

STERLING HIGH SCHOOL DISTRICT



**STERLING HIGH SCHOOL BOARD OF EDUCATION
CAMDEN COUNTY, NEW JERSEY**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

STERLING HIGH SCHOOL DISTRICT
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INTRODUCTORY SECTION

STERLING HIGH SCHOOL DISTRICT
801 PRESTON AVENUE, SUITE B • SOMERDALE, NEW JERSEY 08083-2149
Phone: 856-784-3545 Fax: 856-784-7823

February 4, 2021

Honorable President and
Members of the Board of Education
Sterling High School District
Somerdale, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Sterling High School District for the fiscal year ended 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 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: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo a single audit in conformity with the provisions of the State of New Jersey Circular 15-08 OMB, *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 questioned costs are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: Sterling High School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. The Sterling High School Board of Education and its school constitute the District's reporting entity.

The District provides the following services:

- 9 - 12 regular education
- Remedial services for at risk students
- Special Education programs and related services as indicated in the Ind. Ed Plan (IEP) and required by N.J.A.C. 6:28
- Transportation services for Vocational and Special Education Students

- Tuition for the out of district special education students 9 - 12
- Pride Program for students in grades 9 - 12
- Choice School Program for Allied Health & Health Science, TV Production, Early Childhood Education, Multimedia Graphic Design and ROTC
- Shared Services

2. **ECONOMIC CONDITION AND OUTLOOK:** The Sterling High School area is experiencing little development in housing and should not have any significant impact on the school district.

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

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

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

5. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by State statute. 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.

6. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, student accident insurance, worker's compensation and fidelity bonds. The majority of our insurance is through the School Alliance Insurance Fund, a joint insurance fund.

7. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants. The accounting firm of Bowman & Company LLP was appointed by the Board during our re-organization meeting. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the State of New Jersey Circular 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and 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.

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

Respectfully submitted,

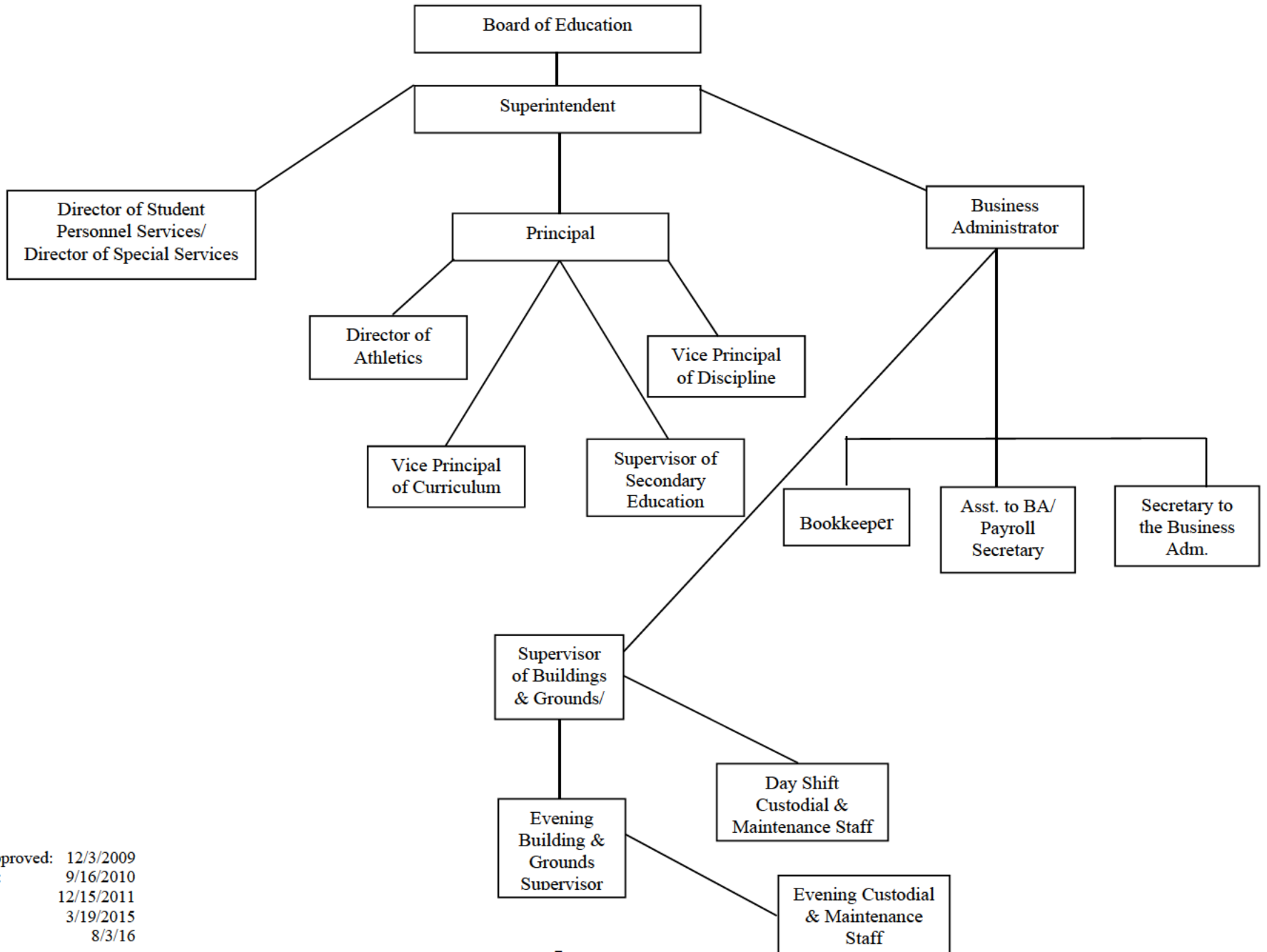


Matthew Sheehan
Superintendent



Joanne Augustide
School Business Administrator /
Board Secretary

**STERLING HIGH SCHOOL
ORGANIZATIONAL CHART
ADMINISTRATION
POLICY 1110**



BOE Approved: 12/3/2009
 Revised: 9/16/2010
 12/15/2011
 3/19/2015
 8/3/16

**STERLING HIGH SCHOOL DISTRICT
SOMERDALE, NJ**

Roster of Officials

June 30, 2020

<u>Members of the Board of Education</u>	<u>Term Expires</u>
William Hiltner, President	2021
Michele Miller, Vice President	2020
Kellie Stout	2020
Dan Radcliff	2021
Jason Clark	2022
Barbara Okeson-Brandt	2021
Shawn Nicholas	2020
Paul Sims	2021
Victoria Burckley	2022

Other Officials

Matthew Sheehan, Superintendent of Schools

Joanne Augustine, School Business Administrator / Board Secretary

**STERLING HIGH SCHOOL DISTRICT
SOMERDALE, NJ**

Consultants and Advisors

June 30, 2020

Auditor

L. Jarred Corn, CPA, RMA, PSA
Bowman & Company LLP
601 White Horse Road
Voorhees, New Jersey 08043-2493

Official Depository

1st Colonial Community Bank
1040 Haddon Ave.
Collingswood, New Jersey 08108

Medical

Dr. Gigliotti
181 W. White Horse Pike
Berlin, New Jersey 08009

Insurance Broker

Hardenbergh Insurance Agency
P.O. Box 8000
Marlton, New Jersey 08053

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Sterling High School District
Somerdale, New Jersey 08083

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 Sterling High School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sterling High School District, in the County of Camden, State of New Jersey, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the School District's proportionate share of the net pension liability, schedule of the School District's pension contributions, and schedule of changes in the School District's total OPEB liability and related ratios, as 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 opinions on the financial statements that collectively comprise the Sterling High School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section, and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and 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 accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents have not been subjected 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 February 4, 2021 on our consideration of the Sterling High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sterling High School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sterling High School District's internal control over financial reporting and compliance.

Respectfully submitted,

BOWMAN & COMPANY LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

L. Jarred Corn

L. Jarred Corn
Certified Public Accountant
Public School Accountant No. CS 00219700

Voorhees, New Jersey
February 4, 2021

Exhibit K-1

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Sterling High School District
Somerdale, New Jersey 08083

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sterling High School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated February 4, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sterling High School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sterling High School 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 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 Sterling High School 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

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, and state awarding agencies and pass-through entities, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

BOWMAN & COMPANY LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

L. Jarred Corn

L. Jarred Corn
Certified Public Accountant
Public School Accountant No. CS 00219700

Voorhees, New Jersey
February 4, 2021

REQUIRED SUPPLEMENTARY INFORMATION
PART I
MANAGEMENT'S DISCUSSION AND ANALYSIS

STERLING HIGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

As management of the Sterling High School District (hereafter referred to as the "School District"), we offer readers of the School District's financial statements this narrative overview and analysis of the 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 information furnished in our letter of transmittal, notes to the basic financial statements, and financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- The net position of the School District, which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources, was \$10,622,077.10 at the close of the current fiscal year. Of this amount, \$10,039,711.34 represents net position of governmental activities and \$582,365.76 represents net position of business-type activities.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$4,141,508.96, an increase of \$1,303,055.11, or forty-six percent (46%), in comparison with the prior fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was a deficit of \$378,196.72, which represents a thirty-three percent (33%) increase from that of the prior fiscal year. Maintaining fund balance is vital for the School District's cash flow. Additional information as to the cause of this unassigned deficit fund balance can be found in note 18 to the financial statements.
- The School District's total bonded debt decreased by \$180,000.00 because of budgeted debt payments.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

This comprehensive annual financial report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. Fund financial statements for the governmental activities tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the School District's operations in more detail than the government-wide statements by providing information about the School District's most significant funds.

Reporting the School District as a Whole

One of the most important questions asked about the School District's finances is, "Is the School District as a whole better off or worse off as a result of the fiscal year's activities?" The statement of net position and the statement of activities report information about the School District as a whole and about its activities in a way that helps answer this question. These statements include *all* assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current fiscal year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's *net position* and changes in it. You can think of the School District's net position, which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources, as one way to measure the School District's financial health, or *financial position*. Over time, *increases or decreases* in the School District's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the School District's property tax base and the condition of the School District's capital assets, to assess the *overall health* of the School District.

STERLING HIGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

USING COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

Reporting the School District as a Whole (Cont'd)

In the statement of net position and the statement of activities, we divide the School District into two kinds of activities, those being governmental activities and business-type activities. In the governmental activities, this is where all of the School District's basic services are reported and are supported from property taxes and intergovernmental revenues. The business-type activities of the School District include a food service program and the South Jersey technology program, both of which are supported from user fees and charges.

Reporting the School District's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds, not the School District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The School District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, capital projects fund, and debt service fund, which are all considered major funds.

The School District adopts an annual budget for its general fund, special revenue fund, and debt service fund. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

Proprietary Funds - The School District maintains one type of proprietary fund; that being an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The School District uses an enterprise fund to account for its food service and South Jersey technology programs.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the food service and South Jersey technology programs which are all considered major funds.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

STERLING HIGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

USING COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

Reporting the School District's Most Significant Funds (Cont'd)

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

THE SCHOOL DISTRICT AS A WHOLE

During fiscal year 2020, the School District's net position increased by \$2,092,899.98, increasing from \$8,529,177.12 in fiscal year 2019 to \$10,622,077.10 in fiscal year 2020. Our analyses that follow focus on the net position (Table 1) and changes in net position (Table 2) of the School District's governmental-type activities and business-type activities.

In total, assets (net of internal balances) decreased by \$538,526.39, deferred outflows of resources decreased by \$712,562.00, liabilities decreased by \$3,531,296.37, and deferred inflows of resources increased by \$187,308.00. The decrease in assets (net of internal balances) was primarily attributable to a decrease in capital assets of the governmental-type activities of \$349,479.70, resulting from the depreciation of such capital assets during fiscal year 2020. The decrease in deferred outflows of resource and the net decrease in liabilities were primarily attributable to the changes in the School District's pension liabilities (pensions - see note 8). Another reason for the significant decrease in liabilities was attributable to the change in the School District's other accounts payable balances.

TABLE 1 NET POSITION								
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Government-wide Totals</u>		<u>Government-wide %</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>Change</u>
Current and Other Assets	\$ 4,382,521.96	\$ 4,477,939.14	\$ (410,837.90)	\$ (356,196.43)	\$ 3,971,684.06	\$ 4,121,742.71	\$ (150,058.65)	-3.6%
Capital Assets	16,828,532.10	17,178,011.80	1,025,451.91	1,064,439.95	17,853,984.01	18,242,451.75	(388,467.74)	-2.1%
Total Assets	21,211,054.06	21,655,950.94	614,614.01	708,243.52	21,825,668.07	22,364,194.46	(538,526.39)	-2.4%
Deferred Outflows of Resources	779,764.00	1,492,326.00	-	-	779,764.00	1,492,326.00	(712,562.00)	-47.7%
Other Liabilities	508,273.00	1,909,849.29	32,248.25	101,630.90	540,521.25	2,011,480.19	(1,470,958.94)	-73.1%
Long-Term Liabilities Outstanding	7,430,907.72	9,491,245.15	-	-	7,430,907.72	9,491,245.15	(2,060,337.43)	-21.7%
Total Liabilities	7,939,180.72	11,401,094.44	32,248.25	101,630.90	7,971,428.97	11,502,725.34	(3,531,296.37)	-30.7%
Deferred Inflows of Resources	4,011,926.00	3,824,618.00	-	-	4,011,926.00	3,824,618.00	187,308.00	4.9%
Net Investment in Capital Assets	14,076,882.81	14,246,362.51	1,025,451.91	1,064,439.95	15,102,334.72	15,310,802.46	(208,467.74)	-1.4%
Restricted	4,035,676.02	2,852,696.99	-	-	4,035,676.02	2,852,696.99	1,182,979.03	41.5%
Unrestricted (Deficit)	(8,072,847.49)	(9,176,495.00)	(443,086.15)	(457,827.33)	(8,515,933.64)	(9,634,322.33)	1,118,388.69	11.6%
Total Net Position	\$ 10,039,711.34	\$ 7,922,564.50	\$ 582,365.76	\$ 606,612.62	\$ 10,622,077.10	\$ 8,529,177.12	\$ 2,092,899.98	24.5%

\$15,102,334.72 of the School District's total net position at the end of the current fiscal year reflects its net investment in capital assets (i.e., land, buildings, and equipment). This component represents capital assets, net of accumulated depreciation, and net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets. The School District uses these assets to provide educational services to students and to carry out the operations of the business-type activities; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional component of the School District's net position in the amount of \$4,035,676.02 represents resources that are restricted. These amounts consist of amounts restricted for capital projects, maintenance, excess surplus, and debt service. Additional information on the School District's restricted net position can be found in note 19 in the notes to the financial statements.

STERLING HIGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

THE SCHOOL DISTRICT AS A WHOLE (CONT'D)

The third and final component of net position is unrestricted. This component represents resources and uses that do not meet the criteria of the aforementioned two components of net position. At the end of the current fiscal year, the School District's unrestricted net position was in a deficit in the amount of \$8,515,933.64. The deficit is primarily due to the delay of the June state aid payments and the recording of long-term liabilities for general serial bonds, compensated absences, and net pension liability.

Such long-term liabilities are funded by the School District on a pay-as-you-go basis, meaning these liabilities are funded only to the extent that the current fiscal year's contractual obligations can be satisfied. See note 7 in the notes to the financial statements for further detail regarding long-term liabilities.

Table 2 on the following page illustrates the changes in net position of the School District's governmental-type activities and business-type activities.

During fiscal year 2020, the School District's total revenues decreased by \$657,701.78, decreasing from \$22,523,813.19 in fiscal year 2019 to \$21,866,111.41 in fiscal year 2020. The net change in total revenues is largely attributable to the following:

- operating grants and contributions decreased from fiscal year 2019 by \$770,220.76, or 16.1% due to the actuarially determined on-behalf payments made by the State of New Jersey for pension and other postemployment benefits

Property taxes constituted approximately thirty-two percent (32%) of total revenues for the School District for the fiscal year 2020. In addition, charges for services constituted approximately twelve percent (12%) of total revenues for the School District.

Lastly, operating and capital grants and contributions, federal and state aid, interest and investment earnings, miscellaneous income, and gain on disposal of capital assets constituted approximately fifty-six (56%) of total revenues for the School District.

