursement Method.

Private Purpose Scholarship Fund - This fund is used to account for scholarship accounts donated to the District to be utilized for scholarship awards to qualifying students.

Student Activities Agency Fund - This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund - This fund accounts for the withholding and remittance of employee salary deductions.

D. Budgets/budgetary control

Annual appropriated budgets are prepared in the Spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum Chart of Accounts referenced in N.J.A.C. 6:23-16.2(f)1. All budget amendments must be approved by School Board Resolution.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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.

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.

E. 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 unearned revenues at fiscal year-end.

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

F. Tuition receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition payable

Tuition charges for the fiscal year 2019-2020 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable and payables

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

J. Capital assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements & portable classroom	20 - 50
Land improvements	20
Furniture	20
Maintenance equipment	15
Musical instruments	10
Athletic equipment	10
Audio visual equipment	10
Office equipment	5 - 10
Computer equipment	5 - 10

K. Compensated absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board Statement Number 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.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of Social Security and Medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

L. Unearned revenue

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

Unearned revenue in the enterprise fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the food service fund. Prepaid lunch debit card revenue balances at year-end are also included in unearned revenue.

M. Long-term obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Net position

Net position represents the difference between the sum of assets and deferred outflows of resources, and the sum of liabilities and deferred inflows of resources. Net position is classified into the following three components:

- Net investment in capital assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.
- Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by credits, grantors, or laws or regulations of their governments.
- Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The school district applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Fund balances - governmental funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

- 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:

When expenditure is incurred for purposes which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When 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.

P. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Q. Allocation of indirect expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF Pension contributions, reimbursed TPAF Social Security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

R. Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has three items that qualify for reporting in this category, deferred amount on pension activity, bond premium, and loss on refunding long-term debt. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category, deferred amount on pension activity and gain on refunding long-term debt.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

School taxes are guaranteed, as to amount of collection, by the municipality (the collection agency) and are transmitted to the school district in accordance with the Schedule of Tax Installments as certified by the school district's Board of Education on an annual basis.

Note 3 - Deposits and cash equivalents and investments

Cash and cash equivalents include petty cash, change funds, and cash in banks.

New Jersey Governmental Units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey Governmental Units. In addition, other state statutes permit investments in obligations issued by local authorities and other state agencies. The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits, cash equivalents, and investments (continued)

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.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of Governmental Units. The statute requires that no Governmental Unit shall deposit public funds in a 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 saving banks the deposits of which are federally insured.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a policy for custodial credit risk. New Jersey statutes require that cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, the first \$250,000 of governmental deposits in each insured depository is protected 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, employee salary withholdings, or funds that may pass to the District relative to the happening of a future condition.

As of June 30, 2020, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	5,048,167
Total bank balances	\$ 5,298,167

Deposits at June 30, 2020 appear in the financial statements as summarized below:

Cash		\$ 4,908,717
<u>Unrestricted cash</u>		
Governmental funds, Balance Sheet	<u>Ref.</u> B-1	\$ 1,049,756
Enterprise funds, Statement of Net Position	B-4	66,136
Fiduciary funds, Statement of Net Position	B-7	449,543
<u>Restricted cash</u>		
Governmental funds, Balance Sheet	B-1	3,343,282
Total cash		\$ 4,908,717

Investments

As of June 30, 2020, the District had one annuity with a cash value of \$28,428 and a surrender value of \$28,428. These funds were uninsured and uncollateralized.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2020 is as follows:

	Beginning Balance (Restated)	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 498,143	\$ -	\$ -	\$ 498,143
Construction in progress	92,873	1,151,965	-	1,244,838
Total	<u>591,016</u>	<u>1,151,965</u>	<u>-</u>	<u>1,742,981</u>
Capital assets, being depreciated				
Building & improvements	28,742,461	249,911	-	28,992,372
Furniture & equipment	1,454,304	292,680	11,697	1,735,287
Vehicles	1,234,647	26,808	-	1,261,455
Total	<u>31,431,412</u>	<u>569,399</u>	<u>11,697</u>	<u>31,989,114</u>
Accumulated depreciation				
Building & improvements	9,080,877	662,527	-	9,743,404
Furniture & equipment	1,021,119	80,014	6,366	1,094,767
Vehicles	694,498	91,390	-	785,888
Total	<u>10,796,494</u>	<u>833,931</u>	<u>6,366</u>	<u>11,624,059</u>
Total capital assets, being depreciated, net	<u>20,634,918</u>	<u>(264,532)</u>	<u>5,331</u>	<u>20,365,055</u>
Governmental activities capital assets, net	<u>\$ 21,225,934</u>	<u>\$ 887,433</u>	<u>\$ 5,331</u>	<u>\$ 22,108,036</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 223,015	\$ 82,322	\$ 58,250	\$ 247,087
Less: accumulated depreciation	145,789	16,273	33,682	128,380
Business type activities capital assets, net	<u>\$ 77,226</u>	<u>\$ 66,049</u>	<u>\$ 24,568</u>	<u>\$ 118,707</u>

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction		
Regular	\$	325,682
Special education		116,979
Other special instruction		33,901
Other instruction		38,453
Support services		
Student & instruction		129,858
General & business administration		40,078
School administration		42,992
Plant maintenance		14,598
Transportation		91,390
Total depreciation expense, governmental activities	<u>\$</u>	<u>833,931</u>

Note 5 - Long-term debt

Long-term liability activity for the fiscal year ended June 30, 2020 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
General obligation bonds payable	\$ 10,146,155	\$ -	\$ 1,374,994	\$ 8,771,161	\$ 1,426,161
Compensated absences payable	173,669	25,833	-	199,502	-
Capital leases payable	127,563	-	62,498	65,065	65,065
PERS net pension liability	6,134,629	-	326,623	5,808,006	-
Bond premium	698,897	-	99,843	599,054	99,843
Total governmental activities long-term liabilities	<u>\$ 17,280,913</u>	<u>\$ 25,833</u>	<u>\$ 1,863,958</u>	<u>\$ 15,442,788</u>	<u>\$ 1,591,069</u>

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2020, including interest payments are listed as follows:

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,426,161	\$ 300,786	\$ 1,726,947
2022	1,445,000	253,058	1,698,058
2023	1,490,000	204,135	1,694,135
2024	1,435,000	154,663	1,589,663
2025	1,490,000	104,385	1,594,385
2026	1,485,000	52,185	1,537,185
Total	<u>\$ 8,771,161</u>	<u>\$ 1,069,212</u>	<u>\$ 9,840,373</u>

General Obligation Bonds - General obligation school building bonds payable at June 30, 2020, with their outstanding balances are comprised of the following individual issues:

\$290,000 - 2009 refunding school bonds, interest at 3.89%, due in annual installments beginning July 1, 2009 to July 1, 2020.	\$ 31,161
\$835,000 - 2014 refunding school bonds, interest at 2.20%, due in annual installments beginning July 1, 2015 to July 1, 2022.	335,000
\$9,600,000 - 2014 refunding school bonds, interest at 4.00%, due in annual installments beginning February 15, 2017 to February 15, 2026.	6,125,000
\$3,375,000 - 2015 refunding school bonds, interest at 2.15%, due in annual installments beginning February 15, 2015 to February 15, 2026.	<u>2,280,000</u>
Total	<u>\$ 8,771,161</u>

The general obligation bonded debt of the District is limited by state law to 4% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2020 is \$55,701,751. General obligation debt at June 30, 2020 is \$8,771,161, resulting in a legal debt margin of \$46,939,590.

Note 6 - Pension plans

Description of systems

Substantially all of the Board's employees participate in one of the following defined benefit public employee retirement systems which have been established by state statute: The Teachers' Pension and Annuity Fund (TPAF), Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pensions and Benefits. The TPAF retirement system is considered a 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 Board and the system's other related non-contributing employers.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS)

Plan description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service.

The following represents the membership tiers for PERS:

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

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

Allocation methodology and reconciliation to financial statements

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the state and local groups of the plan.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Allocation methodology and reconciliation to financial statements (continued)

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedule of pension amounts by employer and nonemployer. The allocation percentages for each group as of June 30, 2019 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2019 measurement date.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2018 through June 30, 2019. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For State fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The Actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15-years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Contributions (continued)

The District's contractually required contribution rate for the year ended June 30, 2020 was 13.11% of the Municipality's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

The contribution rate was 7.50% of base salary effective July 1, 2018.

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of the measurement date of June 30, 2019:

Net pension liability	\$	5,808,006
Proportionate share		0.0322336021%

Plan fiduciary net position as a percentage of the total pension liability	56.27%
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The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation rate	
Price	2.75%
Wage	3.25%

Salary increases (based on years of service)	
Through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%

Investment rate of return	7.00%
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Preretirement mortality rates were based on the Pub-10 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 generational basis. Mortality improvement is based on Scale MP-2019.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective net pension liability and actuarial information (continued)

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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, 2019 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 measurement date are summarized in the following table:

Asset Class	Target Allocation s	Long-Term Expected Rate of Return
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Discount rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019, 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 based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2019, measurement date, 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% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (6.28%)	\$ 5,808,006
At a 1% lower rate (5.28%)	7,387,493
At a 1% higher rate (7.28%)	4,551,516

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2019 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 104,246	\$ 25,657
Changes of assumptions	579,951	2,015,941
Net difference between projected and actual earnings on pension plan investments	-	91,682
Changes in proportion and differences between district contributions and proportionate share of contributions	3,437,331	2,908,632
District contributions subsequent to the measurement date	313,538	-
Total	<u>\$ 4,435,066</u>	<u>\$ 5,041,912</u>

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e., for the school year ended June 30, 2020, the plan measurement date is June 30, 2019) of \$313,538 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2019 measurement date:

	Beginning Balance	Net Change in Activity	Ending Balance
Deferred outflows of resources			
Differences between expected and actual experience	\$ 116,988	\$ (12,742)	\$ 104,246
Changes of assumptions	1,010,885	(430,934)	579,951
Deferred inflows of resources			
Differences between expected and actual experience	(31,632)	5,975	(25,657)
Changes of assumptions	(1,961,528)	(54,413)	(2,015,941)
Difference between projected and actual earnings on pension plan investments	(57,543)	(34,139)	(91,682)
Net of deferred outflows	<u>\$ (922,830)</u>	<u>\$ (526,253)</u>	<u>\$ (1,449,083)</u>

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

<u>Fiscal Year Ended June 30,</u>	
2020	\$ (167,709)
2021	(544,044)
2022	(485,800)
2023	(228,108)
2024	(23,422)
Total	\$ (1,449,083)

Pension expense

For the fiscal year ended June 30, 2020, the District recognized net pension expense of \$1,551,967, which represents the District's proportionate share of allocable plan pension expense of \$269,270, plus the net amortization of deferred amounts from changes in proportion of \$1,286,325, and less other adjustments to the net pension liability of \$3,628. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2019 measurement date are as follows:

Service cost	\$ 223,688
Interest on total pension liability	662,990
Member contributions	(154,070)
Administrative expense	4,081
Expected investment return net of investment expense	(411,380)
Pension expense related to specific liabilities of individual employers	(1,927)
Recognition of deferred inflows/outflows of resources	
Amortization of assumption changes or inputs	49,915
Amortization of expected versus actual experience	(152,559)
Amortization of projected versus actual investment earnings on pension plan investments	48,532
Pension expense	\$ 269,270

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF)

Plan description

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

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

The following represents the membership tiers for TPAF:

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Contributions

The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the State fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

Special funding situation

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

During the State fiscal year ended June 30, 2019, the State of New Jersey contributed \$1,688,479 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.50% of base salary effective July 1, 2018.

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2019 measurement date is as follows:

District proportionate share of net pension liability	\$ 70,551,680
Less: State proportionate share of net pension liability	19,014,150
Net pension liability	\$ 51,537,530
 Proportionate share	 0.0839770849%
 Plan fiduciary net position as a percentage of the total pension liability	 26.95%

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Actuarial assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases (based on years of service)	
Through - 2026	1.55 - 4.55%
Thereafter	2.00 - 5.45%
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

Discount rate

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2019 measurement date, 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% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (5.60%)	\$ 51,537,530
At a 1% lower rate (4.60%)	60,774,154
At a 1% higher rate (6.60%)	43,874,048

Pension expense

The components of allocable pension expense, which exclude amounts related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2019 measurement date are as follows:

Service cost	\$ 1,576,709
Interest on total pension liability	3,519,944
Member contributions	(708,874)
Administrative expense	11,663
Expected investment return net of investment expense	(1,292,549)
Pension expense related to specific liabilities of individual employers	(251)
Recognition of deferred inflows/outflows of resources	
Amortization of assumption changes or inputs	149,311
Amortization of expected versus actual experience	(499,860)
Amortization of projected versus actual investment earnings on pension plan investments	283,728
Pension expense	<u>\$ 3,039,821</u>

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,400 in 2020) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

C. Defined contribution retirement program (continued)

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ended 2020 was \$6,926.

D. Other pension plan information

During the fiscal year ended June 30, 2020, the State of New Jersey contributed \$695,663 to the TPAF for postretirement medical benefits, \$33,019 for non-contributory insurance premiums, \$1,867 for long-term disability insurance, and \$1,842,177 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$708,109 during the year ended June 30, 2020 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement No. 68.

Note 7 - Postretirement benefits

The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provision of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of PERS and Alternative Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. In fiscal year 2019, the State paid PRM benefits for 153,893 State and local retirees.

The State funds postretirement 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 of assets against the PRM expenses that the State may incur in future years. For fiscal year 2019, the State contributed \$1.908 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's pay-as-you-go contributions have remained consistent with fiscal year 2019 amounts. The State has appropriated 1.612 billion in fiscal year 2020 as the State's contribution to fund pay-as-you-go PRM costs.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

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. The fiscal year 2019 total State OPEB liability to provide these benefits is \$76.0 billion, a decrease of \$14.5 billion or 16 percent from the \$90.5 billion liability recorded in fiscal year 2018.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, 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 GASB Statement No. 75.

Total OPEB liability

The State, a non-employer 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 proportionate share percentage determined under Paragraphs 193 and 203 through 205 of GASB Statement 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 District. Note that actual numbers will be published in the NJ State CAFR at <https://www.nj.gov/treasury/omb/cafr.shtml>.

Under a special funding situation, the State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Therefore, the following OPEB liability note information is reported at the State's level and is not accrued by the District.

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2019 measurement date is as follows:

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - <u>Postretirement benefits (continued)</u>	
State's proportionate share of the OPEB liability	\$ 41,729,081,045
District's proportionate share of the State's OPEB liability	33,620,783
Employer OPEB expense and related revenue	1,327,245
Allocable proportionate percentage	0.0805691910%

Changes in the total OPEB liability

	<u>Total OPEB Liability</u>
Total OPEB liability at June 30, 2018	\$ 36,196,560
Service cost	1,445,538
Interest cost	1,437,555
Change of benefit terms	-
Differences between expected and actual experiences	(4,958,694)
Changes of assumptions	501,289
Member contributions	30,593
Gross benefit payments	(1,032,058)
Total OPEB liability at June 30, 2019	<u>\$ 33,620,783</u>

There were no changes of the benefit terms from June 30, 2018 to June 30, 2019.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019.