STERLING HIGH SCHOOL DISTRICT
Management's Discussion and Analysis
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(Unaudited)

THE SCHOOL DISTRICT AS A WHOLE (CONT'D)

TABLE 2 CHANGES IN NET POSITION								
	Governmental Activities		Business-Type Activities		Government-wide Totals		Government-wide %	
	2020	2019	2020	2019	2020	2019	Change	Change
REVENUES:								
Program Revenues:								
Charges for Services	\$ 2,522,726.38	\$ 2,376,956.10	\$ 129,531.03	\$ 283,416.22	\$ 2,652,257.41	\$ 2,660,372.32	\$ (8,114.91)	-0.3%
Operating Grants and Contributions	3,804,449.74	4,599,495.20	216,174.41	191,349.71	4,020,624.15	4,790,844.91	(770,220.76)	-16.1%
Capital Grants and Contributions		3,709.59				3,709.59	(3,709.59)	-100.0%
General Revenues:								
Property Taxes:								
Levied for General Purposes	6,751,694.00	6,619,308.00			6,751,694.00	6,619,308.00	132,386.00	2.0%
Levied for Debt Service	217,297.00	441,377.00			217,297.00	441,377.00	(224,080.00)	-50.8%
Federal and State Aid - Unrestricted	8,107,195.25	7,741,170.70			8,107,195.25	7,741,170.70	366,024.55	4.7%
Federal and State Aid - Restricted	31,148.67	194,050.92			31,148.67	194,050.92	(162,902.25)	-83.9%
Interest and Investment Earnings - Unrestricted	12,509.96	8,360.53	624.12	1,185.81	13,134.08	9,546.34	3,587.74	37.6%
Interest and Investment Earnings - Restricted	4,616.23	876.59			4,616.23	876.59	3,739.64	426.6%
Miscellaneous	68,144.62	62,556.82			68,144.62	62,556.82	5,587.80	8.9%
Transfers		(1,328,196.09)		1,328,196.09				
Total General Revenues, Gain (Loss) on Disposal of Capital Assets, and Transfers	<u>21,519,781.85</u>	<u>20,719,665.36</u>	<u>346,329.56</u>	<u>1,804,147.83</u>	<u>21,866,111.41</u>	<u>22,523,813.19</u>	<u>(657,701.78)</u>	<u>-2.9%</u>
EXPENSES:								
Instruction	7,422,474.27	7,297,409.38			7,422,474.27	7,297,409.38	125,064.89	1.7%
Support Services	11,183,287.18	12,432,091.39			11,183,287.18	12,432,091.39	(1,248,804.21)	-10.0%
Interest on Long-Term Debt	75,232.28	98,586.45			75,232.28	98,586.45	(23,354.17)	-23.7%
Unallocated Depreciation	721,641.28	666,124.31			721,641.28	666,124.31	55,516.97	8.3%
Food Service			310,735.79	341,749.34	310,735.79	341,749.34	(31,013.55)	-9.1%
South Jersey Technology Program			59,840.63	164,579.71	59,840.63	164,579.71	(104,739.08)	-63.6%
Total Expenses	<u>19,402,635.01</u>	<u>20,494,211.53</u>	<u>370,576.42</u>	<u>506,329.05</u>	<u>19,773,211.43</u>	<u>21,000,540.58</u>	<u>(1,227,329.15)</u>	<u>-5.8%</u>
Change in Net Position	2,117,146.84	225,453.83	(24,246.86)	1,297,818.78	2,092,899.98	1,523,272.61	<u>\$ 569,627.37</u>	37.4%
Net Position, July 1	<u>7,922,564.50</u>	<u>7,697,110.67</u>	<u>606,612.62</u>	<u>(691,206.16)</u>	<u>8,529,177.12</u>	<u>7,005,904.51</u>		
Net Position, June 30	<u>\$ 10,039,711.34</u>	<u>\$ 7,922,564.50</u>	<u>\$ 582,365.76</u>	<u>\$ 606,612.62</u>	<u>\$ 10,622,077.10</u>	<u>\$ 8,529,177.12</u>		

During fiscal year 2020, the School District's total expenses decreased by \$1,227,329.15, decreasing from \$21,000,540.58 in fiscal year 2019 to \$19,773,211.43 in fiscal year 2020. The net decrease is largely attributable to the following:

- a decrease of costs for personal services – employee benefits of \$1,272,004.65 largely attributable to the PERS and TPAF pension payments (see note 8 and note 10).

THE SCHOOL DISTRICT'S FUNDS

Governmental Funds

As the School District completed the fiscal year, its governmental funds reported a combined fund balance of \$4,141,508.96, which is an increase over last fiscal year's total of \$2,838,453.85. Of the combined ending fund balances of \$4,141,508.96, the deficit unassigned fund balance was \$378,196.72 (see note 18 for cause of deficit). The remainder of fund balance is restricted / assigned to indicate that it is not available for new spending because it has already been assigned as follows: (1) restricted for capital reserve (\$2,418,574.72), (2) restricted for maintenance reserve (\$125,000.00), (3) restricted for excess surplus (\$1,173,775.57), (4) restricted for capital projects (\$318,325.23), (5) restricted for debt service (\$.50), and (6) assigned to liquidate contracts and purchase orders of the prior period (\$484,029.66).

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THE SCHOOL DISTRICT'S FUNDS (CONT'D)

Governmental Funds (Cont'd)

General fund - The general fund is the general operating fund of the School District and is used to account for the inflows and outflows of its financial resources. The acquisition of certain capital assets, such as equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures. At the end of the current fiscal year, unassigned fund balance of the general fund was in a deficit in the amount of \$378,196.72. As previously stated, the deficit is primarily due to the delay of the June state aid payments (see note 18).

During the current fiscal year, the fund balance of the School District's general fund increased by \$1,251,722.34, or forty-nine percent (49%). The primary factor affecting the fund balance of the general fund is as follows:

- state sources revenue increased by \$453,092.65 due to an increase in the final state aid amount and;
- the amount transferred from the general fund to the capital projects fund decreased by \$728,799.02 due to a decrease in the need to transfer funds

Special revenue fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources, such as state or federal government grants, that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Total revenues, and expenditures, resulting from these programs totaled \$319,837.03, which was comparable to the revenues and expenditures of the previous fiscal year, which totaled \$345,258.39.

Capital projects fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of major capital facilities, other than those financed by the proprietary funds. Generally, the financial resources of the capital projects fund are derived from New Jersey Economic Development Authority grants, temporary notes, or serial bonds, which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. During the fiscal year ended June 30, 2020, three projects were authorized for a total amount not to exceed \$204,503.98, which will be funded through the capital reserve. At the end of the current fiscal year, restricted fund balance of the capital projects fund was \$318,325.23.

Debt service fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. For the current fiscal year, the School District expended \$180,000.00 and \$82,440.00 representing the payment of bond principal and interest, respectively. At the end of the current fiscal year, restricted fund balance of the debt service fund was \$.50.

Proprietary Funds (Enterprise Fund Types)

Food service fund - as the School District completed the fiscal year, the School District's total net position of the food service fund was \$70,726.14, which was comprised of \$15,566.98 of net investment in capital assets and \$55,159.16 of unrestricted net position.

During the current fiscal year, the net position of the School District's food service fund increased by \$35,102.34, or ninety-nine percent (99%). The increase in net position primarily resulted from the expenses for salaries decreasing by \$13,867.70 and the cost of sales decreasing by \$17,400.20.

South Jersey technology program fund - as the School District completed the fiscal year, the School District's total net position of the South Jersey technology program fund was \$511,639.62.

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THE SCHOOL DISTRICT'S FUNDS (CONT'D)

Proprietary Funds (Enterprise Fund Types) (Cont'd)

South Jersey technology program fund (cont'd) - During the current fiscal year, the net position of the School District's South Jersey technology program fund decreased by \$59,349.20. The net decrease in net position primarily resulted from no operating revenue being recognized as the School District which decreased revenue by \$113,179.13 and that the employee benefits decreased from fiscal year 2019 by \$57,336.56. As previously stated, these changes are a result of the School District opting not to take on new contracts in fiscal year 2020 and only working to complete open contracts, but fixed expenses not being eliminated proportionately.

General Fund Budgetary Highlights

The final budgetary basis revenue estimate was \$17,344,642.00, which remained unchanged from the original budgeted estimate. Total budgeted revenues realized equaled \$19,995,837.82, which was \$2,651,195.82 in excess of the budget estimate, thus replenishing fund balance. This excess was directly attributable to the School District's on-behalf T.P.A.F. pension contributions (normal cost, post-retirement medical, and long-term disability) and reimbursed T.P.A.F. social security contributions, which totaled \$1,967,582.00 and \$508,829.38, respectively. In addition, the School District realized \$87,595.00 in excess of budgeted revenues for extraordinary aid.

The final budgetary basis expenditure appropriation estimate was \$17,868,372.63, which remained unchanged from the original budgeted estimate. Actual expenditures incurred of \$18,487,071.50 were over the final budget estimate by \$618,698.87. This unfavorable variance resulted from the corresponding non-budget expenditures associated with the aforementioned on-behalf T.P.A.F. pension contributions and reimbursed T.P.A.F. social security contributions.

Special Revenue Fund Budgetary Highlights

The final budgetary basis revenue estimate was \$415,436.00, which remained unchanged from the original budgeted estimate. Likewise, this was the same for the final budgetary basis appropriation estimate.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The School District's net investment in capital assets for its governmental and business-type activities as of June 30, 2020 amounts to a historical cost of \$33,408,160.05, or \$17,853,984.01 net of accumulated depreciation (see Table 3). This net investment in capital assets includes land, construction in progress, land improvements, buildings and building improvements, machinery and equipment, and vehicles. Net capital assets decreased by \$388,467.74 in fiscal year 2020 from fiscal year 2019.

The primary factors affecting the net change in net capital assets are as follows:

- current year depreciation expense was \$1,013,734.92
- capital asset additions in the amount of \$625,267.18

STERLING HIGH SCHOOL DISTRICT
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2020
 (Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION (CONT'D)

Capital Assets (Cont'd)

TABLE 3						
CAPITAL ASSETS AT FISCAL YEAR END						
(NET OF ACCUMULATED DEPRECIATION)						
	<u>Governmental</u>		<u>Business-Type</u>		<u>Government-wide</u>	
	<u>Activities</u>		<u>Activities</u>		<u>Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 322,480.00	\$ 322,480.00			\$ 322,480.00	\$ 322,480.00
Construction in Progress	30,950.00	1,136,192.07			30,950.00	1,136,192.07
Land Improvements	2,503,929.76	2,591,296.76			2,503,929.76	2,591,296.76
Buildings and Building Improvements	12,842,223.90	11,917,634.72	\$ 989,613.17	\$ 1,021,729.45	13,831,837.07	12,939,364.17
Machinery and Equipment	1,079,978.41	1,151,386.41	35,784.73	42,656.49	1,115,763.14	1,194,042.90
Vehicles	48,970.03	59,021.84	54.01	54.01	49,024.04	59,075.85
Total	<u>\$ 16,828,532.10</u>	<u>\$ 17,178,011.80</u>	<u>\$ 1,025,451.91</u>	<u>\$ 1,064,439.95</u>	<u>\$ 17,853,984.01</u>	<u>\$ 18,242,451.75</u>

Additional information on the School District's capital assets can be found in note 5.

Debt

General Serial Bonds. At the end of the current fiscal year, the School District had total bonded debt outstanding of \$2,970,018.91 from the School Bonds, Series 2016. The fiscal year 2020 adopted budget had an appropriation of \$180,000.00 representing the payment of the annual principal of the School Bonds, Series 2016.

Net Pension Liability. The School District's annual required contribution to the Public Employees' Retirement System are budgeted and paid on an annual basis. For additional details on the net pension liability, see note 8 to the financial statements.

Compensated Absences. At the end of the current fiscal year, the liability for compensated absences was \$152,592.81. Compensated absences are those absences for which employees will be paid, such as sick leave. Additional information on compensated absences can be found in note 13.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the fiscal year 2020, the School District was able to sustain its general fund budget through property taxes, federal and state sources, and other various revenue sources. Approximately thirty-four percent (34%) of total revenue is from property taxes, while sixty-six percent (66%) of the School District's revenue is from federal, state, and local sources. The fiscal year 2021 budget was approved on May 7, 2020 by the Board.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Sterling High School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Joanne Augustine, School Business Administrator / Board Secretary, at the Sterling High School District, 801 Preston Avenue, Suite B, Somerdale, New Jersey 08083, or email at jaugustine@sterling.k12.nj.us.

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

STERLING HIGH SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 2,972,071.50	\$ 70,196.15	\$ 3,042,267.65
Internal Balances	511,617.49	(511,617.49)	
Accounts Receivable, net	898,832.97	12,723.16	911,556.13
Inventory		17,860.28	17,860.28
Capital Assets, net	<u>16,828,532.10</u>	<u>1,025,451.91</u>	<u>17,853,984.01</u>
Total Assets	<u>21,211,054.06</u>	<u>614,614.01</u>	<u>21,825,668.07</u>
DEFERRED OUTFLOW OF RESOURCES:			
Related to Pensions	<u>779,764.00</u>	<u>-</u>	<u>779,764.00</u>
LIABILITIES:			
Accounts Payable:			
Other	241,013.00	32,248.25	273,261.25
Related to Pensions	231,125.00		231,125.00
Accrued Liabilities:			
Interest Payable	36,135.00		36,135.00
Noncurrent Liabilities:			
Due within One Year	234,490.40		234,490.40
Due beyond One Year	<u>7,196,417.32</u>		<u>7,196,417.32</u>
Total Liabilities	<u>7,939,180.72</u>	<u>32,248.25</u>	<u>7,971,428.97</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions	<u>4,011,926.00</u>	<u>-</u>	<u>4,011,926.00</u>
NET POSITION:			
Net Investment in Capital Assets	14,076,882.81	1,025,451.91	15,102,334.72
Restricted for:			
Debt Service	0.50		0.50
Maintenance	125,000.00		125,000.00
Excess Surplus	1,173,775.57		1,173,775.57
Capital Projects	2,736,899.95		2,736,899.95
Unrestricted (Deficit)	<u>(8,072,847.49)</u>	<u>(443,086.15)</u>	<u>(8,515,933.64)</u>
Total Net Position	<u>\$ 10,039,711.34</u>	<u>\$ 582,365.76</u>	<u>\$ 10,622,077.10</u>

The accompanying notes to financial statements are an integral part of this statement.

STERLING HIGH SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2020

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 5,685,408.82		\$ 276,646.04	\$ (5,408,762.78)		\$ (5,408,762.78)
Special Education	898,960.68	\$ 2,522,726.38		1,623,765.70		1,623,765.70
Other Special Instruction	8,742.90			(8,742.90)		(8,742.90)
Other Instruction	829,361.87			(829,361.87)		(829,361.87)
Support Services:						
Tuition	902,696.21			(902,696.21)		(902,696.21)
Student and Instruction Related Services	1,841,761.90		43,190.99	(1,798,570.91)		(1,798,570.91)
Other Administrative Services	605,500.93			(605,500.93)		(605,500.93)
School Administrative Services	776,171.46			(776,171.46)		(776,171.46)
Plant Operations and Maintenance	1,681,402.70			(1,681,402.70)		(1,681,402.70)
Pupil Transportation	521,568.04			(521,568.04)		(521,568.04)
Personal Services - Employee Benefits	4,854,185.94		3,470,618.38	(1,383,567.56)		(1,383,567.56)
Interest on Long-Term Debt	75,232.28		13,994.33	(61,237.95)		(61,237.95)
Unallocated Depreciation	721,641.28			(721,641.28)		(721,641.28)
Total Governmental Activities	19,402,635.01	2,522,726.38	3,804,449.74	(13,075,458.89)	-	(13,075,458.89)
Business-Type Activities:						
Food Service	310,735.79	129,531.03	216,174.41		\$ 34,969.65	34,969.65
South Jersey Technology Program	59,840.63				(59,840.63)	(59,840.63)
Total Business-Type Activities	370,576.42	129,531.03	216,174.41	-	(24,870.98)	(24,870.98)
Total Government	\$ 19,773,211.43	\$ 2,652,257.41	\$ 4,020,624.15	(13,075,458.89)	(24,870.98)	(13,100,329.87)
General Revenues:						
Property Taxes:						
Levied for General Purposes				6,751,694.00		6,751,694.00
Levied for Debt Service				217,297.00		217,297.00
Federal and State Aid - Unrestricted				8,107,195.25		8,107,195.25
Federal and State Aid - Restricted				31,148.67		31,148.67
Interest and Investment Earnings - Unrestricted				12,509.96	624.12	13,134.08
Interest and Investment Earnings - Restricted				4,616.23		4,616.23
Miscellaneous				68,144.62		68,144.62
Total General Revenues				15,192,605.73	624.12	15,193,229.85

(Continued)

STERLING HIGH SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2020

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Change in Net Position				\$ 2,117,146.84	\$ (24,246.86)	\$ 2,092,899.98
Net Position, July 1				<u>7,922,564.50</u>	<u>606,612.62</u>	<u>8,529,177.12</u>
Net Position, June 30				<u>\$ 10,039,711.34</u>	<u>\$ 582,365.76</u>	<u>\$ 10,622,077.10</u>

The accompanying notes to financial statements are an integral part of this statement.

BASIC FINANCIAL STATEMENTS

Fund Financial Statements

STERLING HIGH SCHOOL DISTRICT
 Governmental Funds
 Balance Sheet
 June 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and Cash Equivalents	\$ 2,597,045.77		\$ 375,025.23	\$ 0.50	\$ 2,972,071.50
Interfunds Account Receivable:					
Special Revenue Fund	52,085.56				52,085.56
Enterprise Fund - SJTP Fund	533,089.40				533,089.40
Fiduciary Funds	942.63				942.63
Intergovernmental Accounts Receivable:					
Federal		\$ 56,054.29			56,054.29
State	299,622.67				299,622.67
Other, net	542,116.60				542,116.60
Other Accounts Receivable	96.78				96.78
Total Assets	<u>\$ 4,024,999.41</u>	<u>\$ 56,054.29</u>	<u>\$ 375,025.23</u>	<u>\$ 0.50</u>	<u>\$ 4,456,079.43</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Interfunds Account Payable:					
General Fund		\$ 52,085.56			\$ 52,085.56
Enterprise Fund - Food Service Fund	\$ 21,471.91				21,471.91
Intergovernmental Accounts Payable:					
State	5,729.61				5,729.61
Other	56,913.66				56,913.66
Accounts Payable	101,335.46	3,968.73	\$ 56,700.00		162,004.19
Deposits Payable	16,365.54				16,365.54
Total Liabilities	<u>201,816.18</u>	<u>56,054.29</u>	<u>56,700.00</u>	<u>-</u>	<u>314,570.47</u>

(Continued)

STERLING HIGH SCHOOL DISTRICT
 Governmental Funds
 Balance Sheet
 June 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
LIABILITIES AND FUND BALANCES (CONT'D):					
Fund Balances:					
Restricted:					
Capital Reserve	\$ 2,418,574.72				\$ 2,418,574.72
Maintenance Reserve	125,000.00				125,000.00
Excess Surplus	1,173,775.57				1,173,775.57
Capital Projects			\$ 318,325.23		318,325.23
Debt Service				\$ 0.50	0.50
Assigned:					
Other Purposes	484,029.66				484,029.66
Unassigned (Deficit)	(378,196.72)				(378,196.72)
Total Fund Balances	<u>3,823,183.23</u>	<u>-</u>	<u>318,325.23</u>	<u>0.50</u>	4,141,508.96
Total Liabilities and Fund Balances	<u>\$ 4,024,999.41</u>	<u>\$ 56,054.29</u>	<u>\$ 375,025.23</u>	<u>\$ 0.50</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$31,588,344.47, and the accumulated depreciation is \$14,759,812.37

16,828,532.10

Deferred outflows and deferred inflows related to pensions represent the consumption and acquisition, respectively, of resources that relate to future periods; therefore, such amounts are not reported in the fund financial statements.