The total non-employer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%	
	<u>TPAF</u>	<u>PERS</u>
	(based on years of service)	(based on years of service)
Salary increases		
Through 2026	1.55% - 3.05%	2.00% - 6.00%
Thereafter	1.55% - 3.05%	3.00% - 7.00%

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 - June 30, 2018 for TPAF and PERS, respectively.

Health care trend assumptions

For Pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the total OPEB liability to changes in the discount rates

The following presents the total non-employer OPEB liability as of June 30, 2019 measurement date, using the District’s allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB Liability (school retirees)

At current discount rate (3.50%)	\$ 33,620,783
At a 1% lower rate (2.50%)	39,719,431
At a 1% higher rate (4.50%)	28,776,352

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

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

The following presents the total non-employer OPEB liability, as well as what the total non-employer OPEB 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:

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$ 33,620,783
At a 1% lower rate (1% decrease)	27,702,027
At a 1% higher rate (1% increase)	41,456,001

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$1,327,245 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

In accordance with GASB Statement No. 75, the District's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

Note 8 - Deferred compensation

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

- Equitable
- Lincoln Investment Planning

Note 9 - Inventory

Inventory in the food service fund as of June 30, 2020 consisted of the following:

Food	\$ 10,776
Supplies	2,681
Total	<u>\$ 13,457</u>

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 10 - Operating lease

At June 30, 2020, the District had operating lease agreements in effect for computers, copy machines and digital mailing system. The present value of the future minimum rental payments under the operating lease agreements are as follows:

2021	\$	117,875
2022		105,627
2023		1,416
2024		1,180
Total		\$ 226,098

Note 11 - Capital lease

At June 30, 2020, the District had two capital lease agreements in effect for buses that expire July 2020 and June 2021. The leases are secured by the buses and require monthly payments for principal and interest. The interest rates are 3.5% and 4.68% per annum. The following is a schedule of all future minimum lease payments:

2021	\$	67,739
Less: amount representing interest		(2,674)
Total present value of minimum lease payments		\$ 65,065

Note 12 - Contingent liabilities

Amounts received, or are receivables, from grantor agencies could be subject to audit and adjusted by grantor agencies. Any disallowed claims, including amounts already collected, may result in a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

Note 13 - 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, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete Schedule of Insurance Coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 13 - Risk management (continued)

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the Benefit Reimbursement Method. Under this plan, the District is required to reimburse the NJ Unemployment Trust Fund for Benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, and interest earnings, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's Unemployment Trust Fund for the current and previous two years:

Fiscal Year	Board Contrib.	Interest Earnings	Employee Contrib.	Amount Reimbursed	Ending Balance
2019 - 2020	\$ -	\$ 2,274	\$ 22,451	\$ 45,116	\$ 221,833
2018 - 2019	-	3,120	22,015	14,369	242,224
2017 - 2018	-	2,594	22,041	21,524	231,458

Note 14 - Reserve accounts

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long-Range Facilities Plan (LRFP) and updated annually in the Quality Single Accountability Continuum (QSAC). Upon submission of the LRFP to the Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Districts are allowed as per N.J.S.A. 18A:7F-41(a) and 41(b) to deposit to the reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. The following schedule is a summarization of the reserve accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 2,335,260	\$ 575,000	\$ 19,831	\$ 651,608	\$ 961,527	\$2,620,172
Emergency	250,000	-	-	-	250,000	-
Maintenance	532,521	-	4,826	-	62,361	474,986
Total	<u>\$ 3,117,781</u>	<u>\$ 575,000</u>	<u>\$ 24,657</u>	<u>\$ 651,608</u>	<u>\$ 1,273,888</u>	<u>\$3,095,158</u>

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 15 - Fund balances

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2020 is as follows:

Restricted

Excess surplus - Designated for subsequent year's expenditures. Amount appropriated in the succeeding year's budget to reduce tax requirements	\$ 293,324
Excess surplus - Represents amount in excess of allowable percentage of expenditures. In accordance with State statute, the excess surplus is designated for utilization in succeeding year's budgets.	300,705
Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	2,620,172
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	474,986
Committed	
Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	42,355
Unassigned	
Undesignated - Represents fund balance which has not been restricted or designated.	<u>520,289</u>
Total fund balance - Budgetary basis (Exhibit C-1)	4,251,831
Last state aid payments not recognized on GAAP basis	<u>(217,815)</u>
Total fund balance - GAAP basis (Exhibit B-1)	<u><u>\$ 4,034,016</u></u>

Note 16 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2020 is \$300,705.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 17 - Interfund receivables and payables

The composition of interfund balances as of June 30, 2020 is as follows:

	Receivable	Payable
General fund	\$ 39,959	\$ -
Special revenue fund	-	39,929
Payroll agency fund	-	11,165
Unemployment compensation fund	11,165	-
Private purpose scholarship fund	-	556
Student activity agency fund	556	-
Food service fund	-	30
Total	\$ 51,680	\$ 51,680

As of June 30, 2020, the following interfund balances were on the District's records. The food service fund had an interfund payable to the general fund of \$30 for funds not yet transferred at year end. The balance due from the special revenue fund to the general fund represents a loan from the general fund of \$39,929 due to cash flow issues relating to the delayed receipt of grant revenues. The balance due from payroll agency to unemployment compensation of \$11,165 is unemployment withholdings not yet transferred at year end. The student activities fund had an interfund receivable of \$556 from the private purpose scholarship fund not yet transferred at year end.

Note 18 - Recent accounting pronouncements not yet effective

The following is of recent accounting pronouncements which are not yet effective as of the year-end date of this report.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. This statement is effective for reporting periods beginning after June 15, 2021 as amended by GASB Statement No. 95. The District is evaluating the effect of the pronouncement on financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This statement is effective for reporting periods beginning after December 15, 2019 as amended by GASB Statement No. 95. The District is evaluating the effect of the pronouncement on financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement is effective for reporting periods beginning after June 15, 2022. The District is evaluating the effect of the pronouncement on financial reporting.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 19 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2020 of (\$5,790,045) on Schedule A-1 Statement of Net Position. The deficit balance is the result of reporting required by GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the state.

Note 20 - Risks and uncertainties

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (The "COVID-19 outbreak") and the risks to the international community as a virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations.

Note 21 - Subsequent events

The District has evaluated subsequent events through January 14, 2021, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

BUDGETARY COMPARISON SCHEDULES

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenue					
Local sources					
Local tax levy	\$18,398,914	\$ -	\$18,398,914	\$18,398,914	\$ -
Tuition from individuals	-	-	-	16,900	16,900
Transportation fees from other LEAs	-	-	-	44,112	44,112
Unrestricted miscellaneous revenues	166,000	-	166,000	215,945	49,945
Interest earned on maintenance reserve	1,000	-	1,000	4,826	3,826
Interest earned on capital reserve funds	1,000	-	1,000	19,831	18,831
Total	<u>18,566,914</u>	<u>-</u>	<u>18,566,914</u>	<u>18,700,528</u>	<u>133,614</u>
State sources					
School choice aid	1,342,570	-	1,342,570	1,342,570	-
Categorical transportation aid	314,641	-	314,641	314,641	-
Extraordinary aid	-	-	-	90,951	90,951
Categorical special education aid	589,364	-	589,364	589,364	-
Categorical security aid	125,891	-	125,891	125,891	-
TPAF Pension (on-behalf)	-	-	-	1,875,196	1,875,196
TPAF Social Security (reimbursed)	-	-	-	708,109	708,109
TPAF Postretirement benefits	-	-	-	695,663	695,663
TPAF Long-term disability insurance	-	-	-	1,867	1,867
Total	<u>2,372,466</u>	<u>-</u>	<u>2,372,466</u>	<u>5,744,252</u>	<u>3,371,786</u>
Federal Sources					
Medicaid reimbursement	25,758	-	25,758	22,474	(3,284)
Total	<u>25,758</u>	<u>-</u>	<u>25,758</u>	<u>22,474</u>	<u>(3,284)</u>
Total revenues	<u>\$20,965,138</u>	<u>\$ -</u>	<u>\$20,965,138</u>	<u>\$24,467,254</u>	<u>\$ 3,502,116</u>
Expenditures					
Current					
Instruction - regular program					
Salaries of teachers					
Preschool	\$ -	\$ 187,535	\$ 187,535	\$ 185,997	\$ 1,538
Kindergarten	331,252	1,982	333,234	333,234	-
Grades 1-5	1,761,886	(84,274)	1,677,612	1,677,612	-
Grades 6-8	1,350,567	(36,484)	1,314,083	1,313,986	97
Grades 9-12	1,905,287	(26,854)	1,878,433	1,878,432	1
Home instruction					
Salaries of teacher	16,066	(12,002)	4,064	4,064	-
Purchased professional - educational services	-	2,153	2,153	2,153	-
Regular programs - undistributed instruction					
Purchased professional - educational services	6,500	(6,500)	-	-	-
Purchased technical services	64,608	(18,766)	45,842	45,842	-
Other purchased services	169,817	43,708	213,525	169,056	44,469
General supplies	275,744	(385)	275,359	261,588	13,771
Textbooks	67,000	(33,957)	33,043	30,532	2,511
Total	<u>5,948,727</u>	<u>16,156</u>	<u>5,964,883</u>	<u>5,902,496</u>	<u>62,387</u>

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Special education					
Learning and/or language disabilities					
Salaries of teachers	\$ 75,328	\$ -	\$ 75,328	\$ 75,328	\$ -
General supplies	3,200	-	3,200	-	3,200
Total	<u>78,528</u>	<u>-</u>	<u>78,528</u>	<u>75,328</u>	<u>3,200</u>
Multiple disabilities					
Salaries of teachers	133,260	750	134,010	134,010	-
General supplies	1,400	(882)	518	-	518
Total	<u>134,660</u>	<u>(132)</u>	<u>134,528</u>	<u>134,010</u>	<u>518</u>
Resource room/resource center					
Salaries of teachers	1,447,020	42,336	1,489,356	1,474,223	15,133
Other salaries for instruction	472,673	3,380	476,053	459,089	16,964
Other purchased services	-	110	110	110	-
General supplies	6,500	(455)	6,045	5,133	912
Total	<u>1,926,193</u>	<u>45,371</u>	<u>1,971,564</u>	<u>1,938,555</u>	<u>33,009</u>
Preschool disabilities - full-time					
Salaries of teachers	148,585	(148,585)	-	-	-
Other salaries for instruction	59,765	(51,443)	8,322	-	8,322
General supplies	350	-	350	-	350
Total	<u>208,700</u>	<u>(200,028)</u>	<u>8,672</u>	<u>-</u>	<u>8,672</u>
Total special education	<u>2,348,081</u>	<u>(154,789)</u>	<u>2,193,292</u>	<u>2,147,893</u>	<u>45,399</u>
Basic skills/remedial					
Salaries of teachers	95,571	53,076	148,647	146,890	1,757
General supplies	1,000	812	1,812	1,812	-
Total	<u>96,571</u>	<u>53,888</u>	<u>150,459</u>	<u>148,702</u>	<u>1,757</u>
Bilingual education - instruction					
Salaries of teachers	350,416	4,448	354,864	354,864	-
General supplies	-	1,686	1,686	756	930
Other objects	-	59	59	-	59
Total	<u>350,416</u>	<u>6,193</u>	<u>356,609</u>	<u>355,620</u>	<u>989</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	191,924	(5,255)	186,669	141,970	44,699
Purchased services	239	958	1,197	1,197	-
Supplies and materials	16,000	(7,249)	8,751	8,751	-
Other objects	1,800	(1,336)	464	225	239
Total	<u>209,963</u>	<u>(12,882)</u>	<u>197,081</u>	<u>152,143</u>	<u>44,938</u>

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
School-sponsored athletics - instruction					
Salaries	\$ 374,759	\$ 12,104	\$ 386,863	\$ 386,863	\$ -
Purchased services	47,168	4,525	51,693	51,438	255
Supplies and materials	55,000	24,290	79,290	77,250	2,040
Other objects	8,000	(7,035)	965	965	-
Total	484,927	33,884	518,811	516,516	2,295
Summer school - instruction					
Salaries of teachers	34,000	5,234	39,234	38,250	984
Total	34,000	5,234	39,234	38,250	984
Total summer school	34,000	5,234	39,234	38,250	984
Total instruction regular	\$ 9,472,685	\$ (52,316)	\$ 9,420,369	\$ 9,261,620	\$ 158,749
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - regular	\$ -	\$ 15,545	\$ 15,545	\$ 15,545	\$ -
Tuition to other LEAs within the state - special	17,656	7,578	25,234	17,614	7,620
Tuition to county vocational school district - regular	113,687	(45,749)	67,938	67,937	1
Tuition to county vocational school district - special	-	50,325	50,325	50,325	-
Tuition to cssd & regional day schools	66,920	32,135	99,055	91,356	7,699
Tuition to priv. school for the disabled w/i state	1,033,511	(130,016)	903,495	894,490	9,005
Tuition to priv. sch. disabled & other LEAs-spl, o/s state	-	30,000	30,000	25,360	4,640
Tuition - other	113,794	200	113,994	113,974	20
Total	1,345,568	(39,982)	1,305,586	1,276,601	28,985
Undistributed expenditures - attendance & social work					
Salaries	92,953	2,881	95,834	88,531	7,303
Total	92,953	2,881	95,834	88,531	7,303
Undistributed expenditures - health services					
Salaries	195,775	2,425	198,200	194,450	3,750
Purchased professional and technical services	5,000	120	5,120	5,120	-
Other purchased services	2,500	-	2,500	2,400	100
Supplies and materials	24,400	(120)	24,280	6,240	18,040
Total	227,675	2,425	230,100	208,210	21,890
Undistributed expenditures - speech, ot, pt & related services					
Salaries	204,595	4,955	209,550	209,550	-
Purchased professional - educational services	40,450	22,711	63,161	35,938	27,223
Supplies and materials	2,200	1,325	3,525	3,376	149
Other objects	-	731	731	731	-
Total	247,245	29,722	276,967	249,595	27,372
Undistributed expenditures - other supp. service stds. - extra service					
Salaries	9,793	-	9,793	9,792	1
Total	9,793	-	9,793	9,792	1

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - guidance					
Salaries of other professional staff	\$ 473,025	\$ (9,873)	\$ 463,152	\$ 459,271	\$ 3,881
Salaries of secretarial and clerical assistants	94,144	3,360	97,504	96,921	583
Purchased professional - educational services	3,000	16,334	19,334	798	18,536
Other purchased professional & technical services	36,690	(11,301)	25,389	22,138	3,251
Other purchased services	3,000	1,367	4,367	3,979	388
Supplies and materials	8,500	(3,969)	4,531	2,830	1,701
Other objects	800	450	1,250	1,250	-
Total	619,159	(3,632)	615,527	587,187	28,340
Undistributed expenditures - child study teams					
Salaries of other professional staff	362,327	11,834	374,161	374,160	1
Salaries of secretarial and clerical assistants	108,456	(4,538)	103,918	103,918	-
Purchased professional - educational services	32,000	(8,667)	23,333	16,625	6,708
Other purchased professional & technical services	8,000	3,268	11,268	9,862	1,406
Other purchased services	2,000	1,382	3,382	3,382	-
Supplies and materials	5,000	(1,680)	3,320	3,292	28
Other objects	-	904	904	904	-
Total	517,783	2,503	520,286	512,143	8,143
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	309,317	4,014	313,331	313,331	-
Salaries of other professional staff	15,000	-	15,000	5,330	9,670
Salaries of secretarial & clerical assist	91,394	5,333	96,727	95,827	900
Other purchased services	9,175	(9,154)	21	21	-
Supplies and materials	1,500	732	2,232	2,232	-
Other objects	2,100	(362)	1,738	1,631	107
Total	428,486	563	429,049	418,372	10,677
Undistributed expenditures - edu. media service/sch. library					
Salaries	234,365	12,725	247,090	245,877	1,213
Other purchased services	3,175	1,779	4,954	4,954	-
Supplies and materials	16,600	(6,139)	10,461	10,421	40
Total	254,140	8,365	262,505	261,252	1,253
Undistributed expenditures - instructional staff training services					
Salaries of supervisor of instruction	4,000	(712)	3,288	2,652	636
Purchased professional - educational services	18,381	(4,291)	14,090	12,490	1,600
Other purchased professional & technical services	-	6,145	6,145	4,870	1,275
Other purchased services	10,000	4,368	14,368	12,003	2,365
Supplies and materials	200	2,205	2,405	2,405	-
Other objects	-	271	271	271	-
Total	32,581	7,986	40,567	34,691	5,876

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expend. - support service - general admin.					
Salaries	\$ 252,129	\$ 17,725	\$ 269,854	\$ 269,854	\$ -
Legal services	40,000	(18,247)	21,753	18,252	3,501
Audit fees	43,550	-	43,550	21,550	22,000
Architectural/engineering services	6,425	2,462	8,887	4,281	4,606
Other purchased professional services	22,400	(19,175)	3,225	1,078	2,147
Communications/telephone	66,463	(413)	66,050	46,600	19,450
BOE other purchased services	-	227	227	77	150
Miscellaneous purch services	48,750	1,399	50,149	48,984	1,165
General supplies	1,000	616	1,616	1,609	7
Miscellaneous expenditures	3,000	-	3,000	907	2,093
BOE membership dues and fees	15,000	(1,974)	13,026	10,806	2,220
Total	498,717	(17,380)	481,337	423,998	57,339
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	361,592	10,226	371,818	371,818	-
Salaries of secretarial and clerical assistants	158,656	2,292	160,948	160,948	-
Purchased professional and technical services	-	1,298	1,298	-	1,298
Other purchased services	2,000	(1,667)	333	333	-
Supplies and materials	8,200	3,385	11,585	6,525	5,060
Other objects	5,000	(1,961)	3,039	3,039	-
Total	535,448	13,573	549,021	542,663	6,358
Undistributed expenditures - central services					
Salaries	241,214	22,024	263,238	263,199	39
Purchased professional services	7,500	-	7,500	7,358	142
Purchased technical services	55,500	(13,947)	41,553	34,969	6,584
Miscellaneous purchased services	2,325	1,432	3,757	3,062	695
Supplies and materials	1,500	3,295	4,795	4,001	794
Other objects	13,000	(12,805)	195	195	-
Total	321,039	(1)	321,038	312,784	8,254
Undistributed expenditures - admin. info. technology					
Salaries	243,873	3,808	247,681	247,681	-
Total	243,873	3,808	247,681	247,681	-
Undistributed expenditures - required maint. for school facilities					
Salaries	246,612	1,680	248,292	248,292	-
Cleaning, repair, and maintenance services	285,919	54,611	340,530	340,155	375
General supplies	137,990	(66,543)	71,447	60,160	11,287
Other objects	500	60	560	560	-
Total	671,021	(10,192)	660,829	649,167	11,662

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - custodial services					
Salaries	\$ 513,610	\$ (16,547)	\$ 497,063	\$ 476,789	\$ 20,274
Purchased professional and technical services	25,190	(5,085)	20,105	19,910	195
Cleaning, repair, and maintenance service	9,000	13,570	22,570	22,570	-
Other purchased property services	6,943	182	7,125	7,125	-
Insurance	59,000	3,194	62,194	62,194	-
General supplies	45,652	120,879	166,531	154,415	12,116
Energy (natural gas)	18,000	(1,768)	16,232	15,119	1,113
Energy (electricity)	229,500	(35,211)	194,289	193,021	1,268
Energy (oil)	115,500	(18,484)	97,016	64,688	32,328
Total	1,022,395	60,730	1,083,125	1,015,831	67,294
Undistributed expenditures - security					
Salaries	120,000	(120,000)	-	-	-
Purchased professional and technical services	-	127,346	127,346	127,346	-
Total	120,000	7,346	127,346	127,346	-
Undistributed expenditures - student transportation service					
Salaries of non-instructional aides	5,000	(5,000)	-	-	-
Salaries for pupil trans. (between home & school) - reg.	363,000	(9,180)	353,820	353,820	-
Salaries for pupil trans. (between home & school) - sp. ed.	177,000	(39,285)	137,715	137,715	-
Salaries for pupil trans. (other than between home & school)	27,500	(7,692)	19,808	15,318	4,490
Management fee - esc & ctsa trans. program	8,300	(4,181)	4,119	4,119	-
Other purchased professional and technical service	7,875	(6,764)	1,111	-	1,111
Cleaning, repair, & maint. services	60,000	14,574	74,574	74,574	-
Lease purchase payments - school buses	62,537	40,404	102,941	102,941	-
Contract service - aid in lieu pymts. - non-public schools	46,000	9,500	55,500	52,000	3,500
Contract services (between home & school) - vendors	-	28,511	28,511	28,511	-
Contract service (between home & school) - joint agreements	-	46,616	46,616	45,682	934
Contract service (sp. ed. stds.) - vendors	88,500	(6,801)	81,699	73,969	7,730
Miscellaneous purchased services - transportation	30,315	(5,859)	24,456	24,456	-
General supplies	1,000	-	1,000	851	149
Transportation supplies	71,000	3,647	74,647	43,629	31,018
Total	948,027	58,490	1,006,517	957,585	48,932
Unallocated benefits - employee benefits					
Social Security contributions	305,900	15,275	321,175	321,175	-
Other retirement contributions - PERS	340,000	(10,996)	329,004	329,004	-
Other retirement contributions - ERIP	8,000	(2,088)	5,912	5,912	-
Workmen's compensation	130,000	(1,988)	128,012	128,012	-
Health benefits	2,835,988	(143,645)	2,692,343	2,535,661	156,682
Tuition reimbursement	75,000	33,136	108,136	107,739	397
Other employee benefits	166,310	16,621	182,931	182,931	-
Unused sick payment to terminated/retired staff	19,830	21,925	41,755	23,899	17,856
Total	3,881,028	(71,760)	3,809,268	3,634,333	174,935

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
On-behalf TPAF Pension contribution	\$ -	\$ -	\$ -	\$ 1,875,196	\$ (1,875,196)
On-behalf TPAF Postretirement medical benefits	-	-	-	695,663	(695,663)
On-behalf TPAF Long-term disability insurance	-	-	-	1,867	(1,867)
Reimbursed TPAF Social Security contribution	-	-	-	708,109	(708,109)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,280,835</u>	<u>(3,280,835)</u>
 Total undistributed expenditures	 <u>\$12,016,931</u>	 <u>\$ 55,445</u>	 <u>\$12,072,376</u>	 <u>\$14,838,597</u>	 <u>\$ (2,766,221)</u>
 Total current	 <u>\$21,489,616</u>	 <u>\$ 3,129</u>	 <u>\$21,492,745</u>	 <u>\$24,100,217</u>	 <u>\$ (2,607,472)</u>
Capital outlay					
Equipment					
Grades 1-5	\$ 17,451	\$ 6,926	\$ 24,377	\$ 24,377	\$ -
Grades 9-12	-	14,470	14,470	14,470	-
Undistributed					
School buses - regular	-	26,808	26,808	26,808	-
Total equipment	<u>17,451</u>	<u>48,204</u>	<u>65,655</u>	<u>65,655</u>	<u>-</u>
 Facilities acquisition and construction service					
Architectural/engineering services	90,660	(2,162)	88,498	13,950	74,548
Other purchased professional and technology services	-	10,000	10,000	2,206	7,794
Construction services	511,247	13,190	524,437	13,190	511,247
Assessment for debt service on SDA funding	13,746	-	13,746	13,746	-
Total facilities acquisition and construction service	<u>615,653</u>	<u>21,028</u>	<u>636,681</u>	<u>43,092</u>	<u>593,589</u>
 Total capital outlay	 <u>\$ 633,104</u>	 <u>\$ 69,232</u>	 <u>\$ 702,336</u>	 <u>\$ 108,747</u>	 <u>\$ 593,589</u>
 Total expenditures	 <u>\$22,122,720</u>	 <u>\$ 72,361</u>	 <u>\$22,195,081</u>	 <u>\$24,208,964</u>	 <u>\$ (2,013,883)</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>\$ (1,157,582)</u>	 <u>\$ (72,361)</u>	 <u>\$ (1,229,943)</u>	 <u>\$ 258,290</u>	 <u>\$ 1,488,233</u>
Other financing sources (uses)					
Operating transfer out					
Transfer to fiduciary fund - board contribution	(10,000)	10,000	-	-	-
Capital reserve - transfer to capital projects fund	(538,753)	-	(538,753)	(538,753)	-
Total other financing sources (uses)	<u>(548,753)</u>	<u>10,000</u>	<u>(538,753)</u>	<u>(538,753)</u>	<u>-</u>
 Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	 <u>(1,706,335)</u>	 <u>(62,361)</u>	 <u>(1,768,696)</u>	 <u>(280,463)</u>	 <u>1,488,233</u>
 Fund balances, July 1	 <u>4,532,294</u>	 <u>-</u>	 <u>4,532,294</u>	 <u>4,532,294</u>	 <u>-</u>
Fund balances, June 30	<u>\$ 2,825,959</u>	<u>\$ (62,361)</u>	<u>\$ 2,763,598</u>	<u>\$ 4,251,831</u>	<u>\$ 1,488,233</u>

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (130,152)	\$ -	\$ (130,152)	\$ (130,152)	\$ -
Increase in capital reserve	-	1,226,608	1,226,608	1,226,608	-
Interest deposit to capital reserve	1,000	-	1,000	19,831	18,831
Withdrawal from capital reserve	(883,746)	(77,781)	(961,527)	(961,527)	-
Withdrawal from Emergency Reserve	(250,000)	-	(250,000)	(250,000)	-
Interest earned on maintenance reserve	1,000	-	1,000	4,826	3,826
Withdrawal from maintenance reserve	-	(62,361)	(62,361)	(62,361)	-
Budgeted fund balance	(444,437)	(1,148,827)	(1,593,264)	(127,688)	1,465,576
Total	\$ (1,706,335)	\$ (62,361)	\$ (1,768,696)	\$ (280,463)	\$ 1,488,233
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 293,324	
Excess surplus - current year				300,705	
Capital reserve				2,620,172	
Maintenance reserve				474,986	
Committed fund balance					
Year-end encumbrances				42,355	
Unassigned fund balance				520,289	
Fund balance per budgetary basis				4,251,831	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				(217,815)	
Fund balance per governmental funds (GAAP)				\$ 4,034,016	

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Federal sources	\$ 420,129	\$ -	\$ 420,129	\$ 409,990	\$ (10,139)
Local sources	112,939	-	112,939	72,224	(40,715)
Total revenues	<u>\$ 533,068</u>	<u>\$ -</u>	<u>\$ 533,068</u>	<u>\$ 482,214</u>	<u>\$ (50,854)</u>
Expenditures					
Instruction					
Salaries	\$ 122,867	\$ (737)	\$ 122,130	\$ 116,922	\$ 5,208
Purchased professional & technical services	-	979	979	371	608
Supplies	100,014	(19)	99,995	92,636	7,359
Other objects	-	1,600	1,600	1,600	-
Total	<u>222,881</u>	<u>1,823</u>	<u>224,704</u>	<u>211,529</u>	<u>13,175</u>
Support services					
Tuition	213,747	-	213,747	213,747	-
Employee benefits	73,015	-	73,015	37,244	35,771
Purchased professional & technical services	2,592	14,779	17,371	15,468	1,903
Other purchased services	19,783	(16,409)	3,374	3,369	5
Supplies	1,050	(193)	857	857	-
Total	<u>310,187</u>	<u>(1,823)</u>	<u>308,364</u>	<u>270,685</u>	<u>37,679</u>
Total expenditures	<u>\$ 533,068</u>	<u>\$ -</u>	<u>\$ 533,068</u>	<u>\$ 482,214</u>	<u>\$ 50,854</u>

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2020

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 24,467,254	\$ 482,214
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances prior year	-	35,771
Outstanding encumbrances current year	-	(7,515)
Difference - Budget to GAAP		
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State aid receivable prior year	217,325	-
State aid receivable current year	(217,815)	-
Total revenues (GAAP basis)	<u>\$ 24,466,764</u>	<u>\$ 510,470</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 24,208,964	\$ 482,214
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances prior year	-	35,771
Outstanding encumbrances current year	-	(7,515)
Total expenditures (GAAP basis)	<u>\$ 24,208,964</u>	<u>\$ 510,470</u>

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**SCHEDULES RELATED TO ACCOUNTING
AND REPORTING FOR PENSIONS (GASB 68) (UNAUDITED)**

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset) - percentage	N/A	0.0322336021%	0.0311568500%	0.0313398241%	0.0291500635%	0.0272854859%	0.0261730678%	0.025348854%	N/A	N/A
District's proportion of the net pension liability (asset) - value	\$ -	\$ 5,808,006	\$ 6,134,629	\$ 7,295,410	\$ 8,633,414	\$ 6,125,045	\$ 4,900,314	\$ 4,843,719	N/A	N/A
District's covered employee payroll	2,390,716	2,254,639	2,298,715	2,155,498	2,064,720	1,952,858	1,812,411	1,781,209	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	257.60%	266.87%	338.46%	418.14%	313.65%	270.38%	271.93%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	26.95%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%	N/A	N/A

N/A = Information Not Available

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Schedule of District's Contributions - Public Employees Retirement System
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 313,538	\$ 309,910	\$ 295,818	\$ 260,260	\$ 258,965	\$ 234,582	\$ 215,767	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(313,538)	(309,910)	(295,818)	(260,260)	(258,965)	(234,582)	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,767</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 2,390,716	\$ 2,254,639	\$ 2,298,715	\$ 2,155,498	\$ 2,064,720	\$ 1,952,858	\$ 1,812,411	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	13.11%	13.75%	12.87%	12.07%	12.54%	12.01%	11.90%	N/A	N/A	N/A