(3,232,162.00)

(Continued)

STERLING HIGH SCHOOL DISTRICT
 Governmental Funds
 Balance Sheet
 June 30, 2020

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

Accounts payable related to pensions are not liquidated with current financial resources; therefore, such amounts are not recorded in the fund financial statements.	\$ (231,125.00)
Accrued interest payable on long-term debt is not due and payable in the current period and therefore is not reported in the funds.	(36,135.00)
Long-term liabilities, including bonds payable, pension liability, and compensated absences payable are not due and payable in the current period and therefore are not reported in the funds.	<u>(7,430,907.72)</u>
Net Position of Governmental Activities	<u><u>\$ 10,039,711.34</u></u>

The accompanying notes to financial statements are an integral part of this statement.

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES:					
Local Property Tax Levy	\$ 6,751,694.00			\$ 217,297.00	\$ 6,968,991.00
Tuition Charges	2,522,726.38				2,522,726.38
Rents and Royalties	11,167.00				11,167.00
Interest Earned on Capital Reserve Funds	4,616.23				4,616.23
Unrestricted Miscellaneous Revenues	69,487.58				69,487.58
Federal Sources	20,301.25	\$ 319,837.03			340,138.28
State Sources	10,563,305.38			45,143.00	10,608,448.38
Total Revenues	<u>19,943,297.82</u>	<u>319,837.03</u>	<u>-</u>	<u>262,440.00</u>	<u>20,525,574.85</u>
EXPENDITURES:					
Current:					
Regular Instruction	5,274,984.85	276,646.04			5,551,630.89
Special Education Instruction	916,159.53				916,159.53
Other Special Instruction	8,742.90				8,742.90
Other Instruction	828,821.79				828,821.79
Support Services and Undistributed Costs:					
Tuition	902,696.21				902,696.21
Student and Instruction Related Services	1,804,300.70	43,190.99			1,847,491.69
Other Administrative Services	559,063.93		\$ 46,437.00		605,500.93
School Administrative Services	755,761.58				755,761.58
Plant Operations and Maintenance	1,623,073.06				1,623,073.06
Pupil Transportation	521,568.04				521,568.04
Personal Services - Employee Benefits	4,773,365.94				4,773,365.94
Capital Outlay	518,532.97		106,734.21		625,267.18

(Continued)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
EXPENDITURES (CONT'D):					
Debt Service:					
Principal				\$ 180,000.00	\$ 180,000.00
Interest and Other Charges				82,440.00	82,440.00
Total Expenditures	<u>\$ 18,487,071.50</u>	<u>\$ 319,837.03</u>	<u>\$ 153,171.21</u>	<u>262,440.00</u>	<u>19,222,519.74</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,456,226.32</u>	<u>-</u>	<u>(153,171.21)</u>	<u>-</u>	<u>1,303,055.11</u>
OTHER FINANCING SOURCES (USES):					
Transfers	<u>(204,503.98)</u>		<u>204,503.98</u>		
Total Other Financing Sources and Uses	<u>(204,503.98)</u>	<u>-</u>	<u>204,503.98</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,251,722.34	-	51,332.77	-	1,303,055.11
Fund Balance, July 1	<u>2,571,460.89</u>	<u>-</u>	<u>266,992.46</u>	<u>0.50</u>	<u>2,838,453.85</u>
Fund Balance, June 30	<u><u>\$ 3,823,183.23</u></u>	<u><u>-</u></u>	<u><u>\$ 318,325.23</u></u>	<u><u>\$ 0.50</u></u>	<u><u>\$ 4,141,508.96</u></u>

The accompanying notes to financial statements are an integral part of this statement.

STERLING HIGH 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

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

Net Change in Fund Balances - Governmental Funds		\$ 1,303,055.11
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$ (974,746.88)	
Capital Outlays	625,267.18	
		(349,479.70)
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
		180,000.00
<p>In the statement of activities, certain operating expenses, (e.g., pensions, compensated absences and interest on debt), are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). This amount is the net effect of these differences in the treatment of these items.</p>		
		983,571.43
Change in Net Position of Governmental Activities		\$ 2,117,146.84

The accompanying notes to financial statements are an integral part of this statement.

STERLING HIGH SCHOOL DISTRICT
 Proprietary Funds
 Business-Type Activities - Enterprise Funds
 Statements of Net Position
 June 30, 2020

	<u>Food Service</u>	<u>SJTP Fund</u>
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 14,420.57	\$ 55,775.58
Interfund Accounts Receivable:		
General Fund	21,471.91	
Intergovernmental Accounts Receivable:		
Federal	11,843.79	
State	797.48	
Other Accounts Receivable, net		81.89
Inventory:		
Food	14,147.09	
Supplies	3,713.19	
Total Current Assets	<u>66,394.03</u>	<u>55,857.47</u>
Noncurrent Assets:		
Capital Assets	161,450.99	1,658,364.59
Less: Accumulated Depreciation	<u>(145,884.01)</u>	<u>(648,479.66)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>15,566.98</u>	<u>1,009,884.93</u>
Total Noncurrent Assets	<u>15,566.98</u>	<u>1,009,884.93</u>
Total Assets	<u>81,961.01</u>	<u>1,065,742.40</u>
LIABILITIES:		
Current Liabilities:		
Accounts Payable:		
Other	11,234.87	21,013.38
Interfund Accounts Payable:		
General Fund		<u>533,089.40</u>
Total Current Liabilities	<u>11,234.87</u>	<u>554,102.78</u>
Total Liabilities	<u>11,234.87</u>	<u>554,102.78</u>
NET POSITION:		
Net Investment in Capital Assets	15,566.98	1,009,884.93
Unrestricted (Deficit)	<u>55,159.16</u>	<u>(498,245.31)</u>
Total Net Position	<u>\$ 70,726.14</u>	<u>\$ 511,639.62</u>

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

STERLING HIGH SCHOOL DISTRICT
Proprietary Funds
Business-Type Activities - Enterprise Funds
Statements of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2020

	<u>Food Service</u>	<u>SJTP Fund</u>
OPERATING REVENUES:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 47,890.25	
Daily Sales - Non-Reimbursable Programs	75,892.88	
Special Functions	1,524.20	
Miscellaneous	4,223.70	
	<hr/>	<hr/>
Total Operating Revenues	129,531.03	-
OPERATING EXPENSES:		
Food Service Management Company Salaries	85,637.22	
Food Service Management Company Employee Benefits	28,029.83	
Personnel Services - Employee Benefits		\$ 813.82
Purchased Professional and Technical Services	4,262.30	20,705.00
Other Purchased Services	45,841.02	
Supplies and Materials	13,326.68	
Depreciation	1,566.23	37,421.81
Cost of Sales / Goods Sold:		
Reimbursable Program	96,658.89	
Non-Reimbursable Program	33,751.00	
Miscellaneous	1,662.62	900.00
	<hr/>	<hr/>
Total Operating Expenses	310,735.79	59,840.63
Operating Income (Loss)	<hr/> (181,204.76) <hr/>	<hr/> (59,840.63) <hr/>
NONOPERATING REVENUES (EXPENSES):		
State Sources:		
State School Lunch Program	2,998.18	
Federal Sources:		
National School Breakfast Program	28,943.62	
National School Lunch Program	97,496.87	
Seamless Summer Option	51,231.02	
Food Distribution Program	35,504.72	
Interest and Investment Revenue	132.69	491.43
	<hr/>	<hr/>
Total Nonoperating Revenues (Expenses)	216,307.10	491.43
Change in Net Position	35,102.34	(59,349.20)
Net Position, July 1	<hr/> 35,623.80 <hr/>	<hr/> 570,988.82 <hr/>
Net Position, June 30	<hr/> <u>\$ 70,726.14</u> <hr/>	<hr/> <u>\$ 511,639.62</u> <hr/>

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

STERLING HIGH SCHOOL DISTRICT
 Proprietary Funds
 Business-Type Activities - Enterprise Funds
 Statements of Cash Flows
 For the Fiscal Year Ended June 30, 2020

	<u>Food Service</u>	<u>SJTP Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Customers and Users	\$ 129,531.03	\$ 1,310,972.98
Payments to Suppliers	(309,537.66)	(97,146.11)
Payments to Employees		(1,199,270.45)
Payments for Employee Benefits		(125,307.64)
Net Cash Provided by (Used for) Operating Activities	<u>(180,006.63)</u>	<u>(110,751.22)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Federal Sources	188,027.85	
State Sources	<u>2,376.97</u>	
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>190,404.82</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends	<u>132.69</u>	<u>491.43</u>
Net Cash Provided by (Used for) Investing Activities	<u>132.69</u>	<u>491.43</u>
Net Increase (Decrease) in Cash and Cash Equivalents	10,530.88	(110,259.79)
Cash and Cash Equivalents, July 1	<u>3,889.69</u>	<u>166,035.37</u>
Cash and Cash Equivalents, June 30	<u>\$ 14,420.57</u>	<u>\$ 55,775.58</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ (181,204.76)	\$ (59,840.63)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	1,566.23	37,421.81
(Increase) Decrease in Other Accounts Receivable		1,310,972.98
(Increase) Decrease in Inventories for Consumption	(718.86)	
(Increase) Decrease in Inventories for Resale	(8,294.11)	
Increase (Decrease) in Accounts Payable - Other	8,644.87	(71,899.72)
Increase (Decrease) in Retainage Payable		(3,641.39)
Increase (Decrease) in Interfund Accounts Payable		(1,323,764.27)
Total Adjustments	<u>1,198.13</u>	<u>(50,910.59)</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (180,006.63)</u>	<u>\$ (110,751.22)</u>

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

STERLING HIGH SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2020

	<u>Private-Purpose Trust Funds</u>			<u>Agency Funds</u>	
	<u>Unemployment Compensation Trust</u>	<u>Flexible Benefits Trust</u>	<u>Scholarship Fund</u>	<u>Student Activity / Athletics</u>	<u>Payroll</u>
ASSETS:					
Cash and Cash Equivalents	\$ 143,505.61	\$ 24,330.01	\$ 6,336.82	\$ 188,491.07	\$ 12,270.11
Intrafund Accounts Receivable:					
Payroll Agency	13,493.59			125.19	
Interfund Accounts Receivable:					
General Fund	<u>1,000.00</u>				<u>1,919.36</u>
Total Assets	<u>157,999.20</u>	<u>24,330.01</u>	<u>6,336.82</u>	<u>\$ 188,616.26</u>	<u>\$ 14,189.47</u>
LIABILITIES:					
Intrafund Accounts Payable:					
Unemployment Compensation Trust					\$ 13,493.59
Student Activity / Athletics					125.19
Interfund Accounts Payable:					
General Fund				\$ 3,861.99	
Intergovernmental Accounts Payable:					
State	5,811.31				
Payable to Student Groups				184,754.27	
Payroll Deductions and Withholdings					<u>570.69</u>
Total Liabilities	<u>5,811.31</u>	<u>-</u>	<u>-</u>	<u>\$ 188,616.26</u>	<u>\$ 14,189.47</u>
NET POSITION:					
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 152,187.89</u>	<u>\$ 24,330.01</u>	<u>\$ 6,336.82</u>		

The accompanying notes to financial statements are an integral part of this statement.

STERLING HIGH SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Changes in Fiduciary Fund Net Position
 For the Fiscal Year Ended June 30, 2020

	Private-Purpose Trust Funds		
	Unemployment Compensation <u>Trust</u>	Flexible Benefits <u>Trust</u>	Scholarship <u>Fund</u>
ADDITIONS:			
Contributions:			
Scholarships			\$ 600.00
From Board	\$ 2,129.08		
Other	14,331.37	\$ 44,733.96	
Total Contributions	<u>16,460.45</u>	<u>44,733.96</u>	<u>600.00</u>
Investment Earnings:			
Interest and Dividends	650.91	83.05	44.36
Net Investment Earnings	<u>650.91</u>	<u>83.05</u>	<u>44.36</u>
Total Additions	<u>17,111.36</u>	<u>44,817.01</u>	<u>644.36</u>
DEDUCTIONS:			
Awarded Scholarships			2,500.00
Claims	7,463.63	35,891.05	
Total Deductions	<u>7,463.63</u>	<u>35,891.05</u>	<u>2,500.00</u>
Change in Net Position	9,647.73	8,925.96	(1,855.64)
Net Position, July 1	<u>142,540.16</u>	<u>15,404.05</u>	<u>8,192.46</u>
Net Position, June 30	<u>\$ 152,187.89</u>	<u>\$ 24,330.01</u>	<u>\$ 6,336.82</u>

The accompanying notes to financial statements are an integral part of this statement.

STERLING HIGH SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Sterling High School District (the "School District") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Description of the Financial Reporting Entity

The School District is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades nine through twelve who reside in the boroughs of Magnolia, Somerdale, and Stratford. Students in grades nine through twelve who reside in the boroughs of Laurel Springs and Hi-Nella attend the School District on a tuition basis. The School District has an approximate enrollment at June 30, 2020 of 914.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control.

Government-wide and Fund Financial Statements

The School District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Government-wide and Fund Financial Statements (Cont'd)**

In regards to the fund financial statements, the School District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes are recognized as revenues in the year for which they are levied. The Camden County Board of Taxation is responsible for the assessment of properties, and the respective municipal tax collector is responsible for the collection of property taxes. Assessments are certified and property taxes are levied on January 1. Property tax payments are due February 1, May 1, August 1 and November 1. Unpaid property taxes are considered delinquent the following January 1 and are then subject to municipal lien. In accordance with New Jersey State Statute, the School District is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable. The governing body of each municipality is required to pay over to the School District, within forty (40) days after the beginning of the school year, twenty percent (20%) of the moneys from school tax due. Thereafter, but prior to the last day of the school year, the municipality must pay the balance of moneys from school tax due for school purposes in such amounts as requested, with certain limitations, from time to time by the School District, within thirty days after each request.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. 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 and claims and judgments, are recorded only when payment is due.

Property taxes, tuition, reimbursable-type grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the School District.

The School District reports the following major governmental funds:

General Fund - The general fund is the primary operating fund of the School District. It 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 classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America, 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

The School District reports the following major governmental funds (cont'd):

General Fund (Cont'd) - Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, ad valorem tax revenues, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes, serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, or from the general fund by way of transfers from capital outlay or the capital reserve account.

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

Proprietary funds are used to account for the School District's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All items not meeting this definition are reported as nonoperating revenues and expenses.

The School District reports the following major proprietary funds:

Enterprise Funds

Food Service Fund - This fund accounts for the financial transactions related to the food service operations of the School District.

South Jersey Technology Partnership (SJTP) Fund - This fund accounts for the financial activity related to the providing of technology, construction, business, and other services to other governmental entities.

Additionally, the School District reports the following fund types.

Fiduciary funds are used to account for assets held by the School District on behalf of outside related organizations or on behalf of other funds within the School District. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

The School District maintains the following fiduciary funds:

Agency Funds - Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). The School District retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District maintains the following agency funds: student activity / athletics fund and payroll fund.

Private-Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for all other trust arrangements that benefit individuals, private organizations, or other governments. The School District maintains the following private-purpose trust funds:

Scholarship Fund - Revenues consist of donations and interest income. Expenditures represent scholarships for future teachers, which are awarded in accordance with the trust requirements.

New Jersey Unemployment Compensation Insurance Trust Fund - Revenues consist of contributions that have been included in the annual budget of the School District, employee payroll withholdings, and interest income. Expenditures represent claims incurred for unemployment.

Flexible Benefits Trust Fund - Revenues consist of volunteer pre-tax employee payroll withholdings for the purpose of paying for qualified medical expenses, and interest income. Expenditures represent reimbursements to employees for qualified medical expenses.

As a general rule, the effect of internal/interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges 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.

Budgets / Budgetary Control

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds, and are submitted to the county office of education. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012, to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. 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. 6A:23A-16.2(f)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Budgets / Budgetary Control (Cont'd)**

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 one or more June state aid payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. 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 budgetary basis. The budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The budget, as detailed on exhibit C-1, exhibit C-2, and exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting, as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows the modified accrual basis of accounting, with the exception of the aforementioned revenue recognition policy for the one or more June state aid payments.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected on 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.

Cash, Cash Equivalents and Investments

Cash and cash equivalents, for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Cash, Cash Equivalents and Investments (Cont'd)**

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 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 Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

Inventories

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased.

Tuition Receivable

Tuition charges were established by the School District based on estimated costs. The charges are subject to adjustment when the final costs are determined.

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2020. The School District had no prepaid expenses for the fiscal year ended June 30, 2020.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Short-Term Interfund Receivables / Payables

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the School District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position as accounts receivable or accounts payable.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Capital Assets**

Capital assets represent the cumulative amount of capital assets owned by the School District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

The School District's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	5 - 20 Years
Buildings and Improvements	5 - 60 Years
Machinery and Equipment	5 - 20 Years
Vehicles	5 - 20 Years

The School District does not possess any infrastructure assets.

Deferred Outflows and Deferred Inflows of Resources

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The School District is required to report the following as deferred outflows of resources and deferred inflows of resources: defined benefit pension plans.

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2020 and 2019 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the School District is eligible to realize the revenue.

Accrued Salaries and Wages

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2020, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Compensated Absences**

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

The School District uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the governmental fund financial statements when due.

Bond Discounts / Premiums

Bond discounts / premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in systematic and rational method, as a component of interest expense. Bond discounts / premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position and on the proprietary fund statement of net position.

Net Position

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation 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 creditors, grantors or laws or regulations of other 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Fund Balance**

The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The School District's classifications, and policies for determining such classifications, are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned - The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position and standard operating procedures, approved by the Board of Education.

Unassigned - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures / expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources / uses in governmental funds and after non-operating revenues / expenses in proprietary funds.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Interfund Activity (Cont'd)**

Reimbursements from funds responsible for particular expenditures / expenses to the funds that initially paid for them are not presented on the financial statements.

Accounting 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 accompanying notes. Actual results may differ from those estimates.

Impact of Recently Issued Accounting Principles**Recently Issued Accounting Pronouncements**

The GASB has issued the following Statements that will become effective for the School District for fiscal years ending after June 30, 2020:

Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments.