N/A = Information Not Available

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ -	51,537,530	51,897,307	-	-	-	-	-	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ 51,537,530</u>	<u>\$ 51,897,307</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 9,508,755	\$ 9,161,360	N/A	\$ 8,709,653	\$ 8,039,439	\$ 7,739,908	\$ 7,825,831	\$ 7,379,913	\$ -	\$ -
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%	N/A	N/A

N/A = Information Not Available

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Schedule of District's Contributions - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 1,688,479	\$ 1,686,199	\$ 1,201,336	\$ 841,051	\$ 574,414	\$ 406,863	\$ 158,792	\$ 245,467	N/A	N/A
Contributions in relation to the contractually required contribution	(1,688,479)	(1,686,199)	(1,201,336)	(841,051)	(574,414)	(406,863)	(158,792)	(245,467)	N/A	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 9,508,755	\$ 9,161,360	N/A	\$ 8,709,653	\$ 8,039,439	\$ 7,739,908	\$ 7,825,831	\$ 7,379,913	N/A	N/A
Contributions as a percentage of covered employee payroll	17.76%	18.41%	N/A	9.66%	7.14%	5.26%	2.03%	3.33%	N/A	N/A

N/A = Information Not Available

See independent auditors' report.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (GASB 75) (UNAUDITED)**

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Other
Postemployment Employee Benefits Liability
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportionate share of the other postemployment employee benefits liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the other postemployment employee benefits liability (asset) - value	N/A	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the other postemployment employee benefits liability (asset) associated with the District	N/A	33,620,783	36,196,560	39,447,139	N/A	N/A	N/A	N/A	N/A	N/A
Total	\$ -	\$ 33,620,783	\$ 36,196,560	\$ 39,447,139	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	N/A	\$ 11,415,999	N/A	\$ 10,865,151	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the other postemployment employee liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total other post employment employee benefits liability	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A

N/A = Information Not Available

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2020

- Note 1 - Special funding situation - TPAF and other postretirement benefits
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF
The discount rate was 4.86% in State fiscal year 2018 and 5.60% in State fiscal year 2019. The inflation rate was 2.25% for State fiscal years 2018 and 2.75% in State fiscal year 2019.
- Note 3 - Changes in assumptions - PERS
The discount rate was 5.66% in State fiscal year 2018 and 6.28% in State fiscal year 2019. The inflation rate was 2.25% for State fiscal year 2018 and 2.75% for State fiscal year 2019.
- Note 4 - Changes in assumptions - other postretirement employee benefits
The other postretirement employee benefits discount rate decreased from 3.87% in State fiscal year 2018 to 3.50% in State fiscal year 2019. The inflation rate was 2.50% for State fiscal year 2018 and 2019.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits
For Pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.
- Note 6 - Changes in benefit term assumptions - other postretirement employee benefits
There were no changes of the benefit terms from June 30, 2018 to June 30, 2019.

SPECIAL REVENUE FUND

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2020

	IDEA Basic	IDEA Preschool	ESSA Title IA	ESSA Title IIA	ESSA Title III	ESSA Title III Immigrant	ESSA Title IV	Perkins Secondary	Perkins Secondary Reserve	Local	Total
Revenues											
Federal sources	\$213,747	\$ 6,436	\$157,674	\$ 10,418	\$ 2,565	\$ 2,896	\$ 10,198	\$ 2,712	\$ 3,344	\$ -	\$409,990
Local sources	-	-	-	-	-	-	-	-	-	72,224	72,224
Total revenues	\$213,747	\$ 6,436	\$157,674	\$ 10,418	\$ 2,565	\$ 2,896	\$ 10,198	\$ 2,712	\$ 3,344	\$ 72,224	\$482,214
Expenditures											
Instruction											
Salaries	\$ -	\$ -	\$116,573	\$ -	\$ 349	\$ -	\$ -	\$ -	\$ -	\$ -	\$116,922
Purchased professional & technical services	-	-	-	-	371	-	-	-	-	-	371
Supplies	-	2,611	2,335	-	1,094	2,896	7,418	714	3,344	72,224	92,636
Other objects	-	-	-	-	-	-	-	1,600	-	-	1,600
Total	-	2,611	118,908	-	1,814	2,896	7,418	2,314	3,344	72,224	211,529
Support services											
Tuition	213,747	-	-	-	-	-	-	-	-	-	213,747
Employee benefits	-	-	37,244	-	-	-	-	-	-	-	37,244
Purchased professional & technical services	-	3,825	-	8,571	751	-	2,321	-	-	-	15,468
Other Purchased services	-	-	1,522	1,847	-	-	-	-	-	-	3,369
Supplies	-	-	-	-	-	-	459	398	-	-	857
Total	213,747	3,825	38,766	10,418	751	-	2,780	398	-	-	270,685
Total expenditures	\$213,747	\$ 6,436	\$157,674	\$ 10,418	\$ 2,565	\$ 2,896	\$ 10,198	\$ 2,712	\$ 3,344	\$ 72,224	\$482,214

See independent auditors' report.

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2020

Description	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/20
			Prior Years	Current Year	
High school track	2019	\$ 1,415,775	\$ 92,873	\$ 1,135,808	\$ 187,094
Cafeteria freezer	2019	210,972	-	206,585	4,387
ASPIRE Informacast System	2020	327,781	-	283,970	43,811
		<u>\$ 1,954,528</u>	<u>\$ 92,873</u>	<u>\$ 1,626,363</u>	<u>\$ 235,292</u>

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Basis
For the Fiscal Year Ended June 30, 2020

Revenues	
Local sources	
Transfer from capital reserve	\$ 538,753
Total revenues	<u>538,753</u>
Expenditures and other financing uses	
Purchased professional & technical services	35,051
Construction	1,307,342
Supplies	283,970
Total expenditures	<u>1,626,363</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures & other financing uses	(1,087,610)
Fund balance - beginning	<u>1,322,902</u>
Fund balance - ending	<u><u>\$ 235,292</u></u>

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
High School Track
For the Fiscal Year Ended June 30, 2020

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Transfers in from capital reserve	\$ 1,415,775	\$ -	\$ 1,415,775	\$ 1,415,775
Total revenues	<u>1,415,775</u>	<u>-</u>	<u>1,415,775</u>	<u>1,415,775</u>
Expenditures and other financing uses				
Purchased professional & technical services	92,873	14,438	107,311	111,777
Construction	-	1,121,370	1,121,370	1,303,998
Total expenditures	<u>92,873</u>	<u>1,135,808</u>	<u>1,228,681</u>	<u>1,415,775</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,322,902</u>	<u>\$ (1,135,808)</u>	<u>\$ 187,094</u>	<u>\$ -</u>

Additional Project Information

Project number	N/A
Authorization date	2019
Bond authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 1,383,300
Additional authorized cost	32,475
Revised authorized cost	1,415,775
Percentage completion	86.79%

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Well Room Renovation
For the Fiscal Year Ended June 30, 2020

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Transfers in from capital reserve	\$ -	\$ 210,972	\$ 210,972	\$ 210,972
Total revenues	<u>-</u>	<u>210,972</u>	<u>210,972</u>	<u>210,972</u>
Expenditures and other financing uses				
Purchased professional & technical services		20,613	20,613	25,000
Construction	-	185,972	185,972	185,972
Total expenditures	<u>-</u>	<u>206,585</u>	<u>206,585</u>	<u>210,972</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ -</u>	<u>\$ 4,387</u>	<u>\$ 4,387</u>	<u>\$ -</u>

Additional Project Information

Project number	N/A
Authorization date	2020
Bond authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 340,000
Additional authorized cost	(129,028)
Revised authorized cost	210,972
Percentage completion	97.92%

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
ASPIRE Informacast System
For the Fiscal Year Ended June 30, 2020

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Transfers in from capital reserve	\$ -	\$ 327,781	\$ 327,781	\$ 327,781
Total revenues	<u>-</u>	<u>327,781</u>	<u>327,781</u>	<u>327,781</u>
Expenditures and other financing uses				
Supplies	-	283,970	283,970	327,781
Total expenditures	<u>-</u>	<u>283,970</u>	<u>283,970</u>	<u>327,781</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 43,811</u>	<u>\$ 43,811</u>	<u>\$ -</u>

Additional Project Information

Project number	N/A
Authorization date	2020
Bond authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 327,781
Additional authorized cost	-
Revised authorized cost	327,781
Percentage completion	86.63%

See independent auditors' report.

PROPRIETARY FUND

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

See Statements B-4, B-5, and B-6.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for funds received by the School District as an agent for individuals, private organizations, other government and/or other funds.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Net Position
June 30, 2020

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets					
Cash and cash equivalents	\$ 244,257	\$ 51,843	\$ 142,256	\$ 39,615	\$ 477,971
Due from other funds	11,165	-	556	-	11,721
Total assets	\$ 255,422	\$ 51,843	\$ 142,812	\$ 39,615	\$ 489,692
Liabilities					
Payroll deductions and withholdings	\$ -	\$ -	\$ -	\$ 28,324	\$ 28,324
Accounts Payable	33,589.00	-	-	-	33,589.00
Due to students groups	-	-	142,812	-	142,812
Due to other funds	-	556	-	11,165	11,721
Net payroll	-	-	-	126	126
Total liabilities	33,589	556	\$ 142,812	\$ 39,615	216,572
Net position					
Held in trust for unemployment claims & other purposes	\$ 221,833	\$ 51,287			\$ 273,120

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2020

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Total
Additions			
Contributions			
Employee withholdings	\$ 22,451	\$ -	\$ 22,451
Investment earnings - interest	2,274	794	3,068
Total additions	<u>24,725</u>	<u>794</u>	<u>25,519</u>
Deductions			
Scholarship awards	-	1,250	1,250
Miscellaneous Expense	-	712	712
Unemployment claims	45,116	-	45,116
Total deductions	<u>45,116</u>	<u>1,962</u>	<u>47,078</u>
Change in net position	(20,391)	(1,168)	(21,559)
Net position, beginning of the year	<u>242,224</u>	<u>52,455</u>	<u>294,679</u>
Net position, end of the year	<u>\$ 221,833</u>	<u>\$ 51,287</u>	<u>\$ 273,120</u>

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2020

	Balance 07/01/19	Additions	Reductions	Balance 06/30/20
Assets				
Cash and cash equivalents	\$ 141,430	\$ 172,407	\$ 171,581	\$ 142,256
Due from other funds	407	3,411	3,262	556
Total assets	\$ 141,837	\$ 175,818	\$ 174,843	\$ 142,812
Liabilities				
Due to student groups	\$ 141,837	\$ 175,818	\$ 174,843	\$ 142,812
Total liabilities	\$ 141,837	\$ 175,818	\$ 174,843	\$ 142,812

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2020

	Balance 07/01/19	Additions	Reductions	Balance 06/30/20
Assets				
Cash and cash equivalents	\$ 83,191	\$ 15,429,682	\$ 15,473,258	\$ 39,615
Total assets	\$ 83,191	\$ 15,429,682	\$ 15,473,258	\$ 39,615
Liabilities				
Payroll deductions and withholdings	\$ 78,682	\$ 6,479,346	\$ 6,529,704	\$ 28,324
Net payroll	1,465	8,927,884	8,929,223	126
Due to current fund	1,394	-	1,394	-
Due to other funds	1,650	22,452	12,937	11,165
Total liabilities	\$ 83,191	\$ 15,429,682	\$ 15,473,258	\$ 39,615

See independent auditors' report.

LONG-TERM DEBT SCHEDULES

The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
June 30, 2020

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/19	Issued	Retired	Balance 06/30/20
			Date	Amount					
Refunding school bonds of 2015	09/03/15	\$ 3,375,000	02/15/21	\$ 365,000	2.15%	\$ 2,635,000	\$ -	\$ 355,000	\$ 2,280,000
			02/15/22	365,000	2.15%	-	-	-	-
			02/15/23	375,000	2.15%	-	-	-	-
			02/15/24	385,000	2.15%	-	-	-	-
			02/15/25	400,000	2.15%	-	-	-	-
			02/15/26	390,000	2.15%	-	-	-	-
Refunding school bonds of 2014	06/12/14	9,600,000	02/15/21	920,000	4.00%	7,010,000	-	885,000	6,125,000
			02/15/22	965,000	4.00%	-	-	-	-
			02/15/23	1,005,000	4.00%	-	-	-	-
			02/15/24	1,050,000	4.00%	-	-	-	-
			02/15/25	1,090,000	4.00%	-	-	-	-
			02/15/26	1,095,000	4.00%	-	-	-	-
Refunding school bonds of 2014	11/06/14	835,000	07/01/20	110,000	2.20%	440,000	-	105,000	335,000
			07/01/21	115,000	2.20%	-	-	-	-
			07/01/22	110,000	2.20%	-	-	-	-
Stockon School Bonds	12/07/09	290,000	07/01/20	31,161	2.20%	<u>61,155</u>	<u>-</u>	<u>29,994</u>	<u>31,161</u>
						<u>\$ 10,146,155</u>	<u>\$ -</u>	<u>\$1,374,994</u>	<u>\$ 8,771,161</u>

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2020

Description	Interest Rate	Amount of Original Issue	Balance 07/01/19	Issued	Retired	Balance 06/30/20
2019 International passenger bus	3.50%	\$ 94,200	\$ 61,810	\$ -	\$ 30,373	\$ 31,437
2020 International passenger bus	4.68%	100,956	<u>65,753</u>	<u>-</u>	<u>32,125</u>	<u>33,628</u>
			<u>\$ 127,563</u>	<u>\$ -</u>	<u>\$ 62,498</u>	<u>\$ 65,065</u>

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 1,325,040	\$ -	\$ 1,325,040	\$ 1,325,040	\$ -
State sources					
Debt service aid	357,329	-	357,329	357,329	-
Total revenues	<u>1,682,369</u>	<u>-</u>	<u>1,682,369</u>	<u>1,682,369</u>	<u>-</u>
Expenditures					
Regular debt service					
Interest on bonds	347,373	-	347,373	347,373	-
Redemption of principal	1,374,994	-	1,374,994	1,374,994	-
Total expenditures	<u>1,722,367</u>	<u>-</u>	<u>1,722,367</u>	<u>1,722,367</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(39,998)	-	(39,998)	(39,998)	-
Fund balance, July 1	<u>40,001</u>	<u>-</u>	<u>40,001</u>	<u>40,001</u>	<u>-</u>
Fund balance, June 30	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ -</u>

See independent auditors' report.

STATISTICAL SECTION

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Statistical Section J Series

Contents	Page
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	J-1 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules are derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year.	