The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Statement will become effective for the School District in the fiscal year ending June 30, 2021. Management is currently evaluating the impact of this Statement on the basic financial statements of the School District.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of June 30, 2020, the School District's bank balances of \$3,914,447.90 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 3,613,364.73
Uninsured and Uncollateralized	<u>301,083.17</u>
Total	<u>\$ 3,914,447.90</u>

Note 3: CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained by either 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:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019		\$ 1,818,462.47
Increased by:		
Interest Earnings	\$ 4,616.23	
Deposits:		
Board Resolution (June 25, 2020)	<u>800,000.00</u>	
		<u>804,616.23</u>
		2,623,078.70
Decreased by:		
Utilization in Fiscal Year 2020 Budget	<u>204,503.98</u>	
Total Withdrawals		<u>204,503.98</u>
Ending Balance, June 30, 2020		<u>\$ 2,418,574.72</u>

The June 30, 2020 LRFP balance of local support costs of uncompleted projects at June 30, 2020 is \$3,238,000.00. The withdrawals from the capital reserve were for use in a Department of Education approved facilities projects, consistent with the School District's LRFP.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2020 consisted of accounts (fees for services), reimbursements and intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey. However, an allowance for doubtful accounts in the amount of \$593,229.92 has been recorded in the SJTP enterprise fund for the fiscal year ended June 30, 2020, against the balance of provided services (\$593,311.81, gross) that are not expected to be fully collected within the subsequent fiscal year.

Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

Description	Governmental Funds			Proprietary Funds		Total Business-Type Activities	Total
	General Fund	Special Revenue Fund	Total Governmental Activities	Food Service Fund	SJTP Fund		
Federal Awards		\$ 56,054.29	\$ 56,054.29	\$ 11,843.79		\$ 11,843.79	\$ 67,898.08
State Awards	\$ 299,622.67		299,622.67	797.48		797.48	300,420.15
Tuition Charges	507,604.27		507,604.27				507,604.27
Provided Services	34,609.11		34,609.11		\$ 81.89	81.89	34,691.00
	<u>\$ 841,836.05</u>	<u>\$ 56,054.29</u>	<u>\$ 897,890.34</u>	<u>\$ 12,641.27</u>	<u>\$ 81.89</u>	<u>\$ 12,723.16</u>	<u>\$ 910,613.50</u>

Note 5: CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2020</u>
Governmental Activities:					
Capital Assets, not being Depreciated:					
Land	\$ 322,480.00				\$ 322,480.00
Construction in Progress	1,136,192.07		\$ (1,105,242.07)		30,950.00
Total Capital Assets, not being Depreciated	1,458,672.07	-	(1,105,242.07)	-	353,430.00
Capital Assets, being Depreciated:					
Land Improvements	3,773,159.31	\$ 74,602.27			3,847,761.58
Buildings and Improvements	22,870,967.57	426,002.95	1,077,995.04		24,374,965.56
Machinery and Equipment	2,708,583.26	124,661.96	27,247.03	\$ (9,657.95)	2,850,834.30
Vehicles	161,353.03				161,353.03
Total Capital Assets, being Depreciated	29,514,063.17	625,267.18	1,105,242.07	(9,657.95)	31,234,914.47
Total Capital Assets, Cost	30,972,735.24	625,267.18	-	(9,657.95)	31,588,344.47
Less Accumulated Depreciation for:					
Land Improvements	(1,181,862.55)	(161,969.27)			(1,343,831.82)
Buildings and Improvements	(10,953,332.85)	(579,408.81)			(11,532,741.66)
Machinery and Equipment	(1,557,196.85)	(223,316.99)		9,657.95	(1,770,855.89)
Vehicles	(102,331.19)	(10,051.81)			(112,383.00)
Total Accumulated Depreciation	(13,794,723.44)	(974,746.88)	-	9,657.95	(14,759,812.37)
Total Capital Assets, being Depreciated, Net	15,719,339.73	(349,479.70)	1,105,242.07	-	16,475,102.10
Governmental Activities Capital Assets, Net	\$ 17,178,011.80	\$ (349,479.70)	-	-	\$ 16,828,532.10
Business-Type Activities:					
Capital Assets, being Depreciated:					
Buildings and Building Improvements	\$ 1,360,694.22				\$ 1,360,694.22
Machinery and Equipment	431,317.86				431,317.86
Vehicles	27,803.50				27,803.50
Total Capital Assets, being Depreciated	1,819,815.58	-	-	-	1,819,815.58
Total Capital Assets, Cost	1,819,815.58	-	-	-	1,819,815.58
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(338,964.77)	\$ (32,116.28)			(371,081.05)
Machinery and Equipment	(388,661.37)	(6,871.76)			(395,533.13)
Vehicles	(27,749.49)				(27,749.49)
Total Accumulated Depreciation	(755,375.63)	(38,988.04)	-	-	(794,363.67)
Total Capital Assets, being Depreciated, Net	1,064,439.95	(38,988.04)	-	-	1,025,451.91
Business-Type Activities Capital Assets, Net	\$ 1,064,439.95	\$ (38,988.04)	-	-	\$ 1,025,451.91

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

Governmental Activities	
Regular Instruction	\$ 171,850.73
School Administrative Services	23,249.31
Plant Operations and Maintenance	58,005.56
Unallocated	721,641.28
Total Depreciation Expense - Governmental Activities	<u>\$ 974,746.88</u>
Business-Type Activities	
Food Service	\$ 37,421.81
SJTP	1,566.23
Total Depreciation Expense - Business-Type Activities	<u>\$ 38,988.04</u>

Note 6: SHORT-TERM OBLIGATIONS

State School Aid Anticipation Note - N.J.S.A. 18A:22-44.2 states that if a board of education of a school district is notified by the Commissioner of Education that one or more June State school aid payments will not be made until the following school budget year, and the district demonstrates through a written application to the Commissioner the need to borrow and the Commissioner approves that application, the board may borrow on or before June 30 of the current school budget year, but not earlier than June 8 of the current school budget year, a sum not exceeding the amount of the delayed State school aid payments, and may execute and deliver promissory notes therefor through private sale or delivery thereof. In accordance with this statute, on June 10, 2019 and June 24, 2019, the School District issued State School Aid Anticipation Notes in the amount of \$368,778.00 and \$368,777.00, respectively, each at an annual interest rate of 2.10%, both which matured on July 11, 2019. A new note was not issued in fiscal year 2020. The State of New Jersey paid, on behalf of the School District, the required interest due on the note.

The following represents short-term debt activity for the fiscal year ended June 30, 2020:

<u>Description</u>	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
State School Aid Anticipation Note	\$ 737,555.00	-	\$ (737,555.00)	-

Note 7: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>	<u>Due within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 3,108,000.00		\$ (180,000.00)	\$ 2,928,000.00	\$ 180,000.00
Add Amounts:					
Issuance Premiums	47,576.63		(5,557.72)	42,018.91	
Total Bonds Payable	<u>3,155,576.63</u>	<u>-</u>	<u>(185,557.72)</u>	<u>2,970,018.91</u>	<u>180,000.00</u>
Other Liabilities:					
Compensated Absences	215,569.52	\$ 29,594.36	(92,571.07)	152,592.81	54,490.40
Net Pension Liability	6,120,099.00	3,692,448.00	(5,504,251.00)	4,308,296.00	
Total Other Liabilities	<u>6,335,668.52</u>	<u>3,722,042.36</u>	<u>(5,596,822.07)</u>	<u>4,460,888.81</u>	<u>54,490.40</u>
Governmental Activities Long-Term Liabilities	<u>\$ 9,491,245.15</u>	<u>\$ 3,722,042.36</u>	<u>\$ (5,782,379.79)</u>	<u>\$ 7,430,907.72</u>	<u>\$ 234,490.40</u>

The bonds payable are generally liquidated by the debt service fund, while the compensated absences and net pension liability are liquidated by the general fund.

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

On February 17, 2016, the School District issued \$3,328,000.00 of school bonds, at interest rates ranging from 2.0% to 3.0%, to provide permanent financing for the costs associated with capital improvements to the School District's facilities. The final maturity of these bonds is January 15, 2036.

Note 7: LONG-TERM LIABILITIES (CONT'D)

Bonds Payable (Cont'd) - Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 180,000.00	\$ 78,840.00	\$ 258,840.00
2022	180,000.00	75,240.00	255,240.00
2023	180,000.00	71,640.00	251,640.00
2024	180,000.00	68,040.00	248,040.00
2025	180,000.00	64,440.00	244,440.00
2026-2030	915,000.00	249,750.00	1,164,750.00
2031-2035	927,000.00	111,420.00	1,038,420.00
2036	186,000.00	5,580.00	191,580.00
Total	<u>\$ 2,928,000.00</u>	<u>\$ 724,950.00</u>	<u>\$ 3,652,950.00</u>

Bonds Authorized but not Issued - As of June 30, 2020, the School District had no authorizations to issue additional bonded debt.

Compensated Absences - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 13 for a description of the School District's policy.

Net Pension Liability - For details on the net pension liability, refer to note 8. The School District's annual required contribution to the Public Employees' Retirement System is budgeted and paid from the general fund on an annual basis.

Note 8: PENSION PLANS

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits (the "Division"). In addition, several School District employees participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. The DCRP is administered by Prudential Financial for the Division.

Each of the aforementioned plans have a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information, and detailed information about the PERS and TPAF plans' fiduciary net position that can be obtained by writing to or at the following website:

State of New Jersey, Department of the Treasury
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.nj.gov/treasury/pensions/financial-reports.shtml>

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans****Plan Descriptions**

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey ("State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF Board of Trustees is primarily responsible for the administration of the Plan.

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan that was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS Board of Trustees is primarily responsible for the administration of the Plan.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Vesting and Benefit Provisions

Teachers' Pension and Annuity Fund - The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Teachers' Pension and Annuity Fund (Cont'd) - The following represents the membership tiers for TPAF:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and 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.

Public Employees' Retirement System - 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, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The membership tiers for PERS are the same as previously noted for TPAF.

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

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Note 8: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Contributions**

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2019. The State's contribution is based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2020 was 18.31% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2020 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2019, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2020 was \$1,302,033.00, and was paid by April 1, 2020. School District employee contributions to the Plan during the fiscal year ended June 30, 2020 were \$536,781.93.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2019. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) was 10% in State fiscal year 2019. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2020 was 14.15% of the School District'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.

Based on the most recent PERS measurement date of June 30, 2019, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2020 was \$232,578.00, and was paid by April 1, 2020. School District employee contributions to the Plan during the fiscal year ended June 30, 2020 were \$123,423.73.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with P.L. 2007, C. 92, and P.L. 2007, C. 103, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District contributes 3% of the employees' base salary, for each pay period, to Prudential Financial no later than the fifth business day after the date on which the employee is paid for that pay period.

Note 8: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

Defined Contribution Retirement Program (Cont'd) - For the fiscal year ended June 30, 2020, employee contributions totaled \$1,871.36, and the School District recognized pension expense, which equaled the required contributions, of \$1,022.72. There were no forfeitures during the fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**Teachers' Pension and Annuity Fund**

Pension Liability - At June 30, 2020, the School District was not required to report a liability for its proportionate share of the net pension liability for TPAF because of the 100% special funding situation by the State of New Jersey.

The State's proportionate share of net pension liability, however, attributable to the School District is as follows:

School District's Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	39,742,009.00
	<u>\$ 39,742,009.00</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. For the June 30, 2019 measurement date, the School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At the June 30, 2019 measurement date, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey; however, the State's proportionate share of the TPAF net pension liability associated with the School District was 0.0647570436%, which was an increase of 0.0030190924% from its proportion measured as of June 30, 2018.

Pension Expense - For the fiscal year ended June 30, 2020, the School District recognized \$2,344,090.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plan's June 30, 2019 measurement date.

Public Employees' Retirement System

Pension Liability - At June 30, 2020, the School District reported a liability of \$4,308,296.00 for its proportionate share of the net pension liability for PERS. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2019 measurement date, the School District's proportion was 0.0239104246%, which was a decrease of 0.0071726330% from its proportion measured as of June 30, 2018.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System (Cont'd)**

Pension Expense - For the fiscal year ended June 30, 2020, the School District recognized pension expense of \$(680,809.00), in the government-wide financial statements. This pension expense was based on the pension plan's June 30, 2019 measurement date.

Deferred Outflows and Inflows of Resources - At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 77,328.00	\$ 19,032.00
Changes of Assumptions	430,199.00	1,495,396.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	68,008.00
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	41,112.00	2,429,490.00
School District Contributions Subsequent to the Measurement Date	231,125.00	-
	<u>\$ 779,764.00</u>	<u>\$ 4,011,926.00</u>

Deferred outflows of resources in the amount of \$231,125.00 will be included as a reduction of the net pension liability in the subsequent fiscal year, June 30, 2021. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	
2021	\$ (965,905.00)
2022	(1,008,561.00)
2023	(848,688.00)
2024	(557,270.00)
2025	(82,863.00)
	<u>\$ (3,463,287.00)</u>

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System (Cont'd)**

Deferred Outflows and Inflows of Resources (Cont'd) - The other deferred outflows of resources and deferred inflows of resources related to pensions will be amortized over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	5.00	-
June 30, 2016	5.00	-
June 30, 2017	-	5.00
June 30, 2018	-	5.00
June 30, 2019	5.00	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions**

The net pension liabilities were measured as of June 30, 2019 and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation as of July 1, 2018. The total pension liabilities were calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:		
Through 2026	1.55% - 4.45%	2.00% - 6.00%
	Based on Yrs. of Service	Based on Yrs. of Service
Thereafter	2.75% - 5.65%	3.00% - 7.00%
	Based on Yrs. of Service	Based on Yrs. of Service
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2015 - June 30, 2018	July 1, 2014 - June 30, 2018

For TPAF, 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.

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

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at the June 30, 2019 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS' target asset allocation as of the June 30, 2019 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	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%
	100.00%	

Discount Rate -

Teachers' Pension and Annuity Fund - 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 the June 30, 2019 measurement date 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 would 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.

Public Employees' Retirement System - 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 the June 30, 2019 measurement date 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 would 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 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.

Note 8: PENSION PLANS (CONT'D)**Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Teachers' Pension and Annuity Fund (TPAF) - As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2019, the Plan's measurement date, attributable to the School District is \$0.00. The following, however, presents the net pension liability of the State as of June 30, 2019 (Plan's measurement date), attributable to the School District, calculated using the discount rate of 5.60% as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	1% Decrease <u>(4.60%)</u>	Current Discount Rate <u>(5.60%)</u>	1% Increase <u>(6.60%)</u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	46,864,625.00	39,742,009.00	33,832,487.00
	<u>\$ 46,864,625.00</u>	<u>\$ 39,742,009.00</u>	<u>\$ 33,832,487.00</u>

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2019, the Plan's measurement date, calculated using a discount rate of 6.28%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease <u>(5.28%)</u>	Current Discount Rate <u>(6.28%)</u>	1% Increase <u>(7.28%)</u>
School District's Proportionate Share of the Net Pension Liability	\$ 5,479,937.00	\$ 4,308,296.00	\$ 3,376,249.00

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS' respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about TPAF and PERS, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN****General Information about the OPEB Plan**

Plan Description and Benefits Provided - The State Health Benefit Local Education Retired Employees Plan (the "OPEB Plan") is a multiple-employer defined benefit OPEB plan, with a special funding situation, that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75 - *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The OPEB Plan is administered by the State of New Jersey Division of Pensions and Benefits (the "Division") and is part of the New Jersey State Health Benefits Program (SHBP). The Division issues a publically available financial report that includes financial statements and required supplementary information which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.nj.gov/treasury/pensions/financial-reports.shtml>

The OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

Employees Covered by Benefit Terms - At June 30, 2019, the OPEB Plan's measurement date, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted of the following members.

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	-
	<u>364,943</u>

Total Non-Employer OPEB Liability

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to the OPEB Plan for qualified retired TPAF, PERS, PFRS and ABP participants. The School District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the statement of net position.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

The State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2020 was \$29,753,248.00. Since the OPEB liability associated with the School District is 100% attributable to the State, the OPEB liability will be referred to as the total non-employer OPEB liability.

The total non-employer OPEB liability was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. For the June 30, 2019 measurement date, the State's proportionate share of the non-employer OPEB liability associated with the School District was 0.0713009902%, which was a decrease of 0.0010102647% from its proportion measured as of June 30, 2018.

Actuarial Assumptions and Other Inputs - The actuarial assumptions and other inputs vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2018 used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases -

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Through 2026	1.55 - 3.05%	2.00 - 6.00%	3.25 - 15.25%
Thereafter	1.55 - 3.05%	3.00 - 7.00%	3.25 - 15.25%

Based on years of service

Inflation Rate - 2.50%.

Mortality Rates - Current and future retiree healthy mortality rates were based on the PUB-2010 Healthy classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Disabled mortality was based on the PUB-2010 headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Experience Studies - 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, July 1, 2014 - June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF, PERS, and PFRS, 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%.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

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.

Changes in the Total Non-Employer OPEB Liability

The below table summarizes the State's proportionate share of the change in the total non-employer OPEB liability associated with the School District:

Balance at June 30, 2019		\$ 33,343,322.00
Changes for the Year:		
Service Cost	\$ 1,325,697.00	
Interest Cost	1,324,705.00	
Difference Between Expected and Actual Experience	(5,797,837.00)	
Changes in Assumptions	443,623.00	
Gross Benefit Payments	(913,336.00)	
Member Contributions	<u>27,074.00</u>	
Net Changes		<u>(3,590,074.00)</u>
Balance at June 30, 2020		<u>\$ 29,753,248.00</u>

There were no changes in benefit terms between the June 30, 2018 measurement date and the June 30, 2019 measurement date.

Differences between expected and actual experience reflect a decrease in liability from June 30, 2018 to June 30, 2019 is due to changes in the census, claims, and premiums experience.

Changes of assumptions reflect a decrease in the liability from June 30, 2018 to June 30, 2019 is due to the combined effect of the decrease in the assumed discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019; and changes in the trend, excise tax, updated decrements, future spouse election, PPO/HMO future retiree elections, salary scale, and mortality assumptions.

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2019, associated with the School District, using a discount rate of 3.50%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	1% Decrease <u>(2.50%)</u>	Current Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 35,150,344.00</u>	<u>\$ 29,753,248.00</u>	<u>\$ 25,466,091.00</u>

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Changes in the Total Non-Employer OPEB Liability (Cont'd)**

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Healthcare Cost Trend Rates - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2019, associated with the School District, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	\$ 24,515,350.00	\$ 29,753,248.00	\$ 36,687,149.00

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Total Non-Employer OPEB Liability

OPEB Expense - For the fiscal year ended June 30, 2020, the School District recognized \$616,598.00 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB expense, associated with the School District. This expense and revenue was based on the OPEB Plan's June 30, 2019 measurement date.

Deferred Outflows and Inflows of Resources - In accordance with GASBS No. 75, the School District's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the School District. However, at June 30, 2020, the State's proportionate share of the total non-employer OPEB liability's deferred outflows of resources and deferred inflows of resources, associated with School District, from the following sources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Proportion	\$ -	\$ 1,522,576.00
Difference Between Expected and Actual Experience	-	7,475,884.00
Changes of Assumptions	-	6,047,414.00
	<u>\$ -</u>	<u>\$ 15,045,874.00</u>

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Total Non-Employer OPEB Liability (Cont'd)**

Deferred Outflows and Inflows of Resources (Cont'd) - Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total non-employer OPEB liability, associated with the School District, will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2021	\$ (2,012,329.00)
2022	(2,012,329.00)
2023	(2,012,329.00)
2024	(2,012,329.00)
2025	(2,012,329.00)
Thereafter	<u>(4,984,229.00)</u>
	<u><u>\$ (15,045,874.00)</u></u>

Note 10: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2020, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$1,409,103.00, \$25,257.00, \$532,121.00, and \$1,101.00, respectively.

Note 11: RISK MANAGEMENT

The School 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.

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

The following is a summary of the activity of the School District's private-purpose trust fund for the unemployment claims for the current and previous two fiscal years:

Fiscal Year Ended June 30,	School District Contributions	Employee Contributions	Interest Income	Claims Incurred	Ending Balance
2020	\$ 2,129.08	\$ 14,331.37	\$ 650.91	\$ 7,463.63	\$ 152,187.89
2019	84,331.40	14,168.37	421.05	61,172.30	142,540.16
2018	71,776.46	14,968.40	291.42	80,847.15	104,791.64

Note 11: RISK MANAGEMENT (CONT'D)

Joint Insurance Fund - The School District is a member of the School Alliance Insurance Fund ("SAIF"). The SAIF provides its members with the following coverage:

Property
 General Liability
 Auto Liability and Physical Damage
 Crime and Fidelity
 Environmental Impairment Liability
 Excess Liability

Contributions to the SAIF are determined by the SAIF Board of Trustees, based on actuarial assumptions determined by an actuary. The School District is jointly and personally liable for claims insured by the SAIF and its members during the period of its membership, including liability for supplemental assessments, if necessary. The SAIF's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

The SAIF publishes its own financial report for the fiscal year ended June 30, 2020, which can be obtained at www.saifund.com.

Note 12: DEFERRED COMPENSATION

The School District offers its employees a choice of two deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. The plans, which are administered by The Omni Financial Group, 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.

Note 13: COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2020, the liability for compensated absences reported on the government-wide statement of net position was \$152,592.81.

Note 14: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 586,117.59	\$ 21,471.91
Special Revenue		52,085.56
Food Service	21,471.91	
SJTP		533,089.40
Fiduciary		942.63
	<u>\$ 607,589.50</u>	<u>\$ 607,589.50</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2021, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

Transfers - During the fiscal year ended June 30, 2020, the School District had approved withdraws from the general fund capital reserve account in the amount of \$204,503.98 (see note 3) to fund capital projects approved in its long range facility plan.

Note 15: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute 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 School District expects such amount, if any, to be immaterial.

Litigation - The School District is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the School District, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 16: CONCENTRATIONS

The School District depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the School District is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 17: COMMITMENTS

The School District had multiple projects ongoing as of the fiscal year ended June 30, 2020 that are to continue into the subsequent fiscal year(s). These projects are as follows:

<u>Contract</u>	<u>Commitment Date</u>	<u>Amount Outstanding</u>
Pioneer Pole Buildings	06/23/20	<u>\$ 38,196.00</u>

Note 18: DEFICIT FUND BALANCES

The School District has a deficit fund balance of \$378,196.72 in the general fund as of June 30, 2020 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$378,196.72 is less than the June state aid payments.

Note 19: FUND BALANCES**RESTRICTED**

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

General Fund

For Capital Reserve Account - As of June 30, 2020, the balance in the capital reserve account is \$2,418,574.72. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

For Maintenance Reserve Account - As of June 30, 2020, the balance in the maintenance reserve account is \$125,000.00. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

Note 19: FUND BALANCES (CONT'D)**RESTRICTED (CONT'D)****General Fund (Cont'd)**

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund 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 \$1,173,775.57. Of the stated amount, \$489,109.23 of excess fund balance, that was generated during 2018-2019, has been restricted and designated for utilization in the 2020-2021 budget.

Capital Projects Fund - On February 17, 2016, the School District issued \$3,328,000.00 of school bonds pursuant to Title 18A, Chapter 24, of New Jersey Statutes, as amended and supplemented; N.J.S.A. 18A:24-1 et. seq.; and a resolution duly and finally adopted by the Board on November 19, 2015. The bonds were authorized by a proposal adopted by the Board on July 30, 2015 and approved by the legal voters of the School District at a special election held on September 29, 2015. The proceeds of the bonds were to provide permanent financing for the costs associated with capital improvements to the School District's facilities. As of June 30, 2020, the restricted fund balance related to capital projects is \$78,363.83.

During the fiscal year ended June 30, 2020, the School District transferred capital reserve to the capital projects fund for projects included in the approved long range facility plan. As of June 30, 2020, the remaining restricted fund balance related to these capital projects is \$239,961.40.

As of June 30, 2020, total restricted fund balance of the capital projects fund is \$318,325.23.

Debt Service Fund - As of June 30, 2020, the balance is \$.50. These funds are restricted for future debt service expenditures.

ASSIGNED

As stated in note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

General Fund

Other Purposes - As of June 30, 2020, the School District had \$484,029.66 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

UNASSIGNED

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

General Fund - As of June 30, 2020, the unassigned fund balance of the general fund balance was a deficit of \$378,196.72. The deficit is a result from a delay in the payment of state aid until the following fiscal year. As stated in note 18, since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable.

Note 19: FUND BALANCES (CONT'D)**UNASSIGNED (CONT'D)**

The School District's unassigned fund balance is summarized as follows (cont'd):

General Fund (Cont'd) - Due to the timing difference of recording the June state aid payments, the general fund balance deficit does not alone indicate that the School District is facing financial difficulties. The unassigned deficit on the GAAP financial statements of \$378,196.72 is less than the last state aid payment.

Note 20: SOUTH JERSEY TECHNOLOGY PARTNERSHIP (SJTP) ENTERPRISE FUND

On November 17, 2016, the Board of Education of the School District approved operations related to the technology services recorded in the SJTP enterprise fund to discontinue effective July 1, 2017. In addition, the Board of Education approved the sale of the North Annex building on September 29, 2017, thus dissolving the North Annex Program. Lastly, the Board of Education of the School District approved operations related to the construction services recorded in the SJTP enterprise fund to discontinue effective July 1, 2018. Although these programs, and ultimately the SJTP enterprise fund, have been approved to be discontinued, there remain accounts receivable and accounts payable balances outstanding at June 30, 2020. The School District's intent is to continue reporting the SJTP enterprise fund until all such balances have been liquidated.

Note 21: SUBSEQUENT EVENTS

COVID-19 - 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 the 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 School District's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the School District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II
BUDGETARY COMPARISON SCHEDULES**

STERLING HIGH SCHOOL DISTRICT
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 6,751,694.00		\$ 6,751,694.00	\$ 6,751,694.00	
Tuition from Other LEAs Within the State	2,465,867.00		2,465,867.00	2,522,726.38	\$ 56,859.38
Rents and Royalties	10,000.00		10,000.00	11,167.00	1,167.00
Interest Earned on Capital Reserve Funds	100.00		100.00	4,616.23	4,516.23
Unrestricted Miscellaneous Revenues	45,000.00		45,000.00	69,487.58	24,487.58
Total - Local Sources	<u>9,272,661.00</u>	<u>-</u>	<u>9,272,661.00</u>	<u>9,359,691.19</u>	<u>87,030.19</u>
Federal Sources:					
Medicaid Reimbursement	20,142.00		20,142.00	20,301.25	159.25
Total - Federal Sources	<u>20,142.00</u>	<u>-</u>	<u>20,142.00</u>	<u>20,301.25</u>	<u>159.25</u>
State Sources:					
Categorical Special Education Aid	659,492.00		659,492.00	659,492.00	
Equalization Aid	6,070,888.00		6,070,888.00	6,070,888.00	
Categorical Security Aid	171,469.00		171,469.00	171,469.00	
Categorical Transportation Aid	50,358.00		50,358.00	50,358.00	
Extraordinary Aid	75,000.00		75,000.00	162,595.00	87,595.00
School Choice Aid	1,024,632.00		1,024,632.00	1,024,632.00	
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)				1,434,360.00	1,434,360.00
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)				532,121.00	532,121.00
On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability Insurance (non-budgeted)				1,101.00	1,101.00
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				508,829.38	508,829.38
Total - State Sources	<u>8,051,839.00</u>	<u>-</u>	<u>8,051,839.00</u>	<u>10,615,845.38</u>	<u>2,564,006.38</u>
Total Revenues	<u>17,344,642.00</u>	<u>-</u>	<u>17,344,642.00</u>	<u>19,995,837.82</u>	<u>2,651,195.82</u>

(Continued)

STERLING HIGH SCHOOL DISTRICT
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	\$ 4,540,846.00	\$ (79,163.00)	\$ 4,461,683.00	\$ 4,417,476.53	\$ 44,206.47
Regular Programs - Home Instruction:					
Salaries of Teachers	35,000.00	21,632.02	56,632.02	56,632.02	
Purchased Professional - Educational Services	29,400.00	(4,107.02)	25,292.98	25,281.12	11.86
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	53,177.00		53,177.00	46,584.24	6,592.76
Purchased Professional - Educational Services	60,000.00	(15,025.00)	44,975.00	40,494.92	4,480.08
Other Purchased Services (400-500 Series)	305,760.00	(88,764.50)	216,995.50	188,085.81	28,909.69
General Supplies	587,056.00	283,384.50	870,440.50	589,406.66	281,033.84
Textbooks	10,340.00	4,575.00	14,915.00	14,139.66	775.34
Total Regular Programs - Instruction	5,621,579.00	122,532.00	5,744,111.00	5,378,100.96	366,010.04
Special Education - Instruction:					
Learning and / or Language Disabilities:					
Salaries of Teachers	193,338.00		193,338.00	176,624.60	16,713.40
Other Salaries for Instruction	78,104.00		78,104.00	47,637.34	30,466.66
Purchased Professional - Educational Services	2,900.00	(500.00)	2,400.00	900.00	1,500.00
Other Purchased Services (400-500 Series)	1,500.00	(600.00)	900.00	900.00	
General Supplies	2,020.00		2,020.00	1,664.20	355.80
Total Learning and / or Language Disabilities	277,862.00	(1,100.00)	276,762.00	227,726.14	49,035.86
Behavioral Disabilities:					
Salaries of Teachers	86,500.00		86,500.00	84,996.95	1,503.05
Other Salaries for Instruction	26,756.00		26,756.00	17,391.40	9,364.60
Purchased Professional - Education Services	2,200.00	(650.00)	1,550.00	450.00	1,100.00
Travel - All Other		650.00	650.00	650.00	
General Supplies	650.00		650.00	639.02	10.98
Total Behavioral Disabilities	116,106.00	-	116,106.00	104,127.37	11,978.63

(Continued)

STERLING HIGH SCHOOL DISTRICT
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Special Education - Instruction (Cont'd):					
Multiple Disabilities:					
Salaries of Teachers	\$ 141,958.00	\$ 1,704.00	\$ 143,662.00	\$ 143,662.00	
Other Salaries for Instruction	27,352.00	3,017.71	30,369.71	30,369.21	\$ 0.50
Purchased Professional - Education Services	1,400.00	(500.00)	900.00	900.00	
Other Purchased Services (400-500 Series)	2,545.00	(1,136.72)	1,408.28	650.00	758.28
General Supplies	6,400.00	(1,984.99)	4,415.01	4,415.01	
Total Multiple Disabilities	179,655.00	1,100.00	180,755.00	179,996.22	758.78
Resource Room / Resource Center:					
Salaries of Teachers	379,825.00		379,825.00	354,334.00	25,491.00
Other Salaries for Instruction	64,280.00		64,280.00	49,975.80	14,304.20
Purchased Professional - Education Services	1,500.00		1,500.00		1,500.00
General Supplies	500.00		500.00		500.00
Total Resource Room / Resource Center	446,105.00	-	446,105.00	404,309.80	41,795.20
Total Special Education - Instruction	1,019,728.00	-	1,019,728.00	916,159.53	103,568.47
Basic Skills / Remedial - Instruction:					
Other Purchased Services (400-500 Series)	3,000.00		3,000.00	1,562.90	1,437.10
Total Basic Skills / Remedial - Instruction	3,000.00	-	3,000.00	1,562.90	1,437.10
Bilingual Education - Instruction:					
Salaries of Teachers	14,360.00		14,360.00	7,180.00	7,180.00
General Supplies	224.00		224.00		224.00
Total Bilingual Education - Instruction	14,584.00	-	14,584.00	7,180.00	7,404.00
School-Sponsored Cocurricular / Extracurricular Activities - Instruction:					
Salaries	126,039.00	(10,000.00)	116,039.00	101,571.95	14,467.05
Purchased Services (300-500 Series)	6,544.00	77.48	6,621.48	2,729.00	3,892.48
Supplies and Materials	13,219.59	(312.48)	12,907.11	10,952.93	1,954.18
Total School-Sponsored Cocurricular / Extracurricular Activities - Instruction	145,802.59	(10,235.00)	135,567.59	115,253.88	20,313.71

(Continued)

STERLING HIGH SCHOOL DISTRICT
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
School-Sponsored Athletics - Instruction:					
Salaries	\$ 528,202.00	\$ (3,034.10)	\$ 525,167.90	\$ 509,062.56	\$ 16,105.34
Purchased Services (300-500 Series)	165,711.00	9,064.50	174,775.50	125,815.71	48,959.79
Supplies and Materials	94,880.00	(5,000.40)	89,879.60	77,844.64	12,034.96
Other Objects	880.00	15.00	895.00	845.00	50.00
Total School-Sponsored Athletics - Instruction	<u>789,673.00</u>	<u>1,045.00</u>	<u>790,718.00</u>	<u>713,567.91</u>	<u>77,150.09</u>
Total Instruction	<u>7,594,366.59</u>	<u>113,342.00</u>	<u>7,707,708.59</u>	<u>7,131,825.18</u>	<u>575,883.41</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within the State - Regular	33,850.00	(1,425.31)	32,424.69	14,347.69	18,077.00
Tuition to Other LEA's Within the State - Special	108,912.00	(92,094.54)	16,817.46	16,644.36	173.10
Tuition to County Vocational School District - Regular	162,731.00	1,438.00	164,169.00	164,169.00	
Tuition to CSSD and Regional Day Schools		56,842.00	56,842.00	56,842.00	
Tuition to Private Schools for the Disabled - Within State	615,119.00	50,718.65	665,837.65	650,693.16	15,144.49
Total Undistributed Expenditures - Instruction	<u>920,612.00</u>	<u>15,478.80</u>	<u>936,090.80</u>	<u>902,696.21</u>	<u>33,394.59</u>
Undistributed Expenditures - Attendance and Social Work:					
Salaries	32,589.00		32,589.00	25,745.35	6,843.65
Other Purchased Services (400-500 Series)	250.00		250.00		250.00
Total Undistributed Expenditures - Attendance and Social Work	<u>32,839.00</u>	<u>-</u>	<u>32,839.00</u>	<u>25,745.35</u>	<u>7,093.65</u>
Undistributed Expenditures - Health Services:					
Salaries	121,987.00		121,987.00	121,725.33	261.67
Purchased Professional and Technical Services	22,025.00		22,025.00	15,005.00	7,020.00
Other Purchased Services (400-500 Series)	12,594.00		12,594.00	5,799.25	6,794.75
Supplies and Materials	4,500.00		4,500.00	2,308.91	2,191.09
Total Undistributed Expenditures - Health Services	<u>161,106.00</u>	<u>-</u>	<u>161,106.00</u>	<u>144,838.49</u>	<u>16,267.51</u>
Undistributed Expenditures - Speech, OT, PT and Related Services:					
Salaries	54,791.00	1,281.80	56,072.80	56,072.60	0.20
Purchased Professional - Educational Services	23,903.00	1,355.90	25,258.90	9,671.58	15,587.32
Supplies and Materials		144.10	144.10	144.10	
Total Undistributed Expenditures - Other Support Services - Students - Related Services	<u>78,694.00</u>	<u>2,781.80</u>	<u>81,475.80</u>	<u>65,888.28</u>	<u>15,587.52</u>

(Continued)

STERLING HIGH SCHOOL DISTRICT
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Other Support Services -					
Students - Extraordinary Services:					
Salaries	\$ 144,626.00	\$ (1,281.80)	\$ 143,344.20	\$ 138,742.35	\$ 4,601.85
Purchased Professional - Educational Services	337,979.00	(52,150.00)	285,829.00	180,570.70	105,258.30
Other Objects		650.00	650.00	650.00	
	<u>482,605.00</u>	<u>(52,781.80)</u>	<u>429,823.20</u>	<u>319,963.05</u>	<u>109,860.15</u>
Total Undistributed Expenditures - Other Support Services -					
Students - Extraordinary Services	<u>482,605.00</u>	<u>(52,781.80)</u>	<u>429,823.20</u>	<u>319,963.05</u>	<u>109,860.15</u>
Undistributed Expenditures - Guidance:					
Students - Regular:					
Salaries of Other Professional Staff	493,323.00	450.00	493,773.00	493,772.88	0.12
Salaries of Secretarial and Clerical Assistants	86,801.00		86,801.00	85,180.65	1,620.35
Other Purchased Services (400-500 Series)	31,730.00	(1,458.00)	30,272.00	23,798.55	6,473.45
Supplies and Materials	3,200.00	(15.00)	3,185.00	2,309.04	875.96
Other Objects	830.00	2,152.50	2,982.50	2,982.50	
	<u>615,884.00</u>	<u>1,129.50</u>	<u>617,013.50</u>	<u>608,043.62</u>	<u>8,969.88</u>
Total Undistributed Expenditures - Guidance					
Students - Regular	<u>615,884.00</u>	<u>1,129.50</u>	<u>617,013.50</u>	<u>608,043.62</u>	<u>8,969.88</u>
Undistributed Expenditures - Child Study Team:					
Salaries of Other Professional Staff	231,345.00		231,345.00	226,386.75	4,958.25
Salaries of Secretarial and Clerical Assistants	46,564.00		46,564.00	42,964.08	3,599.92
Other Salaries	63,200.00		63,200.00	63,200.00	
Purchased Professional - Educational Services	43,045.00	(7,000.00)	36,045.00	17,731.33	18,313.67
Other Purchased Professional and Technical Services	1,654.00		1,654.00	1,575.00	79.00
Other Purchased Services (400-500 Series)	13,482.00	(1,187.35)	12,294.65	8,190.56	4,104.09
Supplies and Materials	5,970.00	1,177.35	7,147.35	6,261.67	885.68
Other Objects	835.00	10.00	845.00	845.00	
	<u>406,095.00</u>	<u>(7,000.00)</u>	<u>399,095.00</u>	<u>367,154.39</u>	<u>31,940.61</u>
Total Undistributed Expenditures - Child Study Team					
Child Study Team	<u>406,095.00</u>	<u>(7,000.00)</u>	<u>399,095.00</u>	<u>367,154.39</u>	<u>31,940.61</u>