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Government activities										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ 4,102,393	\$ 5,699,633	\$ 7,900,283	\$ 9,384,469	\$ 10,891,792	\$ 13,220,018
Restricted	-	-	-	-	4,680,534	5,043,129	5,433,049	5,652,000	4,480,684	3,330,453
Unrestricted	-	-	-	-	(4,394,286)	(5,011,789)	(5,647,241)	(5,935,160)	(5,316,515)	(5,790,045)
Total governmental activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,388,640</u>	<u>\$ 5,730,973</u>	<u>\$ 7,686,091</u>	<u>\$ 9,101,309</u>	<u>\$ 10,055,961</u>	<u>\$ 10,760,426</u>
Business-type activities										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ 198,764	\$ 228,544	\$ 89,856	\$ 77,775	\$ 77,226	\$ 118,707
Unrestricted	-	-	-	-	166,122	162,212	89,311	114,514	116,072	51,846
Total business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 364,886</u>	<u>\$ 390,756</u>	<u>\$ 179,167</u>	<u>\$ 192,289</u>	<u>\$ 193,298</u>	<u>\$ 170,553</u>
District-wide										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ 4,301,157	\$ 5,928,177	\$ 7,990,139	\$ 9,462,244	\$ 10,969,018	\$ 13,338,725
Restricted	-	-	-	-	4,680,534	5,043,129	5,433,049	5,652,000	4,480,684	3,330,453
Unrestricted	-	-	-	-	(4,228,164)	(4,849,577)	(5,557,930)	(5,820,646)	(5,200,443)	(5,738,199)
Total district-wide	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,753,526</u>	<u>\$ 6,121,729</u>	<u>\$ 7,865,258</u>	<u>\$ 9,293,598</u>	<u>\$ 10,249,259</u>	<u>\$ 10,930,979</u>
	*	*	*	*	*					

* Information is not available prior to merger of local and regional school districts.

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction										
Regular	\$ -	\$ -	\$ -	\$ -	\$ 9,304,431	\$ 9,696,253	\$ 10,154,438	\$ 10,532,416	\$ 11,754,926	\$ 11,326,376
Special education	-	-	-	-	2,949,443	3,462,066	3,936,546	4,456,762	4,534,366	4,334,615
Other special education	-	-	-	-	-	-	-	-	1,225,662	1,350,238
Other instruction	-	-	-	-	1,227,505	1,334,209	1,532,487	1,854,495	689,687	1,204,941
Support services										
Tuition	-	-	-	-	773,455	985,888	1,030,917	1,146,656	1,408,860	1,490,348
Student & instruction related services	-	-	-	-	3,247,647	3,471,679	3,753,130	4,071,068	4,339,269	4,421,506
General & business administrative services	-	-	-	-	1,144,315	1,210,935	1,347,999	1,314,495	1,716,121	1,594,351
School administration	-	-	-	-	382,848	760,615	769,596	930,533	860,577	857,511
Plant operations & maintenance	-	-	-	-	1,594,246	1,732,483	1,979,654	1,867,435	2,035,753	2,157,943
Pupil transportation	-	-	-	-	957,575	1,038,097	1,200,066	1,191,612	1,325,485	1,244,432
Transfer to charter schools	-	-	-	-	17,172	33,798	-	-	-	-
Interest on long-term debt	-	-	-	-	450,536	517,218	463,027	435,944	280,145	334,612
Total governmental activities expenses	-	-	-	-	22,049,173	24,243,241	26,167,860	27,801,416	30,170,851	30,316,873
Business-type activities										
Food services	-	-	-	-	310,955	325,706	305,033	326,911	335,489	306,787
Transportation	-	-	-	-	73,900	27,575	-	-	-	-
Total business-type activities	-	-	-	-	384,855	353,281	305,033	326,911	335,489	306,787
Total district expenses	\$ -	\$ -	\$ -	\$ -	\$ 22,434,028	\$ 24,596,522	\$ 26,472,893	\$ 28,128,327	\$ 30,506,340	\$ 30,623,660
	*	*	*	*						

* Information is not available prior to merger of local and regional school districts.

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program revenues										
Governmental activities										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 179,969	\$ 61,012
Operating grants & contributions	-	-	-	-	4,150,667	5,937,536	6,807,157	8,604,750	460,092	510,470
Total governmental activities	-	-	-	-	4,150,667	5,937,536	6,807,157	8,604,750	640,061	571,482
Business-type activities										
Charges for services										
Food service	-	-	-	-	205,330	192,980	191,245	203,828	193,487	144,077
Operating grants & contributions	-	-	-	-	107,714	122,596	118,773	135,001	138,403	153,836
Total business-type activities	-	-	-	-	313,044	315,575	310,018	338,829	331,890	297,913
Total district-program	\$ -	\$ -	\$ -	\$ -	\$ 4,463,711	\$ 6,253,111	\$ 7,117,174	\$ 8,943,579	\$ 971,951	\$ 869,395
Net (expense) revenues										
Governmental activities	\$ -	\$ -	\$ -	\$ -	\$ (17,898,506)	\$ (18,305,705)	\$ (19,360,703)	\$ (19,196,666)	\$ (29,530,790)	\$ (29,745,391)
Business-type activities	-	-	-	-	(71,811)	(37,706)	4,985	11,918	(3,599)	(8,874)
Total district-wide net expenses	\$ -	\$ -	\$ -	\$ -	\$ (17,970,317)	\$ (18,343,411)	\$ (19,355,718)	\$ (19,184,748)	\$ (29,534,389)	\$ (29,754,265)
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes	\$ -	\$ -	\$ -	\$ -	\$ 16,412,071	\$ 16,740,311	\$ 17,075,119	\$ 17,416,621	\$ 17,912,309	\$ 18,398,914
Taxes levied for debt service	-	-	-	-	1,350,922	1,323,054	1,329,896	1,327,799	1,354,794	1,325,040
Unrestricted grants & contributions	-	-	-	-	2,433,749	1,568,399	1,477,160	1,516,778	10,935,459	10,490,631
Disposal of capital assets	-	-	-	-	-	-	(21,028)	-	-	(5,331)
Investment earnings	-	-	-	-	-	-	-	-	101,070	55,769
Miscellaneous income	-	-	-	-	119,254	80,106	564,250	350,686	48,605	184,833
Transfers	-	-	-	-	-	(63,828)	265,138	-	-	-
Total governmental activities	-	-	-	-	20,315,996	19,648,042	20,690,535	20,611,884	30,352,237	30,449,856
	*	*	*	*						

* Information is not available prior to merger of local and regional school districts.

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General revenues & other changes in net position (cont'd)										
Business-type activities										
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,325	\$ 801
Miscellaneous income	-	-	-	-	125	189	392	1,204	3,283	9,896
Transfer in (out)	-	-	-	-	-	63,828	(265,138)	-	-	-
Disposal of capital assets	-	-	-	-	-	-	-	-	-	(24,568)
Prior year receivables canceled	-	-	-	-	(5,500)	(442)	-	-	-	-
Total business-type activities	-	-	-	-	(5,375)	63,575	(264,746)	1,204	4,608	(13,871)
Total district-wide	\$ -	\$ -	\$ -	\$ -	\$ 20,310,621	\$ 19,711,617	\$ 20,425,789	\$ 20,613,088	\$ 30,356,845	\$ 30,435,985
Change in net position										
Governmental activities	\$ -	\$ -	\$ -	\$ -	\$ 2,417,490	\$ 1,342,337	\$ 1,329,832	\$ 1,415,218	\$ 821,447	\$ 704,465
Business-type activities	-	-	-	-	(77,186)	25,870	(259,761)	13,122	1,009	(22,745)
Total district	\$ -	\$ -	\$ -	\$ -	\$ 2,340,304	\$ 1,368,207	\$ 1,070,071	\$ 1,428,340	\$ 822,456	\$ 681,720
	*	*	*	*						

* Information is not available prior to merger of local and regional school districts.

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ 4,178,789	\$ 4,624,371	\$ 5,577,737	\$ 5,614,701	\$ 3,786,126	\$ 3,689,187
Committed	-	-	-	-	172,050	106,340	-	35,343	130,152	42,355
Assigned	-	-	-	-	505,616	223,067	125,828	195,296	69,416	-
Unassigned	-	-	-	-	219,481	200,383	270,045	290,636	329,275	302,474
Total general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,075,936</u>	<u>\$ 5,154,161</u>	<u>\$ 5,973,610</u>	<u>\$ 6,135,976</u>	<u>\$ 4,314,969</u>	<u>\$ 4,034,016</u>
All other governmental funds										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ 331,231	\$ 277,848	\$ 5,722	\$ 40,001	\$ -	\$ 235,292
Committed	-	-	-	-	4	27,021	15,644	5,722	1,322,902	-
Assigned	-	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	197,534	113,889	-	141,174	40,001	3
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 528,769</u>	<u>\$ 418,758</u>	<u>\$ 21,366</u>	<u>\$ 186,897</u>	<u>\$ 1,362,903</u>	<u>\$ 235,295</u>
	*	*	*	*						

* Information is not available prior to merger of local and regional school districts.

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax levy	\$ -	\$ -	\$ -	\$ -	\$ 17,762,993	\$ 18,063,365	\$ 18,405,015	\$ 18,744,420	\$ 19,267,103	\$ 19,723,954
Tuition charges	-	-	-	-	28,873	21,300	-	27,590	30,000	16,900
Transportation fees from other LEA's	-	-	-	-	-	-	63,775	47,934	-	44,112
Interest earnings	-	-	-	-	24,033	30,900	45,000	129,603	101,070	55,769
Rents and royalties	-	-	-	-	-	-	91,667	112,500	149,969	-
Sale of property	-	-	-	-	-	-	328,320	2,629	-	-
Miscellaneous	-	-	-	-	116,074	130,327	77,682	132,933	118,954	251,757
State sources	-	-	-	-	4,437,723	4,676,131	4,917,092	5,415,018	5,906,308	6,101,091
Federal sources	-	-	-	-	327,821	426,128	442,940	440,853	414,049	466,020
Total revenues	-	-	-	-	22,697,517	23,348,151	24,371,491	25,053,480	25,987,453	26,659,603
Expenditures										
Instruction										
Regular instruction	-	-	-	-	5,811,159	5,893,559	5,947,624	5,652,852	5,667,066	5,902,496
Special education instruction	-	-	-	-	1,909,026	2,239,113	2,376,641	2,507,368	2,263,954	2,147,893
Other special instruction	-	-	-	-	-	-	-	-	438,858	504,322
Other instruction	-	-	-	-	777,916	818,743	909,913	993,861	651,048	706,909
Support services										
Tuition	-	-	-	-	773,456	985,888	1,030,917	1,146,656	1,199,617	1,276,601
Student & instructional related services	-	-	-	-	2,082,378	2,191,242	2,265,777	2,206,356	2,293,723	2,369,773
General administration	-	-	-	-	517,966	539,378	424,811	426,596	421,815	423,998
School administration services	-	-	-	-	236,241	456,282	435,919	484,208	568,918	542,663
Central services	-	-	-	-	270,136	263,918	284,723	293,657	317,098	312,784
Administration info technology	-	-	-	-	139,736	142,326	176,057	201,869	241,254	247,681
Plant operations & maintenance	-	-	-	-	1,342,020	1,344,713	1,455,377	1,449,138	1,616,403	1,792,344
Pupil transportation	-	-	-	-	809,795	834,069	766,956	843,017	1,053,145	957,585
Employee benefits	-	-	-	-	4,547,842	4,883,736	5,332,263	5,939,932	3,634,751	3,634,333
On-behalf TPAF Pension & Social Security contributions	-	-	-	-	-	-	-	-	3,110,811	3,280,835
Capital outlay	-	-	-	-	765,616	1,175,432	918,881	872,368	250,108	95,001
Charter school	-	-	-	-	17,172	33,798	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	909,285	1,626,363
Special revenue funds	-	-	-	-	-	-	-	-	460,092	510,470
Debt service										
Principal	-	-	-	-	1,254,784	1,165,748	1,226,750	1,272,790	1,323,871	1,374,994
Interest & other charges	-	-	-	-	488,953	550,750	481,575	434,913	405,793	361,119
Total expenditures	-	-	-	-	21,744,196	23,518,695	24,034,184	24,725,581	26,827,610	28,068,164
	*	*	*	*						

* Information is not available prior to merger of local and regional school districts.

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Changes in Fund Balances - Governmental Funds (continued)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ 953,321	\$ (170,544)	\$ 337,307	\$ 327,899	\$ (840,157)	\$ (1,408,561)
Other financing sources (uses)										
Capital leases (non-budgeted)	-	-	-	-	-	202,585	-	-	195,156	-
Bond proceeds	-	-	-	-	10,435,000	3,375,000	-	-	-	-
Premium on sale of bonds	-	-	-	-	976,182	-	-	-	-	-
Cost of issuance	-	-	-	-	(133,515)	(38,465)	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	(11,277,667)	(3,336,535)	-	-	-	-
Transfers out	-	-	-	-	-	(63,828)	84,750	-	-	-
Total other financing sources (uses)	-	-	-	-	-	138,757	84,750	-	195,156	-
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ 953,321	\$ (31,787)	\$ 422,057	\$ 327,899	\$ (645,001)	\$ (1,408,561)
	*	*	*	*						
Debt service as a percentage of non-capital expenditures	0.00%	0.00%	0.00%	0.00%	9.07%	8.32%	7.98%	7.71%	7.23%	7.05%

Source: District Records

Note: Non-capital expenditures are total expenditures less capital outlay.

* Information is not available prior to merger of local and regional school districts.

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
General Fund - Other Local Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Tuition	\$ -	\$ -	\$ -	\$ -	\$ 28,873	\$ 21,300	\$ -	\$ 27,590	\$ 30,000	\$ 16,900
Interest income	-	-	-	-	18,110	22,569	34,221	87,185	101,070	55,769
Transportation fees	-	-	-	-	21,216	-	63,775	47,933	-	44,112
Rental income	-	-	-	-	-	-	91,667	112,500	149,969	156,244
Sales of assets	-	-	-	-	-	-	328,320	2,629	-	-
Student activities fees	-	-	-	-	20,525	25,955	26,600	23,750	25,000	17,800
Miscellaneous	-	-	-	-	25,701	10,281	13,951	49,097	3,952	3,541
Prior year refunds	-	-	-	-	-	-	-	-	16,353	7,248
Old outstanding checks canceled	-	-	-	-	-	-	-	-	3,300	-
Annual totals	\$ -	\$ -	\$ -	\$ -	\$ 114,425	\$ 80,106	\$ 558,534	\$ 350,685	\$ 329,644	\$ 301,614
	*	*	*	*						

Source: District Records

* Information is not available prior to merger of local and regional school districts.

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
All Constituent Districts Combined
Last Ten Fiscal Years

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Vacant land	\$ 17,347,392	\$ 16,019,400	\$ 13,954,500	\$ 14,379,200	\$ 14,724,683	\$ 14,395,983	\$ 15,823,683	\$ 14,573,083	\$ 14,073,083	\$ 13,771,883
Residential	1,041,968,700	981,186,700	976,816,000	984,863,000	996,474,900	1,028,646,200	1,043,534,600	1,058,497,300	1,081,966,200	1,100,790,100
Farm regular	93,778,800	79,620,700	81,288,900	82,844,300	84,354,900	82,174,400	78,779,000	83,824,300	85,023,300	87,382,200
Q farm	2,537,370	2,579,462	2,579,663	2,576,662	2,405,051	2,359,006	2,258,906	2,325,706	2,333,906	2,321,416
Commercial	148,053,469	148,730,099	150,256,009	150,168,809	152,328,609	158,567,009	163,363,709	167,596,809	171,705,409	173,726,709
Industrial	22,177,300	23,072,600	24,350,200	23,856,000	25,223,000	25,757,900	26,136,400	26,288,300	26,228,000	26,357,000
Apartment	24,661,700	24,904,400	25,066,600	24,987,800	25,044,100	26,158,193	26,548,493	27,056,193	27,015,093	27,334,493
Total assessed value	1,350,524,731	1,276,113,361	1,274,311,872	1,283,675,771	1,300,555,243	1,338,058,691	1,356,444,791	1,380,161,691	1,408,344,991	1,431,683,801
Public utilities (a)	2,364,739	2,383,750	2,016,439	1,709,968	1,747,874	1,665,517	1,758,566	607,654	610,479	616,155
Net valuation taxable	\$ 1,352,889,470	\$ 1,278,497,111	\$ 1,276,328,311	\$ 1,285,385,739	\$ 1,302,303,117	\$ 1,339,724,208	\$ 1,358,203,357	\$ 1,380,769,345	\$ 1,408,955,470	\$ 1,432,299,956
Estimated actual county equalized value	\$ 1,401,011,224	\$ 1,373,614,475	\$ 1,334,008,594	\$ 1,299,286,047	\$ 1,325,944,232	\$ 1,342,283,737	\$ 1,362,397,513	\$ 1,380,496,893	\$ 1,396,392,159	\$ 1,416,607,658
Percentage of net valuation to estimated actual equalized value	96.57%	93.08%	95.68%	98.93%	98.22%	99.81%	99.69%	100.02%	100.90%	101.11%

**

Source: 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. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

- (a) Taxable value of machinery, implements and equipment of telephone and messenger system companies
- (b) Tax rates are per \$100

* Revalued/Reassessed

** Merger of Local and Regional School Districts

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property (continued)
By Constituent District - Borough of Stockton
Last Ten Fiscal Years

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Vacant land	\$ 985,200	\$ 985,200	\$ 904,300	\$ 904,300	\$ 904,300	\$ 904,300	\$ 904,300	\$ 904,300	\$ 904,300	\$ 784,300
Residential	78,062,400	77,404,100	77,278,500	77,013,700	76,583,800	76,225,200	75,780,600	75,932,400	76,184,700	76,111,700
Farm regular	845,100	845,100	845,100	845,100	845,100	845,100	845,100	845,100	845,100	845,100
Q farm	22,200	20,500	20,500	18,400	18,400	18,400	18,400	18,400	18,400	18,400
Commercial	13,245,400	13,628,300	13,455,700	13,667,700	13,667,700	13,667,700	13,181,300	13,408,400	13,011,800	12,709,400
Industrial	-	-	-	-	-	-	-	-	-	-
Apartment	1,018,600	1,018,600	1,018,600	1,018,600	1,018,600	1,018,600	1,018,600	1,018,600	1,018,600	1,018,600
Total assessed value	94,178,900	93,901,800	93,522,700	93,467,800	93,037,900	92,679,300	91,748,300	92,127,200	91,982,900	91,487,500
Public utilities (a)	128,804	124,161	123,536	94,995	93,730	91,553	90,653	-	-	-
Net valuation taxable	\$ 94,307,704	\$ 94,025,961	\$ 93,646,236	\$ 93,562,795	\$ 93,131,630	\$ 92,770,853	\$ 91,838,953	\$ 92,127,200	\$ 91,982,900	\$ 91,487,500
Estimated actual county equalized value	\$ 94,072,844	\$ 92,638,250	\$ 93,562,141	\$ 90,743,623	\$ 92,189,754	\$ 93,719,587	\$ 93,563,431	\$ 89,906,509	\$ 90,135,130	\$ 91,232,050
Percentage of net valuation to estimated actual equalized value	100.25%	101.50%	100.09%	103.11%	101.02%	98.99%	98.16%	102.47%	102.05%	100.28%
Total direct school tax rates (b)	\$ 0.600	\$ 0.670	\$ 0.690	\$ 1.320	\$ 1.295	\$ 1.291	\$ 1.283	\$ 1.257	\$ 1.235	\$ 1.235

**

Source: 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. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

- (a) Taxable value of machinery, implements and equipment of telephone and messenger system companies
- (b) Tax rates are per \$100

* Revalued/Reassessed

** Merger of Local and Regional School Districts

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property (continued)
By Constituent District - City of Lambertville
Last Ten Fiscal Years

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Vacant land	\$ 6,132,192	\$ 5,000,500	\$ 4,803,200	\$ 4,720,600	\$ 5,317,183	\$ 4,564,883	\$ 5,475,183	\$ 4,837,683	\$ 4,440,083	\$ 4,544,283
Residential	572,591,400	571,053,500	567,122,600	562,452,000	567,428,400	583,301,900	597,964,000	608,592,100	619,195,900	631,429,200
Farm regular	1,343,800	1,343,800	1,343,800	1,343,800	1,355,500	1,492,300	1,494,300	1,495,800	1,503,800	1,523,800
Q farm	2,470	128,562	128,562	128,562	3,631	2,206	2,206	2,206	2,206	2,616
Commercial	106,444,200	107,487,900	107,765,800	107,578,500	108,516,200	113,908,500	118,411,300	119,991,100	119,082,900	121,350,200
Industrial	10,261,700	11,326,900	10,526,900	10,526,900	10,659,000	10,973,700	11,290,500	11,409,700	11,409,700	11,542,000
Apartment	22,166,200	22,634,200	22,817,900	22,792,900	22,797,100	23,878,593	24,229,693	24,720,293	24,646,993	24,945,893
Total assessed value	718,941,962	718,975,362	714,508,762	709,543,262	716,077,014	738,122,082	758,867,182	771,048,882	780,281,582	795,337,992
Public utilities (a)	1,448,023	1,490,108	1,165,786	1,026,564	1,051,057	1,008,113	1,095,622	-	-	-
Net valuation taxable	\$ 720,389,985	\$ 720,465,470	\$ 715,674,548	\$ 710,569,826	\$ 717,128,071	\$ 739,130,195	\$ 759,962,804	\$ 771,048,882	\$ 780,281,582	\$ 795,337,992
Estimated actual county equalized value	\$ 749,226,690	\$ 732,969,651	\$ 733,607,961	\$ 717,529,865	\$ 721,997,393	\$ 742,874,479	\$ 779,684,765	\$ 787,588,235	\$ 778,413,390	\$ 809,916,489
Percentage of net valuation to estimated actual equalized value	96.15%	98.29%	97.56%	99.03%	99.33%	99.50%	97.47%	97.90%	100.24%	98.20%
Total direct school tax rates (b)	\$ 0.680	\$ 0.650	\$ 0.650	\$ 1.210	\$ 1.240	\$ 1.235	\$ 1.262	\$ 1.298	\$ 1.312	\$ 1.315

**

Source: 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. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

- (a) Taxable value of machinery, implements and equipment of telephone and messenger system companies
- (b) Tax rates are per \$100

* Revalued/Reassessed

** Merger of Local and Regional School Districts

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property (continued)
By Constituent District - Township of West Amwell
Last Ten Fiscal Years

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Vacant land	\$ 10,230,000	\$ 10,033,700	\$ 8,247,000	\$ 8,754,300	\$ 8,503,200	\$ 8,926,800	\$ 9,444,200	\$ 8,831,100	\$ 8,728,700	\$ 8,443,300
Residential	391,314,900	332,729,100	332,414,900	345,397,300	352,462,700	369,119,100	369,790,000	373,972,800	386,585,600	393,249,200
Farm regular	91,589,900	77,431,800	79,100,000	80,655,400	82,154,300	79,837,000	76,439,600	81,483,400	82,674,400	85,013,300
Q farm	2,512,700	2,430,400	2,430,601	2,429,700	2,383,020	2,338,400	2,238,300	2,305,100	2,313,300	2,300,400
Commercial	28,363,869	27,613,899	29,034,509	28,922,609	30,144,709	30,990,809	31,771,109	34,197,309	39,610,709	39,667,109
Industrial	11,915,600	11,745,700	13,823,300	13,329,100	14,564,000	14,784,200	14,845,900	14,878,600	14,818,300	14,815,000
Apartment	1,476,900	1,251,600	1,230,100	1,176,300	1,228,400	1,261,000	1,300,200	1,317,300	1,349,500	1,370,000
Total assessed value	\$ 537,403,869	\$ 463,236,199	\$ 466,280,410	\$ 480,664,709	\$ 491,440,329	\$ 507,257,309	\$ 505,829,309	\$ 516,985,609	\$ 536,080,509	\$ 544,858,309
Public utilities (a)	787,912	769,481	727,117	588,409	603,087	565,851	572,291	607,654	610,479	616,155
Net valuation taxable	\$ 538,191,781	\$ 464,005,680	\$ 467,007,527	\$ 481,253,118	\$ 492,043,416	\$ 507,823,160	\$ 506,401,600	\$ 517,593,263	\$ 536,690,988	\$ 545,474,464
Estimated actual county equalized value	\$ 557,711,690	\$ 548,006,574	\$ 506,838,492	\$ 491,012,559	\$ 511,757,085	\$ 505,689,671	\$ 489,149,317	\$ 503,002,149	\$ 527,843,639	\$ 515,459,119
Percentage of net valuation to estimated actual equalized value	96.50%	84.67%	92.14%	98.01%	96.15%	100.42%	103.53%	102.90%	101.68%	105.82%
Total direct school tax rates (b)	\$ 0.670	\$ 0.810	\$ 0.820	\$ 1.210	\$ 1.590	\$ 1.558	\$ 1.541	\$ 1.516	\$ 1.514	\$ 1.537

Source: 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. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

- (a) Taxable value of machinery, implements and equipment of telephone and messenger system companies
- (b) Tax rates are per \$100

* Revalued/Reassessed

** Merger of Local and Regional School Districts

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
By Constituent District - Borough of Stockton
Last Ten Fiscal Years
(Rate Per \$100 of Assessed Value)

Assessment Year	School District Direct Rate				Regional School Rate	Overlapping Rates		Fire District	Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)			Municipality	County		
			Total Direct School Tax Rate						
2011	\$ 0.530	\$ 0.070	\$ 0.600	\$ 0.690	\$ 0.340	\$ 0.340	\$ -	\$ 1.970	
2012	0.590	0.080	0.670	0.710	0.350	0.340	-	2.070	
2013	0.610	0.080	0.690	0.700	0.370	0.360	-	2.120	
2014	** 1.220	0.100	1.320	-	0.380	0.360	-	2.060	
2015	1.197	0.098	1.295	-	0.402	0.368	-	2.065	
2016	1.196	0.095	1.291	-	0.414	0.376	-	2.081	
2017	1.190	0.093	1.283	-	0.434	0.378	-	2.095	
2018	1.168	0.089	1.257	-	0.452	0.369	-	2.078	
2019	1.148	0.087	1.235	-	0.465	0.370	-	2.070	
2020	1.152	0.083	1.235	-	0.465	0.376	-	2.076	

Sources: Municipal Tax Collector

Note: N.J.S.A.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 pre-budget by more than the spending growth limitation calculated as follows: the pre-budget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- (a) The District's basic tax rate is calculated from the A4F Form which is submitted with the budget and the net valuation taxable.
- (b) Rates for debt service are based on each year's requirements.

* Revalued/Reassessed

** Merger of Local and Regional School Districts

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates (continued)
By Constituent District - City of Lambertville
Last Ten Fiscal Years
(Rate Per \$100 of Assessed Value)

Assessment Year	School District Direct Rate				Regional School Rate	Overlapping Rates		Fire District	Total Direct & Overlapping Tax Rate
	Basic	General	(From J-6)	Total Direct		Municipality	County		
	Rate (a)	Obligation Debt Service (b)	School Tax Rate	School Tax Rate					
2011	\$ 0.600	\$ 0.080	\$ 0.680	\$ 0.420	\$ 0.350	\$ 0.330	\$ 0.070	\$ 1.850	
2012	0.570	0.080	0.650	0.450	0.350	0.330	0.070	1.850	
2013	0.570	0.080	0.650	0.490	0.360	0.340	0.070	1.910	
2014	** 1.120	0.090	1.210	-	0.360	0.350	0.070	1.990	
2015	1.146	0.094	1.240	-	0.358	0.344	0.075	2.017	
2016	1.145	0.090	1.235	-	0.349	0.344	0.073	2.001	
2017	1.171	0.091	1.262	-	0.351	0.350	0.078	2.041	
2018	1.206	0.092	1.298	-	0.350	0.354	0.083	2.085	
2019	1.220	0.092	1.312	-	0.375	0.347	0.083	2.117	
2020	1.227	0.088	1.315	-	0.404	0.353	0.149	2.221	

Sources: Municipal Tax Collector

Note: N.J.S.A.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 pre-budget by more than the spending growth limitation calculated as follows: the pre-budget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- (a) The District's basic tax rate is calculated from the A4F Form which is submitted with the budget and the net valuation taxable.
- (b) Rates for debt service are based on each year's requirements.

* Revalued/Reassessed

** Merger of Local and Regional School Districts

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates (continued)
By Constituent District - Township of West Amwell
Last Ten Fiscal Years
(Rate Per \$100 of Assessed Value)

Assessment Year	School District Direct Rate				Regional School Rate	Overlapping Rates		Fire District	Total Direct & Overlapping Tax Rate
	Basic	General	(From J-6)	Total Direct		Municipality	County		
	Rate (a)	Obligation Debt Service (b)	School Tax Rate	School Tax Rate					
2011	\$ 0.590	\$ 0.080	\$ 0.670	\$ 0.690	\$ 0.280	\$ 0.360	\$ -	\$ 2.000	
2012	* 0.710	0.100	0.810	0.820	0.320	0.530	-	2.480	
2013	* 0.720	0.100	0.820	0.830	0.320	0.390	-	2.360	
2014	** 1.120	0.090	1.210	-	0.310	0.380	-	1.900	
2015	1.469	0.121	1.590	-	0.320	0.386	-	2.296	
2016	1.444	0.114	1.558	-	0.329	0.371	-	2.258	
2017	1.430	0.111	1.541	-	0.340	0.359	-	2.240	
2018	1.409	0.107	1.516	-	0.353	0.367	-	2.236	
2019	1.408	0.106	1.514	-	0.360	0.370	-	2.244	
2020	1.434	0.103	1.537	-	0.376	0.357	-	2.270	

Sources: Municipal Tax Collector

Note: N.J.S.A.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 pre-budget by more than the spending growth limitation calculated as follows: the pre-budget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- (a) The District's basic tax rate is calculated from the A4F Form which is submitted with the budget and the net valuation taxable.
- (b) Rates for debt service are based on each year's requirements.