(Continued)

STERLING HIGH SCHOOL DISTRICT
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	\$ 113,968.00		\$ 113,968.00	\$ 110,840.38	\$ 3,127.62
Salaries of Other Professional Staff	600.00		600.00		600.00
Salaries of Secretarial and Clerical Assistants	35,803.00	\$ 895.10	36,698.10	36,698.10	
Other Purchased Services (400-500 Series)	14,269.00	3,177.40	17,446.40	15,134.55	2,311.85
Supplies and Materials	2,445.31		2,445.31	1,847.66	597.65
Other Objects	830.00	227.50	1,057.50	1,057.50	
Total Undistributed Expenditures - Improvement of Instruction Services	167,915.31	4,300.00	172,215.31	165,578.19	6,637.12
Undistributed Expenditures - Educational Media Services / School Library:					
Salaries	63,462.00		63,462.00	63,200.00	262.00
Salaries of Technology Coordinators	16,964.00	900.00	17,864.00	17,862.28	1.72
Other Purchased Services (400-500 Series)	14,300.00	180.32	14,480.32	14,479.41	0.91
Supplies and Materials	16,855.00	(3,180.32)	13,674.68	11,547.64	2,127.04
Total Undistributed Expenditures - Educational Media Services / School Library	111,581.00	(2,100.00)	109,481.00	107,089.33	2,391.67
Undistributed Expenditures - Support Services - General Administration:					
Salaries	244,568.00	(29,590.48)	214,977.52	202,509.20	12,468.32
Unused Vacation Payment to Terminated / Retired Staff		12,590.60	12,590.60	12,590.60	
Legal Services	86,250.00	(38,276.00)	47,974.00	35,531.80	12,442.20
Audit Fees	53,500.00	(600.00)	52,900.00	52,900.00	
Architectural / Engineering Services	5,000.00	15,800.00	20,800.00	9,315.00	11,485.00
Other Purchased Professional Services	15,805.00	20,750.00	36,555.00	2,325.12	34,229.88
Communications / Telephone	61,185.00	(700.00)	60,485.00	53,389.88	7,095.12
BOE Other Purchased Services	5,700.00	(655.08)	5,044.92		5,044.92
Miscellaneous Purchased Services (400-500)	37,624.87	1,426.00	39,050.87	36,047.03	3,003.84
General Supplies	1,600.00		1,600.00	1,316.84	283.16
BOE In-House Training / Meeting Supplies	800.00		800.00	406.18	393.82
Miscellaneous Expenditures	4,450.00	720.00	5,170.00	4,159.22	1,010.78
BOE Membership Dues and Fees	10,361.00	199.88	10,560.88	10,560.00	0.88
Total Undistributed Expenditures - Support Services - General Administration	526,843.87	(18,335.08)	508,508.79	421,050.87	87,457.92

(Continued)

STERLING HIGH SCHOOL DISTRICT
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals	\$ 303,946.00	\$ 574.88	\$ 304,520.88	\$ 304,087.82	\$ 433.06
Salaries of Secretarial and Clerical Assistants	89,191.00	590.20	89,781.20	89,781.20	
Other Purchased Services (400-500 Series)	700.00	(700.00)			
Supplies and Materials	4,983.94	(1,030.00)	3,953.94	3,038.00	915.94
Other Objects	1,910.00	(220.00)	1,690.00	1,690.00	
Total Undistributed Expenditures - Support Services - School Administration	400,730.94	(784.92)	399,946.02	398,597.02	1,349.00
Undistributed Expenditures - Central Services:					
Salaries	323,407.00	74.06	323,481.06	323,480.88	0.18
Miscellaneous Purchased Services (400-500 Series)	29,596.88	877.48	30,474.36	29,899.63	574.73
Supplies and Materials	3,200.00	597.40	3,797.40	3,784.05	13.35
Total Undistributed Expenditures - Central Services	356,203.88	1,548.94	357,752.82	357,164.56	588.26
Undistributed Expenditures - Administration Information Technology:					
Salaries	135,912.00	2,101.06	138,013.06	138,013.06	
Total Undistributed Expenditures - Administration Information Technology	135,912.00	2,101.06	138,013.06	138,013.06	-
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	305,223.00	(48,003.00)	257,220.00	166,330.76	90,889.24
Cleaning, Repair, and Maintenance Services	141,714.00	4,770.00	146,484.00	134,676.96	11,807.04
General Supplies	119,220.90	(9,770.00)	109,450.90	79,783.64	29,667.26
Total Undistributed Expenditures - Required Maintenance for School Facilities	566,157.90	(53,003.00)	513,154.90	380,791.36	132,363.54

(Continued)

STERLING HIGH SCHOOL DISTRICT
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Custodial Services:					
Salaries	\$ 407,044.00	\$ 15,000.00	\$ 422,044.00	\$ 405,860.90	\$ 16,183.10
Purchased Professional and Technical Services	27,115.00		27,115.00	23,849.14	3,265.86
Cleaning, Repair, and Maintenance Services	12,350.00		12,350.00	8,649.07	3,700.93
Other Purchased Property Services	51,400.00		51,400.00	39,697.87	11,702.13
Insurance	65,000.00	1,925.00	66,925.00	66,925.00	
Miscellaneous Purchased Services	30,530.00	(165.00)	30,365.00	19,694.98	10,670.02
General Supplies	43,520.00	2,118.45	45,638.45	44,438.58	1,199.87
Energy (Natural Gas)	87,550.00		87,550.00	79,663.61	7,886.39
Energy (Electricity)	285,000.00	23,000.00	308,000.00	307,852.06	147.94
Energy (Oil)	2,000.00		2,000.00	574.04	1,425.96
Energy (Gasoline)	3,000.00		3,000.00	1,577.89	1,422.11
Total Undistributed Expenditures - Custodial Services	<u>1,014,509.00</u>	<u>41,878.45</u>	<u>1,056,387.45</u>	<u>998,783.14</u>	<u>57,604.31</u>
Undistributed Expenditures - Care and Upkeep of Grounds:					
Salaries	43,198.00	250.00	43,448.00	43,448.00	
Cleaning, Repair, and Maintenance Services	115,000.00	(7,650.00)	107,350.00	101,692.35	5,657.65
General Supplies	23,300.00		23,300.00	18,191.85	5,108.15
Total Undistributed Expenditures - Care and Upkeep of Grounds	<u>181,498.00</u>	<u>(7,400.00)</u>	<u>174,098.00</u>	<u>163,332.20</u>	<u>10,765.80</u>
Undistributed Expenditures - Security:					
Purchased Professional and Technical Services	119,324.00	0.48	119,324.48	119,324.48	
Cleaning, Repair, and Maintenance Services	26,945.00	(10,900.48)	16,044.52	6,373.05	9,671.47
General Supplies	16,452.87	(2,649.00)	13,803.87	13,751.66	52.21
Total Undistributed Expenditures - Security	<u>162,721.87</u>	<u>(13,549.00)</u>	<u>149,172.87</u>	<u>139,449.19</u>	<u>9,723.68</u>
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	<u>1,924,886.77</u>	<u>(32,073.55)</u>	<u>1,892,813.22</u>	<u>1,682,355.89</u>	<u>210,457.33</u>

(Continued)

STERLING HIGH SCHOOL DISTRICT
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Student Transportation Services:					
Management Fee - ESC and CTSA Transportation Program	\$ 12,300.00	\$ 9,100.00	\$ 21,400.00	\$ 19,349.72	\$ 2,050.28
Contracted Services - (Other than Between Home and School) - Vendors	213,486.00	(24,678.77)	188,807.23	115,114.74	73,692.49
Contracted Services Special Education Students) - Joint Agreements	1,200.00	40,503.95	41,703.95	22,345.45	19,358.50
Contracted Services (Regular Students) - ESCs and CTSA	47,700.00	50,000.00	97,700.00	64,816.33	32,883.67
Contracted Services (Special Education Students) - ESCs and CTSA	238,400.00	123,829.82	362,229.82	299,264.20	62,965.62
Contracted Services - Aid in Lieu Payments - Choice Schools	2,000.00		2,000.00	677.60	1,322.40
Total Undistributed Expenditures - Student Transportation Services	515,086.00	198,755.00	713,841.00	521,568.04	192,272.96
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	238,338.00	(5,729.61)	232,608.39	175,917.39	56,691.00
TPAF Contributions		5,729.61	5,729.61	4,511.73	1,217.88
Other Retirement Contributions - PERS	313,385.00		313,385.00	237,980.72	75,404.28
Unemployment Compensation	72,384.00	(60,000.00)	12,384.00	1,102.83	11,281.17
Workmen's Compensation	117,844.00	(4,145.00)	113,699.00	104,096.57	9,602.43
Health Benefits	2,210,574.00	(271,181.80)	1,939,392.20	1,717,088.68	222,303.52
Tuition Reimbursements	27,000.00		27,000.00	10,000.00	17,000.00
Other Employee Benefits	11,150.00		11,150.00	8,520.90	2,629.10
Unused Sick Payment to Terminated / Retired Staff	1,009.00	43,000.00	44,009.00	37,735.74	6,273.26
Total Unallocated Benefits - Employee Benefits	2,991,684.00	(292,326.80)	2,699,357.20	2,296,954.56	402,402.64
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)				1,434,360.00	(1,434,360.00)
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)				532,121.00	(532,121.00)
On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability Insurance (non-budgeted)				1,101.00	(1,101.00)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				508,829.38	(508,829.38)
Total On-behalf Contributions	-	-	-	2,476,411.38	(2,476,411.38)
Total Personal Services - Employee Benefits	2,991,684.00	(292,326.80)	2,699,357.20	4,773,365.94	(2,074,008.74)
Total Undistributed Expenditures	9,828,678.77	(179,307.05)	9,649,371.72	10,999,112.29	(1,349,740.57)

(Continued)

STERLING HIGH SCHOOL DISTRICT
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D):					
Total General Current Expense	\$ 17,423,045.36	\$ (65,965.05)	\$ 17,357,080.31	\$ 18,130,937.47	\$ (773,857.16)
Capital Outlay:					
Equipment:					
Grades 9-12		18,581.50	18,581.50	16,746.50	1,835.00
Learning and / or Language Disabilities	4,500.00		4,500.00	4,500.00	
Behavioral Disabilities	2,250.00		2,250.00	2,250.00	
Multiple Disabilities	4,500.00		4,500.00	4,500.00	
School Sponsored - Athletics		24,303.00	24,303.00		24,303.00
Undistributed Expenditures:					
Custodial Services	25,000.00	2,881.55	27,881.55	27,881.55	
Care and Upkeep of Grounds		17,400.00	17,400.00		17,400.00
Security		2,799.00	2,799.00	2,799.00	
Total Equipment	36,250.00	65,965.05	102,215.05	58,677.05	43,538.00
Facilities Acquisition and Construction Services:					
Architectural / Engineering Services	6,871.27		6,871.27	6,871.27	
Construction Services	398,854.00		398,854.00	287,233.71	111,620.29
Assessment for Debt Service on SDA Funding	3,352.00		3,352.00	3,352.00	
Total Facilities Acquisition and Construction Services	409,077.27	-	409,077.27	297,456.98	111,620.29
Total Capital Outlay	445,327.27	65,965.05	511,292.32	356,134.03	155,158.29
Total Expenditures	17,868,372.63	-	17,868,372.63	18,487,071.50	(618,698.87)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(523,730.63)	-	(523,730.63)	1,508,766.32	2,032,496.95
Other Financing Sources (Uses):					
Capital Reserve - Transfer to Capital Projects Fund	(348,614.00)	-	(348,614.00)	(204,503.98)	(144,110.02)
Total Other Financing Sources (Uses)	(348,614.00)	-	(348,614.00)	(204,503.98)	(144,110.02)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(872,344.63)	-	(872,344.63)	1,304,262.34	1,888,386.93
Fund Balances, July 1	-	-	-	3,309,015.89	3,309,015.89
Fund Balances, June 30	\$ (872,344.63)	-	\$ (872,344.63)	\$ 4,613,278.23	\$ 5,197,402.82

(Continued)

STERLING HIGH SCHOOL DISTRICT
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation:					
Restricted:					
Capital Reserve:					
Designated for Subsequent Year's Expenditures				\$ 454,000.00	
Capital Reserve				1,964,574.72	
Maintenance Reserve				125,000.00	
Excess Surplus:					
Prior Year - Designated for Subsequent Year's Expenditures				489,109.23	
Current Year				684,666.34	
Assigned:					
Year-End Encumbrances				484,029.66	
Unassigned				<u>411,898.28</u>	
				4,613,278.23	
Reconciliation to Governmental Funds Statements (GAAP):					
Fiscal Year 2020 Last State Aid Payments not Recognized on GAAP Basis				<u>(790,095.00)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,823,183.23</u>	

STERLING HIGH SCHOOL DISTRICT
 Required Supplementary Information - Part II
 Special Revenue Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers / Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources:					
Title I, Part A	\$ 110,948.00		\$ 110,948.00	\$ 105,253.30	\$ (5,694.70)
Title II, Part A	18,855.00		18,855.00	15,543.99	(3,311.01)
Title IV, Part A	6,836.00		6,836.00	6,801.74	(34.26)
I.D.E.A. Part B, Basic	192,238.00		192,238.00	192,238.00	
Education Stabilization Fund (CARES Act)	86,559.00		86,559.00	73,914.68	(12,644.32)
Total - Federal Sources	<u>415,436.00</u>	<u>-</u>	<u>415,436.00</u>	<u>393,751.71</u>	<u>(21,684.29)</u>
Total Revenues	<u>415,436.00</u>	<u>-</u>	<u>415,436.00</u>	<u>393,751.71</u>	<u>(21,684.29)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	18,667.00	\$ 2,461.80	21,128.80	15,434.10	5,694.70
Salaries - Other	66,360.00	(1,187.80)	65,172.20	65,172.20	
Other Purchased Services (400-500 series)	192,238.00		192,238.00	192,238.00	
Instructional Supplies	3,828.00	8.00	3,836.00	3,801.74	34.26
Total Instruction	<u>281,093.00</u>	<u>1,282.00</u>	<u>282,375.00</u>	<u>276,646.04</u>	<u>5,728.96</u>
Support Services:					
Salaries	2,400.00	2,067.00	4,467.00	1,155.99	3,311.01
Employee Benefits	35,905.00	(370.00)	35,535.00	35,535.00	
Professional Technical Services	3,008.00	(8.00)	3,000.00	3,000.00	
Other Purchased Services	4,275.00	(775.00)	3,500.00	3,500.00	
Supplies and Materials	58,183.00	(1,515.00)	56,668.00	44,241.32	12,426.68
Other Objects	681.00	(681.00)			
Total Support Services	<u>104,452.00</u>	<u>(1,282.00)</u>	<u>103,170.00</u>	<u>87,432.31</u>	<u>15,737.69</u>
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment	29,891.00		29,891.00	29,673.36	217.64
Total Facilities Acquisition and Construction Services	<u>29,891.00</u>	<u>-</u>	<u>29,891.00</u>	<u>29,673.36</u>	<u>217.64</u>
Total Expenditures	<u>415,436.00</u>	<u>-</u>	<u>415,436.00</u>	<u>393,751.71</u>	<u>21,684.29</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

STERLING HIGH SCHOOL DISTRICT
 Required Supplementary Information - Part II
 Budgetary Comparison Schedule
 Note to Required Supplementary Information
 For the Fiscal Year Ended June 30, 2020

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-series)	\$ 19,995,837.82	\$ 393,751.71
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(73,914.68)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes, and State aid payment recognized as revenue for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(52,540.00)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 19,943,297.82</u>	<u>\$ 319,837.03</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule (C-series)	\$ 18,487,071.50	\$ 393,751.71
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(73,914.68)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 18,487,071.50</u>	<u>\$ 319,837.03</u>

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

**SCHEDULES RELATED TO ACCOUNTING
AND REPORTING FOR PENSIONS**

STERLING HIGH SCHOOL DISTRICT
 Required Supplementary Information - Part III
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System (PERS)
 Last Seven Plan Years

	<u>Measurement Date Ended June 30.</u>						
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.0239104246%	0.0310830576%	0.0341031216%	0.0370092623%	0.0397913627%	0.0494878867%	0.0463395441%
School District's Proportionate Share of the Net Pension Liability	\$ 4,308,296.00	\$ 6,120,099.00	\$ 7,938,662.00	\$ 10,961,082.00	\$ 8,932,364.00	\$ 9,265,486.00	\$ 8,856,408.00
School District's Covered Payroll (Plan Measurement Period)	\$ 1,722,520.00	\$ 2,232,092.00	\$ 2,389,916.00	\$ 2,734,564.00	\$ 2,640,896.00	\$ 3,325,524.00	\$ 3,247,020.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	250.12%	274.19%	332.17%	400.83%	338.23%	278.62%	272.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

STERLING HIGH SCHOOL DISTRICT
 Required Supplementary Information - Part III
 Schedule of the School District's Contributions
 Public Employees' Retirement System (PERS)
 Last Seven Fiscal Years