* Revalued/Reassessed

** Merger of Local and Regional School Districts

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Principal Property Taxpayers
By Constituent District - Borough of Stockton
Current Year and Nine Years Ago

	2020			2011		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
	Deamicis Hospitality Group Inc.	\$ 2,154,400	1	2.35%	\$ -	
Millett Properties LLC	2,010,000	2	2.20%	-		-
Finale Partners LLC	1,322,700	3	1.45%	1,490,700	3	1.58%
Individual Property Owner	1,032,200	4	1.13%	1,867,100	1	1.98%
Nobalistic II, LLC	977,300	5	1.07%	-		-
Individual Property Owner	914,900	6	1.00%	1,230,200	5	1.30%
Nobilis, LLC	905,800	7	0.99%	-		-
Individual Property Owner	792,900	8	0.87%	1,065,900	6	1.13%
Individual Property Owner	773,800	9	0.85%	914,900	7	0.97%
The Hemenway Group LLC	749,000	10	0.82%	-		-
Stackhouse Inn	-		-	1,836,300	2	1.95%
Harverstick Properties	-		-	1,444,200	4	1.53%
Individual Property Owner	-		-	905,800	8	0.96%
Individual Property Owner	-		-	890,300	9	0.94%
Individual Property Owner	-		-	792,900	10	0.84%
	<u>\$ 11,633,000</u>		<u>12.72%</u>	<u>\$ 12,438,300</u>		<u>13.19%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Principal Property Taxpayers (continued)
By Constituent District - City of Lambertville
Current Year and Nine Years Ago

	2020			2011		
	Taxable Assessed	Rank	% of Total District Net Assessed Value	Taxable Assessed	Rank	% of Total District Net Assessed Value
	Value			Value		
Heritage Village at Lambertville	\$ 10,155,400	1	1.28%	\$ -		-
Swan Creek Holding Company	5,972,200	2	0.75%	-		-
Woodrose Properties LLC	5,590,200	3	0.70%	4,016,200	2	0.56%
LV Hotel Property LLC	4,898,700	4	0.62%	2,689,900	6	0.37%
Woodrose Properties LLC	5,590,200	5	0.70%	-		-
Promar Development Co LLC	4,116,100	6	0.52%	-		-
BC Property Management	3,189,000	7	0.40%	-		-
Maurice U Family Trust	2,985,500	8	0.38%	2,997,600	4	0.42%
Hart Ventre Group LLC	2,955,100	9	0.37%	-		-
Econotech Development Company	2,819,800	10	0.35%	4,716,100	1	0.65%
8 Centre Market Place Realty LLC	-		-	3,152,800	3	0.44%
Delcampo LLC	-		-	2,978,500	5	0.41%
Individual Property Owner	-		-	2,612,700	7	0.36%
Allied Village Square	-		-	2,583,200	8	0.36%
DeMarco Investment	-		-	2,357,800	9	0.33%
Diamond Silver LLC	-		-	2,225,662	10	0.31%
	<u>\$ 48,272,200</u>		<u>6.07%</u>	<u>\$ 30,330,462</u>		<u>4.21%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Principal Property Taxpayers (continued)
By Constituent District - Township of West Amwell
Current Year and Nine Years Ago

	2020			2011		
	Taxable Assessed	Rank	% of Total District Net Assessed Value	Taxable Assessed	Rank	% of Total District Net Assessed Value
	Value			Value		
Texas Eastern Transmission Corp	\$ 7,100,000	1	1.30%	\$ 5,491,900	1	1.02%
OFN Properties LLC	5,067,500	2	0.93%	-		-
JMJ Farm Holdings LLC	2,970,200	3	0.54%	3,546,000	3	0.66%
First Pentecostal Church	2,346,600	4	0.43%	-		-
Barry Road Properties LLC	2,250,200	5	0.41%	2,931,500	4	0.54%
Texas Eastern Transmission Corp	2,250,000	6	0.41%	-		-
Investment Group LLC	2,226,400	7	0.41%	-		-
Breen Real Estate LLC	2,094,900	8	0.38%	1,752,500	9	0.33%
Affordable Self Storage Inc	1,976,800	9	0.36%	-		-
West Amwell Plaza Inc	1,778,328	10	0.33%	-		-
Affordable Self Storage Inc	-		-	1,904,300	7	0.35%
Individual Property Owner	-		-	5,302,100	2	0.99%
Individual Property Owner	-		-	1,910,700	5	0.36%
Individual Property Owner	-		-	1,908,100	6	0.35%
Individual Property Owner	-		-	1,802,100	8	0.33%
DCD LLC	-		-	1,695,800	10	0.32%
	<u>\$ 30,060,928</u>		<u>5.51%</u>	<u>\$ 28,245,000</u>		<u>5.25%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Property Tax Levies and Collections
By Constituent District
Last Ten Years

Fiscal Year Ending June 30,	Taxes Levied for the Year				Collected within the Year of the Levy (a)	
	Borough of Stockton	City of Lambertville	Township of West Amwell	Regional High School	Total Amount	Percentage of Levy
2011	\$ 648,581	\$ 2,990,829	\$ 3,721,264	\$ 8,970,302	\$ 16,330,976	100.00%
2012	658,039	3,079,716	3,718,078	9,105,164	16,560,997	100.00%
2013	657,787	3,688,272	3,791,804	9,066,407	17,204,270	100.00%
2014	657,774	3,688,071	3,866,729	9,240,692	17,453,266	100.00%
2015	** 1,203,248	8,868,570	7,691,175	-	17,762,993	100.00%
2016	1,206,785	8,902,418	7,954,162	-	18,063,365	100.00%
2017	1,189,850	9,353,217	7,861,948	-	18,405,015	100.00%
2018	1,166,739	9,828,979	7,748,702	-	18,744,420	100.00%
2019	1,148,935	10,178,116	7,940,052	-	19,267,103	100.00%
2020	1,122,678	10,299,598	8,301,678	-	19,723,954	100.00%

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

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

** Merger of Local and Regional School Districts

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2011	*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2012	*	-	-	-	-	-	-	0.00%	-
2013	*	-	-	-	-	-	-	0.00%	-
2014	*	-	-	-	-	-	-	0.00%	-
2015		14,930,314	-	94,373	-	63,828	15,088,515	2.68%	2,105
2016		13,969,566	-	193,184	-	-	14,162,750	2.45%	1,983
2017		12,742,816	-	96,580	-	-	12,839,396	2.16%	1,805
2018		11,470,026	-	-	-	-	11,470,026	1.90%	1,615
2019		10,146,155	-	127,563	-	-	10,273,718	1.62%	1,452
2020		8,771,161	-	65,065	-	-	8,836,226	N/A	1,253

Notes: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

(a) See Exhibit J-14 for personal income and population data.

These ratios are calculated using personal income and population for the prior calendar year.

N/A Information is not available

* Information is not available prior to merger of local and regional school districts.

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	* \$ -	\$ -	\$ -	0.00%	\$ -
2012	* -	-	-	0.00%	-
2013	* -	-	-	0.00%	-
2014	* -	-	-	0.00%	-
2015	14,930,314	-	14,930,314	1.15%	2,083
2016	13,969,566	-	13,969,566	1.04%	1,956
2017	12,742,816	-	12,742,816	0.94%	1,791
2018	11,470,026	-	11,470,026	0.83%	1,615
2019	10,146,155	-	10,146,155	0.72%	1,434
2020	8,771,161	-	8,771,161	0.61%	1,244

Notes: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

- (a) See Exhibit J-6 for property tax data.
- (b) Population data can be found in Exhibit J-14.

* Information is not available prior to merger of local and regional school districts.

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2019

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Debt</u>
Debt repaid with property taxes			
Municipality			
Borough of Stockton	\$ 846,938	100.00%	\$ 846,938
City of Lambertville	12,984,337	100.00%	12,984,337
Township of West Amwell	3,720,720	100.00%	3,720,720
County general obligation debt	85,870,478	6.44%	<u>5,528,410</u>
Subtotal, overlapping debt			<u>23,080,405</u>
Regional High School			
Borough of Stockton	10,011,161	6.50%	650,604
City of Lambertville	10,011,161	56.77%	5,682,847
Township of West Amwell	10,011,161	36.74%	<u>3,677,710</u>
School District direct debt			<u>10,011,161</u>
Total direct and overlapping debt			<u><u>\$ 43,102,727</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Taxation. Debt outstanding data provided by each Governmental Unit.

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 municipality. 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.

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Demographic and Economic Statistics
By Constituent District - Borough of Stockton
Last Ten Fiscal Years

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2011	537	\$ 37,616,313	\$ 70,049	N/A
2012	533	38,346,685	71,945	N/A
2013	530	39,876,140	75,238	7.3%
2014	528	39,635,376	75,067	3.2%
2015	526	41,370,952	78,652	3.6%
2016	523	42,392,811	81,057	3.0%
2017	519	43,411,755	83,645	3.0%
2018	519	44,093,202	84,958	2.3%
2019	514	N/A	N/A	2.6%
2020	N/A	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (c) Per capita personal income by County estimated based upon the 2010 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Demographic and Economic Statistics (continued)
By Constituent District - City of Lambertville
Last Ten Fiscal Years

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate (d)</u>
2011	3,923	\$ 274,802,227	\$ 70,049	7.7%
2012	3,904	280,873,280	71,945	7.9%
2013	3,872	291,321,536	75,238	3.0%
2014	3,864	290,058,888	75,067	3.8%
2015	3,854	303,124,808	78,652	3.1%
2016	3,841	311,339,937	81,057	2.9%
2017	3,823	319,774,835	83,645	2.9%
2018	3,821	324,624,518	84,958	2.5%
2019	3,812	N/A	N/A	2.1%
2020	N/A	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (c) Per capita personal income by County estimated based upon the 2010 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Demographic and Economic Statistics (continued)
By Constituent District - Township of West Amwell
Last Ten Fiscal Years**

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate (d)</u>
2011	2,843	\$ 199,149,307	\$ 70,049	5.9%
2012	2,826	203,316,570	71,945	6.1%
2013	2,802	210,816,876	75,238	3.2%
2014	2,796	209,887,332	75,067	5.0%
2015	2,789	219,360,428	78,652	3.9%
2016	2,778	225,176,346	81,057	3.7%
2017	2,771	231,780,295	83,645	3.4%
2018	2,764	234,823,912	84,958	3.2%
2019	2,749	N/A	N/A	2.8%
2020	N/A	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (c) Per capita personal income by County estimated based upon the 2010 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Principal Employers
Current Year and Nine Years Ago

2020

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2011

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Full Time Equivalent District Employees by Function/Program
Last Five Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction										
Regular	-	-	-	-	73.0	76.0	72.5	70.6	72.5	73.2
Special education	-	-	-	-	23.9	26.5	28.0	32.0	33.7	32.9
Other instruction - aides	-	-	-	-	19.3	18.8	21.5	26.0	26.0	25.5
Support services										
Student and instruction related services	-	-	-	-	17.8	23.8	27.9	28.1	26.5	29.7
General administration	-	-	-	-	2.5	2.5	2.0	2.0	2.0	2.0
School administration services	-	-	-	-	9.5	6.0	6.0	6.3	7.3	6.4
Central services	-	-	-	-	3.5	3.5	3.5	3.5	3.5	3.5
Administrative information technology	-	-	-	-	2.0	2.0	3.0	3.0	3.0	3.0
Plant operations and maintenance	-	-	-	-	11.3	11.4	11.9	12.4	12.4	12.4
Pupil transportation	-	-	-	-	7.0	7.3	7.8	7.7	7.0	6.0
Other Support Services	-	-	-	-	2.0	2.0	2.0	1.7	1.7	2.6
Total	-	-	-	-	171.8	179.8	186.1	193.3	195.6	197.2
	*	*	*	*						

Source: District Personnel Records

* Information is not available prior to merger of local and regional school districts.

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	June 30 Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2011	*	-	\$ -	0.00%	-	-	-	-	-	0.00%
2012	*	-	-	0.00%	-	-	-	-	-	0.00%
2013	*	-	-	0.00%	-	-	-	-	-	0.00%
2014	*	-	-	0.00%	-	-	-	-	-	0.00%
2015	960	19,234,843	20,036	-2.95%	97.9	1 to 9.81	959.9	916.6	2.92%	95.49%
2016	938	20,626,765	21,990	9.46%	102.5	1 to 9.16	938.3	896.2	-2.25%	95.52%
2017	940	21,406,978	22,773	3.56%	102.6	1 to 9.16	940.0	880.7	0.18%	93.69%
2018	943	22,145,510	23,484	3.12%	102.6	1 to 9.19	1,020.8	872.7	8.60%	85.49%
2019	925	24,847,838	26,863	14.39%	106.2	1 to 8.71	904.8	859.4	-11.37%	94.98%
2020	971	24,610,687	25,346	-5.65%	108.0	1 to 8.99	921.2	891.3	1.81%	96.76%

Source: District Records

- (a) Operating expenditures equal total expenditures less debt service and capital outlay.
- (b) Teaching staff includes only full-time equivalents or certificated staff.
- (c) Average Daily Enrollment and Average Daily Attendance are obtained from the School Register Summary.

* Information is not available prior to merger of local and regional school districts.

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

District Building	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Elementary										
<u>City of Lambertville (1968)</u>										
Square feet	-	-	-	-	32,301	32,301	32,301	32,301	32,301	32,301
Capacity (students)	-	-	-	-	982	982.0	982.0	982.0	982.0	982.0
Enrollment	-	-	-	-	251	250.0	246.0	247.0	231.0	235.0
<u>Borough of Stockton (1872)</u>										
Square feet	-	-	-	-	4,000	4,000	4,000	4,000	4,000	4,000
Capacity (students)	-	-	-	-	67	67.0	67.0	67.0	67.0	67.0
Enrollment	-	-	-	-	55	48.0	55.0	12.0	-	-
<u>Township of West Amwell (1953)</u>										
Square feet	-	-	-	-	24,578	24,578	24,578	24,578	24,578	24,578
Capacity (students)	-	-	-	-	266	266.0	266.0	266.0	266.0	266.0
Enrollment	-	-	-	-	222	211.0	219.0	234.0	227.0	260.0
High School										
<u>South Hunterdon Regional High School (1959)</u>										
Square feet	-	-	-	-	99,000	99,000	99,000	99,000	99,000	99,000
Capacity (students)	-	-	-	-	572	572.0	572.0	572.0	572.0	572.0
Enrollment	-	-	-	-	424	441.0	452.0	450.0	463.0	476.0
	*	*	*	*						

<u>Number of schools at June 30, 2020:</u>	
Elementary	3
Middle School	-
High School	1
Other	-

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increase in square footage and capacity are the result of renovations and additions.

* Information is not available prior to merger of local and regional school districts.

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Schedule of Required Maintenance
Last Ten Fiscal Years

Undistributed Expenditures - Required Maintenance for School Facilities

<u>Fiscal Year Ending</u>	<u>Borough of Stockton</u>	<u>City of Lambertville</u>	<u>High School</u>	<u>Township of West Amwell</u>	<u>District Total</u>
2011	*	\$ -	\$ -	\$ -	\$ -
2012	*	-	-	-	-
2013	*	-	-	-	-
2014	*	-	-	-	-
2015		18,793	42,831	198,248	28,768
2016		20,760	38,808	298,916	60,874
2017		44,266	131,520	315,515	89,578
2018		15,850	85,431	331,700	115,991
2019		6,933	91,649	280,273	146,227
2020		27,133	128,462	343,841	149,731
Total school facilities		<u>\$ 133,735</u>	<u>\$ 518,701</u>	<u>\$ 1,768,493</u>	<u>\$ 591,169</u>
		<u>\$ 3,012,098</u>			

Note: School Facilities as Defined Under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District Records

* Information is not available prior to merger of local and regional school districts.