	<u>Fiscal Year Ended June 30,</u>						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 231,125.00	\$ 232,578.00	\$ 309,176.00	\$ 315,929.00	\$ 328,785.00	\$ 342,099.00	\$ 407,971.00
Contributions in relation to the Contractually Required Contribution	<u>(231,125.00)</u>	<u>(232,578.00)</u>	<u>(309,176.00)</u>	<u>(315,929.00)</u>	<u>(328,785.00)</u>	<u>(342,099.00)</u>	<u>(407,971.00)</u>
Contribution Deficiency (Excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
School District's Covered Payroll (Fiscal Year)	\$ 1,633,005.00	\$ 1,568,389.00	\$ 1,681,484.00	\$ 2,223,491.00	\$ 2,226,348.00	\$ 2,908,288.00	\$ 2,851,380.00
Contributions as a Percentage of School District's Covered Payroll	14.15%	14.83%	18.39%	14.21%	14.77%	11.76%	14.31%

This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

STERLING HIGH SCHOOL DISTRICT
 Required Supplementary Information - Part III
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 Teachers' Pension and Annuity Fund (TPAF)
 Last Seven Plan Years

	<u>Measurement Date Ended June 30,</u>						
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability associated with the School District	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
School District's Proportionate Share of the Net Pension Liability	-	-	-	-	-	-	-
State's Proportionate Share of the Net Pension Liability associated with the School District	<u>\$ 39,742,009.00</u>	<u>\$ 39,276,358.00</u>	<u>\$ 41,352,753.00</u>	<u>\$ 50,827,551.00</u>	<u>\$ 40,508,669.00</u>	<u>\$ 34,263,323.00</u>	<u>\$ 33,439,016.00</u>
	<u>\$ 39,742,009.00</u>	<u>\$ 39,276,358.00</u>	<u>\$ 41,352,753.00</u>	<u>\$ 50,827,551.00</u>	<u>\$ 40,508,669.00</u>	<u>\$ 34,263,323.00</u>	<u>\$ 33,439,016.00</u>
School District's Covered Payroll (Plan Measurement Period)	\$ 7,950,584.00	\$ 7,979,092.00	\$ 7,382,080.00	\$ 7,410,212.00	\$ 7,495,632.00	\$ 7,483,260.00	\$ 7,510,720.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	499.86%	492.24%	560.18%	685.91%	540.43%	457.87%	445.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

STERLING HIGH SCHOOL DISTRICT
Required Supplementary Information - Part III
Schedule of the School District's Contributions
Teachers' Pension and Annuity Fund (TPAF)
Last Ten Fiscal Years

This schedule is not applicable. The School District is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

STERLING HIGH SCHOOL DISTRICT
 Required Supplementary Information - Part III
 Notes to Required Supplementary Information
 For the Fiscal Year Ended June 30, 2020

Public Employees' Retirement System (PERS)

Changes in Benefit Terms:

None

Changes in Assumptions:

The Discount Rate changed at June 30th over the following years: 5.39% 2014, 4.90% 2015, 3.98% 2016, 5.00% 2017, 5.66% 2018 and 6.28% 2019.

The Long-term Expected Rate of Return changed at June 30th over the following years: 7.90% 2014 and 2015, 7.65% 2016, and 7.00% 2017, 2018 and 2019.

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2014 - June 30, 2018 experience study. For pre-retirement mortality, the Pub-2010 General Below-Median Income Employee mortality table with a 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 was used. For healthy retirees and beneficiaries, 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 was used. For disabled retiree mortality, the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males, and a 117.2% adjustment for females, and with improvement from the base year of 2010 on a generational basis was used. For mortality improvement, Scale MP-2019 was used.

For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the Plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter.

For 2015, the social security wage base was set at \$118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000.00 for 2015, increasing 3.00% per annum, compounded annually.

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms:

None

Changes in Assumptions:

The Discount Rate changed at June 30th over the following years, 4.68% 2014, 4.13% 2015, 3.22% 2016, 4.25% 2017, 4.86% 2018 and 5.60% 2019.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017, 2018 and 2019.

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2015 - June 30, 2018 experience study. For pre-retirement mortality, 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 was used. For healthy retirees and beneficiaries, 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 was used. For disabled retiree mortality, the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males, and a 100.3% adjustment for females, and with improvement from the base year of 2010 on a generational basis was used. For mortality improvement, Scale MP-2019 was used.

For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2012- June 30, 2015 experience study.

**REQUIRED SUPPLEMENTARY INFORMATION
PART IV**

**SCHEDULE RELATED TO ACCOUNTING
AND REPORTING FOR POSTEMPLOYMENT BENEFITS**

STERLING HIGH SCHOOL DISTRICT
 Required Supplementary Information - Part IV
 Schedule of Changes in the School District's
 Total OPEB Liability and Related Ratios
 Last Three Plan Years

	<u>Measurement Date Ended June 30,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the School District</u>			
Changes for the Year:			
Service Cost	\$ 1,325,697.00	\$ 1,461,170.00	\$ 1,762,854.00
Interest Cost	1,324,705.00	1,463,510.00	1,263,850.00
Difference Between Expected and Actual Experience	(5,797,837.00)	(4,739,884.00)	
Changes in Assumptions	443,623.00	(3,826,313.00)	(5,316,260.00)
Gross Benefit Payments	(913,336.00)	(891,589.00)	(922,909.00)
Member Contributions	<u>27,074.00</u>	<u>30,815.00</u>	<u>33,984.00</u>
Net Change in Total Non-Employer OPEB Liability	(3,590,074.00)	(6,502,291.00)	(3,178,481.00)
Total Non-Employer OPEB Liability - July 1	<u>33,343,322.00</u>	<u>39,845,613.00</u>	<u>43,024,094.00</u>
Total Non-Employer OPEB Liability - June 30	<u>\$ 29,753,248.00</u>	<u>\$ 33,343,322.00</u>	<u>\$ 39,845,613.00</u>
School District's Covered Payroll (Plan Measurement Period)	<u>\$ 8,363,531.00</u>	<u>\$ 8,458,863.00</u>	<u>\$ 8,897,099.00</u>
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District as a Percentage of Covered Payroll	355.75%	394.18%	447.85%

This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

STERLING HIGH SCHOOL DISTRICT
Notes to Required Supplementary Information - Part IV
For the Fiscal Year Ended June 30, 2020

Changes in Benefit Terms - None

*Differences Between Expected
and Actual Experience -*

The decrease in liability from June 30, 2017 to June 30, 2018 is due to changes in the census, claims and premiums experience. The decrease in liability from June 30, 2018 to June 30, 2019 is due to changes in the census, claims and premiums experience.

Changes in Assumptions -

The decrease in the liability from June 30, 2017 to June 30, 2018 is due to the increase in the assumed discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018; and a decrease in the assumed health care cost trend and excise tax assumptions. The decrease in the liability from June 30, 2018 to June 30, 2019 is due to the combined effect of the decrease in the assumed discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019; and changes in the trend, excise tax, updated decrements, future spouse election, PPO/HMO future retiree elections, salary scale and mortality assumptions.

OTHER SUPPLEMENTARY INFORMATION

Special Revenue Fund

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

<u>Every Student Succeeds Act (E.S.S.A.)</u>						
	<u>Title I, Part A</u>	<u>Title II, Part A, Improving Teacher Quality</u>	<u>Title IV</u>	<u>I.D.E.A. Part B, Basic</u>	<u>Education Stabilization Fund (CARES Act)</u>	<u>Total</u>
REVENUES:						
Federal Sources	\$ 105,253.30	\$ 15,543.99	\$ 6,801.74	\$ 192,238.00	\$ 73,914.68	\$ 393,751.71
Total Revenues	105,253.30	15,543.99	6,801.74	192,238.00	73,914.68	393,751.71
EXPENDITURES:						
Instruction:						
Salaries of Teachers	15,434.10					15,434.10
Salaries - Other	57,172.20	8,000.00				65,172.20
Other Purchased Services (400-500 series)				192,238.00		192,238.00
Instructional Supplies			3,801.74			3,801.74
Total Instruction	72,606.30	8,000.00	3,801.74	192,238.00	-	276,646.04
Support Services:						
Salaries - Support		1,155.99				1,155.99
Employee Benefits	32,647.00	2,888.00				35,535.00
Professional Technical Services			3,000.00			3,000.00
Other Purchased Services		3,500.00				3,500.00
Supplies and Materials					44,241.32	44,241.32
Total Support Services	32,647.00	7,543.99	3,000.00	-	44,241.32	87,432.31
Facilities Acquisition and Construction Services:						
Non-Instructional Equipment					29,673.36	29,673.36
Total Facilities Acquisition and Construction Services	-	-	-	-	29,673.36	29,673.36
Total Expenditures	105,253.30	15,543.99	6,801.74	192,238.00	73,914.68	393,751.71
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-

OTHER SUPPLEMENTARY INFORMATION

Capital Projects Fund

STERLING HIGH SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Project Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2020

Project Title / Issue	Original Date	Appropriations	Expenditures to Date		Unexpended Balance June 30, 2020
			Prior Years	Current Year	
Capital Improvement Program - Repairs and Replacement of the School Roof, Drainage Repairs, Connection to Existing Storm System Entrance on Warwick Road, Renovations to Student Bathrooms, Addition to Security Doors, Replacement of Existing Boilers, Installation of Air Conditioning in Cafeteria, Kitchen and Old Gymnasium, Installation of New HVAC Chillers, Hot Water Heaters and Controls for the Replaced HVAC Equipment, Security System Upgrade and the Completion of Such Other Work and Improvements and Acquisition of Furniture, Fixtures and Equipment as may be Necessary Therefor or Related Thereto, and Renovations to the Auditorium Including, but not Limited to, HVAC System Improvements and the Completion of Such Other Work and Improvements and Acquisition of Furniture, Fixtures and Equipment as may be Necessary Therefor or Related Thereto, and the Costs of Issuance with Respect to the Issuance of the Bonds	09/29/15	\$ 6,896,548.00	\$ 6,711,708.37		\$ 184,839.63
Fields Renovation	01/19/17	584,098.13	562,848.13	\$ 21,250.00	
Irrigation of Athletic Fields	03/16/17	98,500.00	94,000.00	4,500.00	
Foods Room	05/03/18	363,303.00	221,060.10		142,242.90
Phase II Fields Upgrades	05/03/18	605,179.13	584,543.40	16,335.73	4,300.00
Fields Upgrades - Phase III	05/02/19	85,000.00		41,581.50	43,418.50
Classroom Renovations	05/02/19	69,503.98		69,503.98	
Storage Building	05/02/19	50,000.00			50,000.00
		<u>\$ 8,752,132.24</u>	<u>\$ 8,174,160.00</u>	<u>\$ 153,171.21</u>	<u>\$ 424,801.03</u>

STERLING HIGH SCHOOL DISTRICT
 Capital Projects Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
 For the Fiscal Year Ended June 30, 2020

Revenues:	
Local Share - Withdraw from Capital Reserve	<u>\$ 204,503.98</u>
Total Revenues	<u>204,503.98</u>
Expenditures:	
Other Purchased Professional and Technical Services	14,391.73
Construction Services	<u>138,779.48</u>
Total Expenditures	<u>153,171.21</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	51,332.77
Fund Balances, July 1	<u>266,992.46</u>
Fund Balances, June 30	<u><u>\$ 318,325.23</u></u>
Recapitulation:	
Restricted for Capital Projects:	
Year-End Encumbrances	\$ 51,282.30
Designated for Subsequent Year's Expenditures	<u>267,042.93</u>
	<u><u>\$ 318,325.23</u></u>

STERLING HIGH SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Capital Improvement Program
 From Inception and for the Fiscal Year Ended June 30, 2020

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$ 3,402,306.85		\$ 3,402,306.85	\$ 3,568,548.00
Local Share - Proceeds from Issuance of School Bonds	3,328,000.00		3,328,000.00	3,328,000.00
Local Share - Premium on School Bonds Issued	68,270.04		68,270.04	
Total Revenues and Other Financing Sources	<u>6,798,576.89</u>	<u>-</u>	<u>6,798,576.89</u>	<u>6,896,548.00</u>
Expenditures and Other Financing Uses:				
Legal Services	19,714.44		19,714.44	23,090.13
Other Purchased Professional and Technical Services	566,161.34		566,161.34	508,660.10
Construction Services	6,093,933.64		6,093,933.64	6,320,372.36
General Supplies	31,898.95		31,898.95	44,425.41
Total Expenditures and Other Financing Uses	<u>6,711,708.37</u>	<u>-</u>	<u>6,711,708.37</u>	<u>6,896,548.00</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 86,868.52</u>	<u>-</u>	<u>\$ 86,868.52</u>	<u>-</u>
Additional Project Information:				
Project Number	5035-050-14-1001-G04			
Grant Date	02/24/14			
Bond Authorization Date	09/29/15			
Bonds Authorized	\$ 3,328,000.00			
Bonds Issued	\$ 3,328,000.00			
Original Authorized Cost	\$ 6,896,548.00			
Additional Authorized Cost	-			
Revised Authorized Cost	\$ 6,896,548.00			
Percentage Increase Over Original Authorized Cost				
Percentage Completion	97.32%			
Original Target Completion Date	09/30/17			
Revised Target Completion Date	06/30/20			

STERLING HIGH SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Fields Renovation
 From Inception and for the Fiscal Year Ended June 30, 2020

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Local Share - Withdraw from Capital Reserve	\$ 584,098.13		\$ 584,098.13	\$ 584,098.13
Total Revenues and Other Financing Sources	584,098.13	-	584,098.13	584,098.13
Expenditures and Other Financing Uses:				
Other Purchased Professional and Technical Services	27,245.50		27,245.50	27,245.50
Construction Services	533,750.00	\$ 21,250.00	555,000.00	555,000.00
General Supplies	1,852.63		1,852.63	1,852.63
Total Expenditures and Other Financing Uses	562,848.13	21,250.00	584,098.13	584,098.13
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 21,250.00	\$ (21,250.00)	-	-
Additional Project Information:				
Project Number	18-03			
Authorized Date	01/19/17			
Bond Authorization Date	n/a			
Bonds Authorized	n/a			
Bonds Issued	n/a			
Original Authorized Cost	\$ 27,245.50			
Additional Authorized Cost	\$ 556,852.63			
Revised Authorized Cost	\$ 584,098.13			
Percentage Increase Over Original Authorized Cost				
	2043.83%			
Percentage Completion				
	100.00%			
Original Target Completion Date				
	06/30/18			
Revised Target Completion Date				
	06/30/20			

STERLING HIGH SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Irrigation of Athletic Fields
 From Inception and for the Fiscal Year Ended June 30, 2020

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Local Share - Withdraw from Capital Reserve	\$ 98,500.00		\$ 98,500.00	\$ 98,500.00
Total Revenues and Other Financing Sources	98,500.00	-	98,500.00	98,500.00
Expenditures and Other Financing Uses:				
Construction Services	94,000.00	\$ 4,500.00	98,500.00	98,500.00
Total Expenditures and Other Financing Uses	94,000.00	4,500.00	98,500.00	98,500.00
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 4,500.00	\$ (4,500.00)	-	-

Additional Project Information:

Project Number	18-06
Authorized Date	03/16/17
Bond Authorization Date	n/a
Bonds Authorized	n/a
Bonds Issued	n/a
Original Authorized Cost	\$ 98,500.00
Additional Authorized Cost	-
Revised Authorized Cost	\$ 98,500.00

Percentage Increase Over Original

Authorized Cost	
Percentage Completion	100.00%
Original Target Completion Date	06/30/18
Revised Target Completion Date	06/30/20

STERLING HIGH SCHOOL DISTRICT

Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis

Foods Room

From Inception and for the Fiscal Year Ended June 30, 2020

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Local Share - Withdraw from Capital Reserve	\$ 363,303.00		\$ 363,303.00	\$ 363,303.00
Total Revenues and Other Financing Sources	363,303.00	-	363,303.00	363,303.00
Expenditures and Other Financing Uses:				
Salaries	19,200.91		19,200.91	20,000.00
Construction Services	148,494.29		148,494.29	200,000.00
General Supplies	53,364.90		53,364.90	143,303.00
Total Expenditures and Other Financing Uses	221,060.10	-	221,060.10	363,303.00
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 142,242.90	-	\$ 142,242.90	-
Additional Project Information:				
Project Number	19-05			
Authorized Date	05/03/18			
Bond Authorization Date	n/a			
Bonds Authorized	n/a			
Bonds Issued	n/a			
Original Authorized Cost	\$ 363,303.00			
Additional Authorized Cost	-			
Revised Authorized Cost	\$ 363,303.00			
Percentage Increase Over Original Authorized Cost				
Percentage Completion	60.85%			
Original Target Completion Date	06/30/20			
Revised Target Completion Date	06/30/20			

STERLING HIGH SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Phase II Fields Upgrades
 From Inception and for the Fiscal Year Ended June 30, 2020

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Local Share - Withdraw from Capital Reserve	\$ 605,179.13		\$ 605,179.13	\$ 605,179.13
Total Revenues and Other Financing Sources	605,179.13	-	605,179.13	605,179.13
Expenditures and Other Financing Uses:				
Other Purchased Professional and Technical Services	34,537.40	\$ 641.73	35,179.13	35,179.13
Construction Services	550,006.00	15,694.00	565,700.00	570,000.00
Total Expenditures and Other Financing Uses	584,543.40	16,335.73	600,879.13	605,179.13
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 20,635.73	\$ (16,335.73)	\$ 4,300.00	-

Additional Project Information:

Project Number	19-07
Authorized Date	05/03/18
Bond Authorization Date	n/a
Bonds Authorized	n/a
Bonds Issued	n/a
Original Authorized Cost	\$ 605,179.13
Additional Authorized Cost	-
Revised Authorized Cost	\$ 605,179.13
Percentage Increase Over Original Authorized Cost	
Percentage Completion	99.29%
Original Target Completion Date	06/30/20
Revised Target Completion Date	06/30/20

STERLING HIGH SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Fields Upgrades - Phase III
 From Inception and for the Fiscal Year Ended June 30, 2020

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Local Share - Withdraw from Capital Reserve	-	\$ 85,000.00	\$ 85,000.00	\$ 85,000.00
Total Revenues and Other Financing Sources	-	85,000.00	85,000.00	85,000.00
Expenditures and Other Financing Uses:				
Construction Services	-	41,581.50	41,581.50	85,000.00
Total Expenditures and Other Financing Uses	-	41,581.50	41,581.50	85,000.00
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	\$ 43,418.50	\$ 43,418.50	-