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Insurance Schedule
June 30, 2020
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy - New Jersey Schools Insurance Group (NJSIG)		
Real & Personal Property (per occurrence)	\$ 500,000,000	\$ 5,000
Blanket Extra Expense	50,000,000	5,000
Blanket Valuable Paper & Records	10,000,000	5,000
Flood/Earthquake		
Flood Zone A & V	25,000,000	500,000
All Other Flood Zones	75,000,000	10,000
Earthquake	50,000,000	1,000
Terrorism	1,000,000	-
Electronic Data Processing		
Blanket Hardware/Software, Business Income, Transit, Debris Removal	750,000	1,000
Flood (Deductible for Zone A & Z)	-	500,000
Deductible All Other Flood Zones	-	10,000
Equipment Breakdown		
Combined Single Limit/Accident for Property Damage & Business Income	100,000,000	5,000
Crime Coverage		
Public Employee Dishonesty	100,000	500
Theft, Disapp. & Destruction/Money Orders & Counterfeit Currency	50,000	500
Forgery or Alteration	50,000	500
Computer Fraud	50,000	500
Public Officials Bond		
Board Secretary - K Sevilis (Selective Insurance)	200,000	-
General Liability		
Bodily Injury & Property Damage	11,000,000	-
Products & Completed Operations	11,000,000	-
Sexual Abuse	11,000,000	-
Personal Injury & Advertising Injury	11,000,000	-
Employee Benefits Liability	11,000,000	1,000
Automotive Coverage:		
Combined Single Limit for Bodily Injury and Property Damage	11,000,000	1,000
School Leaders Errors and Omissions		
Coverage A - Protection againsts "Loss"/Wrongful Acts	11,000,000	10,000
Coverage B - Defense Costs for Specific Administrative Actions	100,000/claim	10,000
Workers' Compensation		
Part One	Statutory	-
Part Two - Bodily Injury by Accident & Disease	2,000,000	-
Student Accident		
All School Base (US Fire)	25,000	-
Catastrophic (AIG)	7,500,000	-
UST(Nautilus)	1,000,000	25,000

Source: District Records

See independent auditors' report.

SINGLE AUDIT SECTION



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

Honorable President and
Members of the Board of Education
South Hunterdon Regional School District
County of Hunterdon, 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, and the aggregate remaining fund information of the South Hunterdon Regional School District, County of Hunterdon, the State of New Jersey, (the District), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 14, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the South Hunterdon Regional School District's internal 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

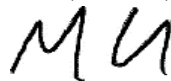
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BKC, CPAs, PC



Michael A. Holk, CPA, PSA
NO. 20CS00265600

January 14, 2021
Flemington, New Jersey



**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform
Guidance and New Jersey OMB Circular 15-08-OMB**

Honorable President and
Members of the Board of Education
South Hunterdon Regional School District
County of Hunterdon, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the South Hunterdon Regional School District's, (the District), compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2020. The District's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08. Those standards, the Uniform Guidance and the OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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



BKC, CPAs, PC



Michael A. Holk, CPA, PSA
NO. 20CS00265600

January 14, 2021
Flemington, New Jersey

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2020**

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2019		Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2020										
					From	To	(Acct Rec) Def Revenue	Carryover Amount					Accounts Receivable	Deferred Revenue	Due to Grantor								
U.S. Department of Health and Human Services passed through State Department of Education General Fund																							
Medical Assistance Program (SEMI)	93.778	2005NJ5MAP	N/A	\$ 22,474	07/01/19	06/30/20	\$ -	\$ -	\$ 22,474	\$ 22,474	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -						
U.S. Department of Education passed through State Department of Education Special Revenue Fund																							
Title I A	84.010A	S010A190030	ESSA-1376-20	155,896	07/01/19	06/30/20	-	-	95,055	155,896	-	-	(60,841)	-	-	-	-						
Title I A	84.010A	S010A180030	ESSA-1376-19	167,449	07/01/18	06/30/19	(35,771)	-	1,778	1,778	-	-	(35,771)	-	-	-	-						
Title II A	84.367A	S367A190029	ESSA-1376-20	10,483	07/01/19	06/30/20	-	-	8,543	10,418	-	-	(1,875)	-	-	-	-						
Title III	84.365	S365A190030	ESSA-1376-20	11,286	07/01/19	06/30/20	-	-	450	2,449	-	-	(1,999)	-	-	-	-						
Title III	84.365	S365A180030	ESSA-1376-19	10,922	07/01/18	06/30/19	(1,974)	-	2,090	116	-	-	-	-	-	-	-						
Title III Immigrant	84.365	S365A190030	ESSA-1376-20	1,486	07/01/19	06/30/20	-	-	1,107	1,486	-	-	(379)	-	-	-	-						
Title III Immigrant	84.365	S365A180030	ESSA-1376-19	1,410	07/01/18	06/30/19	-	-	1,410	1,410	-	-	-	-	-	-	-						
Title IV	84.424	S424A190031	ESSA-1376-20	10,000	07/01/19	06/30/20	-	-	5,908	10,000	-	-	(4,092)	-	-	-	-						
Title IV	84.424	S424A180031	ESSA-1376-19	10,520	07/01/18	06/30/19	-	-	198	198	-	-	-	-	-	-	-						
Title IV	84.424	S424A170031	ESSA-1376-18	8,985	07/01/17	06/30/18	(447)	-	447	-	-	-	-	-	-	-	-						
IDEA Basic	84.027A	H027A190100	IDEA-1376-20	213,747	07/01/19	06/30/20	-	-	196,791	213,747	-	-	(16,956)	-	-	-	-						
IDEA Preschool	84.173A	H173A190114	IDEA-1376-20	7,084	07/01/19	06/30/20	-	-	6,405	6,386	-	-	-	19	-	-	-						
IDEA Preschool	84.173A	H173A180114	IDEA-1376-19	8,906	07/01/18	06/30/19	-	-	50	50	-	-	-	-	-	-	-						
Perkins Secondary Federal	84.048	V048A190030	PERK-1376-20	2,712	07/01/19	06/30/20	-	-	2,712	2,712	-	-	-	-	-	-	-						
Perkins Secondary Reserve	84.048	V048A190030	PERK-1376-20	3,883	07/01/19	06/30/20	-	-	2,026	3,344	-	-	(1,318)	-	-	-	-						
Total Special Revenue Fund							(38,192)	-	324,970	409,990	-	-	(123,231)	19	-	-	-						
U.S. Department of Agriculture passed through State Department of Agriculture Enterprise Fund																							
Child Nutrition Center																							
National School Lunch Program																							
Non-Cash Assistance (Commodities)	10.555	201NJ304N1099	N/A	19,812	10/01/19	09/30/20	-	-	19,812	17,824	-	-	-	1,988	-	-	-						
National School Lunch Program																							
Non-Cash Assistance (Commodities)	10.555	191NJ304N1099	N/A	19,783	10/01/18	09/30/19	1,253	-	-	1,253	-	-	-	-	-	-	-						
National School Lunch Program																							
Cash Assistance	10.555	201NJ304N1099	N/A	99,953	10/01/19	09/30/20	-	-	99,953	99,953	-	-	-	-	-	-	-						
National School Lunch Program																							
Cash Assistance	10.555	191NJ304N1099	N/A	98,814	10/01/18	09/30/19	(5,810)	-	5,810	-	-	-	-	-	-	-	-						
School Breakfast Program																							
School Breakfast Program	10.553	201NJ304N1099	N/A	32,181	10/01/19	09/30/20	-	-	32,181	32,181	-	-	-	-	-	-	-						
School Breakfast Program																							
School Breakfast Program	10.553	191NJ304N1099	N/A	16,755	10/01/18	09/30/19	(1,248)	-	1,248	-	-	-	-	-	-	-	-						
Total Enterprise Fund							(5,805)	-	159,004	151,211	-	-	-	1,988	-	-	-						
Total Federal Financial Assistance							\$ (43,997)	\$ -	\$ 506,448	\$ 583,675	\$ -	\$ -	\$ (123,231)	\$ 2,007	\$ -	\$ -	\$ -						

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2020

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2019		Cash Received	Budgetary Expenditure	Adjustments	Balance June 30, 2020			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General Fund														
Transportation Aid	20-495-034-5120-014	\$ 314,641	07/01/19	06/30/20	\$ -	\$ -	\$ 285,754	\$ 314,641	\$ -	\$ -	\$ -	\$ -	\$ 28,887	\$ 314,641
Special Education Categorical Aid	20-495-034-5120-089	589,364	07/01/19	06/30/20	-	-	535,255	589,364	-	-	-	-	54,109	589,364
School Choice Aid	20-495-034-5120-068	1,342,570	07/01/19	06/30/20	-	-	1,219,309	1,342,570	-	-	-	-	123,261	1,342,570
Security Aid	20-495-034-5120-084	125,891	07/01/19	06/30/20	-	-	114,333	125,891	-	-	-	-	11,558	125,891
Extraordinary Special Education Costs Aid	19-495-034-5120-044	85,033	07/01/18	06/30/19	(85,033)	-	85,033	-	-	-	-	-	-	85,033
Extraordinary Special Education Costs Aid	20-495-034-5120-044	90,951	07/01/19	06/30/20	-	-	-	90,951	-	(90,951)	-	-	-	90,951
Non-Public Transportation Aid	19-495-034-5120-014	11,020	07/01/18	06/30/19	(11,020)	-	11,020	-	-	-	-	-	-	11,020
Reimbursed TPAF Social Security Contribution	19-495-034-5094-003	657,502	07/01/18	06/30/19	(33,515)	-	33,515	-	-	-	-	-	-	657,502
Reimbursed TPAF Social Security Contribution	20-495-034-5094-003	708,109	07/01/19	06/30/20	-	-	673,491	708,109	-	(34,618)	-	-	-	708,109
On-Behalf TPAF Pension Contribution - Teacher'S Pension & Annuity Fund	20-495-034-5094-002	1,842,177	07/01/19	06/30/20	-	-	1,842,177	1,842,177	-	-	-	-	-	1,842,177
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	20-495-034-5094-004	33,019	07/01/19	06/30/20	-	-	33,019	33,019	-	-	-	-	-	33,019
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	20-495-034-5094-004	1,867	07/01/19	06/30/20	-	-	1,867	1,867	-	-	-	-	-	1,867
On-Behalf TPAF Pension Contribution - Post Retirement Medical	20-495-034-5094-001	695,663	07/01/19	06/30/20	-	-	695,663	695,663	-	-	-	-	-	695,663
Total General Fund					<u>(129,568)</u>	<u>-</u>	<u>5,530,436</u>	<u>5,744,252</u>	<u>-</u>	<u>(125,569)</u>	<u>-</u>	<u>-</u>	<u>217,815</u>	<u>6,497,807</u>
Debt Service Fund														
Debt Service Aid - State Support	20-495-034-5120-017	357,329	07/01/19	06/30/20	-	-	357,329	357,329	-	-	-	-	-	357,329
Total Debt Service Fund					<u>-</u>	<u>-</u>	<u>357,329</u>	<u>357,329</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>357,329</u>
State Department of Agriculture														
Enterprise Fund														
National School Lunch Program (St share)	20-100-010-3350-023	2,625	07/01/19	06/30/20	-	-	2,625	2,625	-	-	-	-	-	2,625
National School Lunch Program (St share)	19-100-010-3350-023	3,068	07/01/18	06/30/19	(174)	-	174	-	-	-	-	-	-	3,068
Total Enterprise Fund					<u>(174)</u>	<u>-</u>	<u>2,799</u>	<u>2,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,693</u>
Total State Financial Assistance					<u>\$ (129,742)</u>	<u>\$ -</u>	<u>\$ 5,890,564</u>	<u>6,104,206</u>	<u>\$ -</u>	<u>\$ (125,569)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,815</u>	<u>\$ 6,860,829</u>
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	20-495-034-5094-002							1,842,177						
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	20-495-034-5094-004							33,019						
On-Behalf TPAF Pension Contribution - Postretirement Medical	20-495-034-5094-001							695,663						
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	20-495-034-5094-004							1,867						
Total for State Financial Assistance - Major Program Determination								<u>\$ 3,531,480</u>						

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2020

Note 1 - General

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal awards and state financial assistance programs of the South Hunterdon Regional School District. The District is defined in Note 1 (A) to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the District's basic financial statements.

Note 3 - Relationship of financial statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the 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 the budgetary basis to the GAAP basis is (\$490) for the general fund and \$28,256 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2020

Note 3 - Relationship of financial statement (continued)

Financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	<u>Local</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General fund	\$ -	\$ 22,474	\$ 5,743,762	\$ 5,766,236
Special revenue fund	66,924	443,546	-	510,470
Debt service fund	-	-	357,329	357,329
Food service fund	-	151,211	2,625	153,836
Total awards and financial assistance	<u>\$ 66,924</u>	<u>\$ 617,231</u>	<u>\$ 6,103,716</u>	<u>\$ 6,784,137</u>

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension contributions represents the amount paid by the state on behalf of the District for the fiscal year ended June 30, 2020. TPAF Social Security contribution represents the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the fiscal year ended June 30, 2020.

Note 6 - Indirect Costs

The District has elected not to utilize the 10% de minimis indirect cost rate.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2020**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

- 1. Were material weakness(es) identified? Yes No
- 2. Were significant deficiencies identified? Yes None reported

Noncompliance material to basic financial statements noted? Yes No

Federal Awards Not Applicable

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified? Yes No
- 2. Were significant deficiencies identified? Yes None reported

What was the type of auditor's report issued on compliance for major programs? Unmodified

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a)? Yes No

Identification of Major Programs:

CFDA Number(s)	FEIN Number(s)	Name of Federal Program or Cluster
<u>Not Applicable</u>	<u>Not Applicable</u>	<u>Not Applicable</u>

What was the dollar threshold used to distinguish between Type A and Type B programs? _____

Did the auditee qualify as a low-risk auditee? Yes No

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2020**

Section I - Summary of Auditor's Results (continued)

State Awards

What was the dollar threshold used to distinguish between Type A and Type B programs? \$750,000

Did the auditee qualify as a low-risk auditee? Yes No

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified? Yes No
- 2. Were there significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

What was the type of auditor's report issued on compliance for major programs? Unmodified

Were any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable? Yes No

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
	<i>State Aid Public Cluster:</i>
<i>20-495-034-5120-089</i>	<i>Special Education Categorical Aid</i>
<i>20-495-034-5120-084</i>	<i>Security Aid</i>
<i>20-495-034-5120-068</i>	<i>School Choice Aid</i>

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section II and III
For the Fiscal Year Ended June 30, 2020**

Section II - Financial Statement Findings

There were no prior year findings or questioned costs.

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

There were no prior year findings or questioned costs.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2020

Status of Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. Corrective action had been taken on the following prior year findings: 2019-001.