Additional Project Information:

Project Number	20-03
Authorized Date	05/02/19
Bond Authorization Date	n/a
Bonds Authorized	n/a
Bonds Issued	n/a
Original Authorized Cost	\$ 85,000.00
Additional Authorized Cost	-
Revised Authorized Cost	\$ 85,000.00
Percentage Increase Over Original Authorized Cost	
Percentage Completion	48.92%
Original Target Completion Date	06/30/21
Revised Target Completion Date	06/30/21

STERLING HIGH SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Classroom Renovations
 From Inception and for the Fiscal Year Ended June 30, 2020

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Local Share - Withdraw from Capital Reserve	-	\$ 69,503.98	\$ 69,503.98	\$ 69,503.98
Total Revenues and Other Financing Sources	-	69,503.98	69,503.98	69,503.98
Expenditures and Other Financing Uses:				
Other Purchased Professional and Technical Services	-	13,750.00	13,750.00	13,750.00
Construction Services	-	55,753.98	55,753.98	55,753.98
Total Expenditures and Other Financing Uses	-	69,503.98	69,503.98	69,503.98
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-	-

Additional Project Information:

Project Number	20-04
Authorized Date	05/02/19
Bond Authorization Date	n/a
Bonds Authorized	n/a
Bonds Issued	n/a
Original Authorized Cost	\$ 150,000.00
Additional Authorized Cost	\$ (80,496.02)
Revised Authorized Cost	\$ 69,503.98

Percentage Increase Over Original Authorized Cost

Percentage Completion	100.00%
Original Target Completion Date	06/30/20
Revised Target Completion Date	06/30/20

STERLING HIGH SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Storage Building
 From Inception and for the Fiscal Year Ended June 30, 2020

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Local Share - Withdraw from Capital Reserve	-	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
Total Revenues and Other Financing Sources	-	50,000.00	50,000.00	50,000.00
Expenditures and Other Financing Uses:				
Construction Services	-	-	-	50,000.00
Total Expenditures and Other Financing Uses	-	-	-	50,000.00
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	\$ 50,000.00	\$ 50,000.00	-

Additional Project Information:

Project Number	20-05
Authorized Date	05/02/19
Bond Authorization Date	n/a
Bonds Authorized	n/a
Bonds Issued	n/a
Original Authorized Cost	\$ 50,000.00
Additional Authorized Cost	-
Revised Authorized Cost	\$ 50,000.00

Percentage Increase Over Original

Authorized Cost	
Percentage Completion	
Original Target Completion Date	06/30/21
Revised Target Completion Date	06/30/21

OTHER SUPPLEMENTARY INFORMATION

Proprietary Funds

STERLING HIGH SCHOOL DISTRICT
 Proprietary Funds
 Business-Type Activities - Enterprise Funds
 Combining Statement of Net Position
 June 30, 2020

	<u>Food Service</u>	<u>SJTP Fund</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 14,420.57	\$ 55,775.58	\$ 70,196.15
Interfund Accounts Receivable:			
General Fund	21,471.91		21,471.91
Intergovernmental Accounts Receivable:			
Federal	11,843.79		11,843.79
State	797.48		797.48
Other Accounts Receivable, net		81.89	81.89
Inventory:			
Food	14,147.09		14,147.09
Supplies	3,713.19		3,713.19
Total Current Assets	<u>66,394.03</u>	<u>55,857.47</u>	<u>122,251.50</u>
Noncurrent Assets:			
Capital Assets	161,450.99	1,658,364.59	1,819,815.58
Less: Accumulated Depreciation	<u>(145,884.01)</u>	<u>(648,479.66)</u>	<u>(794,363.67)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>15,566.98</u>	<u>1,009,884.93</u>	<u>1,025,451.91</u>
Total Noncurrent Assets	<u>15,566.98</u>	<u>1,009,884.93</u>	<u>1,025,451.91</u>
Total Assets	<u>81,961.01</u>	<u>1,065,742.40</u>	<u>1,147,703.41</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable:			
Other	11,234.87	21,013.38	32,248.25
Interfund Accounts Payable:			
General Fund		533,089.40	533,089.40
Total Current Liabilities	<u>11,234.87</u>	<u>554,102.78</u>	<u>565,337.65</u>
Total Liabilities	<u>11,234.87</u>	<u>554,102.78</u>	<u>565,337.65</u>
NET POSITION:			
Net Investment in Capital Assets	15,566.98	1,009,884.93	1,025,451.91
Unrestricted (Deficit)	<u>55,159.16</u>	<u>(498,245.31)</u>	<u>(443,086.15)</u>
Total Net Position	<u>\$ 70,726.14</u>	<u>\$ 511,639.62</u>	<u>\$ 582,365.76</u>

STERLING HIGH SCHOOL DISTRICT
 Proprietary Funds
 Business-Type Activities - Enterprise Funds
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2020

	<u>Food Service</u>	<u>SJTP Fund</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 47,890.25		\$ 47,890.25
Daily Sales - Non-Reimbursable Programs	75,892.88		75,892.88
Special Functions	1,524.20		1,524.20
Miscellaneous	4,223.70		4,223.70
	<u>129,531.03</u>		<u>129,531.03</u>
Total Operating Revenues	129,531.03	-	129,531.03
OPERATING EXPENSES:			
Food Service Management Company Salaries	85,637.22		85,637.22
Food Service Management Company Employee Benefits	28,029.83		28,029.83
Personnel Services - Employee Benefits		\$ 813.82	813.82
Purchased Professional and Technical Services	4,262.30	20,705.00	24,967.30
Other Purchased Services	45,841.02		45,841.02
Supplies and Materials	13,326.68		13,326.68
Depreciation	1,566.23	37,421.81	38,988.04
Cost of Sales / Goods Sold:			
Reimbursable Program	96,658.89		96,658.89
Non-Reimbursable Program	33,751.00		33,751.00
Miscellaneous	1,662.62	900.00	2,562.62
	<u>310,735.79</u>	<u>59,840.63</u>	<u>370,576.42</u>
Total Operating Expenses	310,735.79	59,840.63	370,576.42
Operating Income (Loss)	<u>(181,204.76)</u>	<u>(59,840.63)</u>	<u>(241,045.39)</u>
NONOPERATING REVENUES (EXPENSES):			
State Sources:			
State School Lunch Program	2,998.18		2,998.18
Federal Sources:			
National School Breakfast Program	28,943.62		28,943.62
National School Lunch Program	97,496.87		97,496.87
Seamless Summer Option	51,231.02		51,231.02
Food Distribution Program	35,504.72		35,504.72
Interest and Investment Revenue	132.69	491.43	624.12
	<u>216,307.10</u>	<u>491.43</u>	<u>216,798.53</u>
Total Nonoperating Revenues (Expenses)	216,307.10	491.43	216,798.53
Change in Net Position	35,102.34	(59,349.20)	(24,246.86)
Net Position, July 1	<u>35,623.80</u>	<u>570,988.82</u>	<u>606,612.62</u>
Net Position, June 30	<u>\$ 70,726.14</u>	<u>\$ 511,639.62</u>	<u>\$ 582,365.76</u>

STERLING HIGH SCHOOL DISTRICT
 Proprietary Funds
 Business-Type Activities - Enterprise Funds
 Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2020

	<u>Food Service</u>	<u>SJTP Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers and Users	\$ 129,531.03	\$ 1,310,972.98	\$ 1,440,504.01
Payments to Suppliers	(309,537.66)	(97,146.11)	(406,683.77)
Payments to Employees		(1,199,270.45)	(1,199,270.45)
Payments for Employee Benefits		(125,307.64)	(125,307.64)
Net Cash Provided by (Used for) Operating Activities	<u>(180,006.63)</u>	<u>(110,751.22)</u>	<u>(290,757.85)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Federal Sources	188,027.85		188,027.85
State Sources	<u>2,376.97</u>		<u>2,376.97</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>190,404.82</u>	<u>-</u>	<u>190,404.82</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends Received	<u>132.69</u>	<u>491.43</u>	<u>624.12</u>
Net Cash Provided by (Used for) Investing Activities	<u>132.69</u>	<u>491.43</u>	<u>624.12</u>
Net Increase (Decrease) in Cash and Cash Equivalents	10,530.88	(110,259.79)	(99,728.91)
Cash and Cash Equivalents, July 1	<u>3,889.69</u>	<u>166,035.37</u>	<u>169,925.06</u>
Cash and Cash Equivalents, June 30	<u>\$ 14,420.57</u>	<u>\$ 55,775.58</u>	<u>\$ 70,196.15</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (181,204.76)	\$ (59,840.63)	\$ (241,045.39)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	1,566.23	37,421.81	38,988.04
(Increase) Decrease in Other Accounts Receivable		1,310,972.98	1,310,972.98
(Increase) Decrease in Inventories for Consumption	(718.86)		(718.86)
(Increase) Decrease in Inventories for Resale	(8,294.11)		(8,294.11)
Increase (Decrease) in Accounts Payable - Other	8,644.87	(71,899.72)	(63,254.85)
Increase (Decrease) in Retainage Payable		(3,641.39)	(3,641.39)
Increase (Decrease) in Interfund Accounts Payable		(1,323,764.27)	(1,323,764.27)
Total Adjustments	<u>1,198.13</u>	<u>(50,910.59)</u>	<u>(49,712.46)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (180,006.63)</u>	<u>\$ (110,751.22)</u>	<u>\$ (290,757.85)</u>

OTHER SUPPLEMENTARY INFORMATION

Fiduciary Funds

STERLING HIGH SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2020

	<u>Private-Purpose Trust Funds</u>			<u>Agency Funds</u>		<u>Total</u>
	<u>Unemployment Compensation Trust</u>	<u>Flexible Benefits Trust</u>	<u>Scholarship Fund</u>	<u>Student Activity / Athletics</u>	<u>Payroll</u>	
ASSETS:						
Cash and Cash Equivalents	\$ 143,505.61	\$ 24,330.01	\$ 6,336.82	\$ 188,491.07	\$ 12,270.11	\$ 374,933.62
Intrafund Accounts Receivable:						
Payroll Agency	13,493.59			125.19		13,618.78
Interfund Accounts Receivable:						
General Fund	1,000.00				1,919.36	2,919.36
Total Assets	<u>157,999.20</u>	<u>24,330.01</u>	<u>6,336.82</u>	<u>\$ 188,616.26</u>	<u>\$ 14,189.47</u>	<u>391,471.76</u>
LIABILITIES:						
Intrafund Accounts Payable:						
Unemployment Compensation Trust					\$ 13,493.59	13,493.59
Student Activity / Athletics					125.19	125.19
Interfund Accounts Payable:						
General Fund				\$ 3,861.99		3,861.99
Intergovernmental Accounts Payable:						
State	5,811.31					5,811.31
Payable to Student Groups				184,754.27		184,754.27
Payroll Deductions and Withholdings					570.69	570.69
Total Liabilities	<u>5,811.31</u>	<u>-</u>	<u>-</u>	<u>\$ 188,616.26</u>	<u>\$ 14,189.47</u>	<u>208,617.04</u>
NET POSITION:						
Held in Trust for Unemployment Claims and Other Purposes	<u>152,187.89</u>	<u>24,330.01</u>	<u>6,336.82</u>			<u>182,854.72</u>
Total Net Position	<u>\$ 152,187.89</u>	<u>\$ 24,330.01</u>	<u>\$ 6,336.82</u>			<u>\$ 182,854.72</u>

STERLING HIGH SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2020

	<u>Private-Purpose Trust Funds</u>			
	<u>Unemployment Compensation Trust</u>	<u>Flexible Benefits Trust</u>	<u>Scholarship Fund</u>	<u>Total</u>
ADDITIONS:				
Contributions:				
Scholarships			\$ 600.00	\$ 600.00
From Board	\$ 2,129.08			2,129.08
Other	14,331.37	\$ 44,733.96		59,065.33
Total Contributions	<u>16,460.45</u>	<u>44,733.96</u>	<u>600.00</u>	<u>61,794.41</u>
Investment Earnings:				
Interest and Dividends	650.91	83.05	44.36	778.32
Net Investment Earnings	<u>650.91</u>	<u>83.05</u>	<u>44.36</u>	<u>778.32</u>
Total Additions	<u>17,111.36</u>	<u>44,817.01</u>	<u>644.36</u>	<u>62,572.73</u>
DEDUCTIONS:				
Awarded Scholarships			2,500.00	2,500.00
Claims	7,463.63	35,891.05		43,354.68
Total Deductions	<u>7,463.63</u>	<u>35,891.05</u>	<u>2,500.00</u>	<u>45,854.68</u>
Change in Net Position	9,647.73	8,925.96	(1,855.64)	16,718.05
Net Position, July 1	<u>142,540.16</u>	<u>15,404.05</u>	<u>8,192.46</u>	<u>166,136.67</u>
Net Position, June 30	<u>\$ 152,187.89</u>	<u>\$ 24,330.01</u>	<u>\$ 6,336.82</u>	<u>\$ 182,854.72</u>

STERLING HIGH SCHOOL DISTRICT
 Fiduciary Funds
 Student Activity and Athletic Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2020

	<u>Balance</u> <u>June 30, 2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2020</u>
High School:				
Sterling High School	<u>\$ 133,908.58</u>	<u>\$ 224,397.35</u>	<u>\$ 174,817.00</u>	<u>\$ 183,488.93</u>
Athletics	<u>5,006.95</u>	<u>29,918.42</u>	<u>29,923.23</u>	<u>5,002.14</u>
Total	<u><u>\$ 138,915.53</u></u>	<u><u>\$ 254,315.77</u></u>	<u><u>\$ 204,740.23</u></u>	<u><u>\$ 188,491.07</u></u>

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

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
ASSETS:				
Cash and Cash Equivalents	\$ 20,833.90	\$ 10,748,987.49	\$ 10,757,551.28	\$ 12,270.11
Interfund Accounts Receivable:				
General Fund	11,823.42	2,000.00	11,904.06	1,919.36
Total Assets	<u>\$ 32,657.32</u>	<u>\$ 10,750,987.49</u>	<u>\$ 10,769,455.34</u>	<u>\$ 14,189.47</u>
LIABILITIES:				
Intrafund Accounts Payable:				
Unemployment Compensation Trust	\$ 31,559.89	\$ 14,331.37	\$ 32,397.67	\$ 13,493.59
Student Activity / Athletics	125.19			125.19
Interfund Accounts Payable:				
General Fund		1,036.35	1,036.35	
Accrued Salaries and Wages	515.66	5,897,020.70	5,896,970.70	565.66
Payroll Deductions and Withholdings	456.58	4,838,599.07	4,839,050.62	5.03
Total Liabilities	<u>\$ 32,657.32</u>	<u>\$ 10,750,987.49</u>	<u>\$ 10,769,455.34</u>	<u>\$ 14,189.47</u>

OTHER SUPPLEMENTARY INFORMATION

Long-Term Debt

STERLING HIGH SCHOOL DISTRICT
 Schedule of General Serial Bonds
 For the Fiscal Year Ended June 30, 2020

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance June 30, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2020</u>
			<u>Date</u>	<u>Amount</u>					
School Bond, Series 2016	02/17/16	\$ 3,328,000.00	01/15/21	\$ 180,000.00	2.00%				
			01/15/22	180,000.00	2.00%				
			01/15/23	180,000.00	2.00%				
			01/15/24	180,000.00	2.00%				
			01/15/25	180,000.00	2.00%				
			01/15/26	180,000.00	3.00%				
			01/15/27	180,000.00	3.00%				
			01/15/28	185,000.00	3.00%				
			01/15/29	185,000.00	3.00%				
			01/15/30	185,000.00	3.00%				
			01/15/31	185,000.00	3.00%				
			01/15/32	185,000.00	3.00%				
			01/15/33	185,000.00	3.00%				
			01/15/34	186,000.00	3.00%				
			01/15/35	186,000.00	3.00%				
			01/15/36	186,000.00	3.00%				
						\$ 3,108,000.00	-	\$ 180,000.00	2,928,000.00
Unamortized Premium									42,018.91
									\$ 2,970,018.91

STERLING HIGH SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 217,297.00		\$ 217,297.00	\$ 217,297.00	
Total - Local Sources	217,297.00	-	217,297.00	217,297.00	-
State Sources:					
Debt Service Aid Type II	45,143.00		45,143.00	45,143.00	
Total - State Sources	45,143.00	-	45,143.00	45,143.00	-
Total Revenues	262,440.00	-	262,440.00	262,440.00	-
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	82,440.00		82,440.00	82,440.00	
Redemption of Principal	180,000.00		180,000.00	180,000.00	
Total Regular Debt Service	262,440.00	-	262,440.00	262,440.00	-
Total Expenditures	262,440.00	-	262,440.00	262,440.00	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	0.50	\$ 0.50
Fund Balance, June 30	-	-	-	\$ 0.50	\$ 0.50
Recapitulation:					
Restricted Fund Balance:					
For Subsequent Years' Expenditures				\$ 0.50	

STATISTICAL SECTION

Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance.

STERLING HIGH SCHOOL DISTRICT
 Net Position by Component
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014 *	2013	2012	2011
Governmental Activities:										
Net Investment in Capital Assets	\$ 14,076,882.81	\$ 14,246,362.51	\$ 13,074,441.55	\$ 10,074,664.02	\$ 6,418,693.24	\$ 5,896,217.86	\$ 5,649,977.96	\$ 5,618,387.03	\$ 5,081,060.00	\$ 4,597,182.00
Restricted	4,035,676.02	2,852,696.99	3,156,190.52	5,134,900.96	6,708,174.30	2,409,412.81	1,312,040.51	319,179.43	385,653.03	937,355.00
Unrestricted (Deficit)	<u>(8,072,847.49)</u>	<u>(9,176,495.00)</u>	<u>(8,533,521.40)</u>	<u>(7,721,768.05)</u>	<u>(9,424,057.28)</u>	<u>(5,578,435.78)</u>	<u>(5,415,581.92)</u>	<u>(79,746.77)</u>	<u>(456,612.38)</u>	<u>(420,339.00)</u>
Total Governmental Activities										
Net Position	<u>\$ 10,039,711.34</u>	<u>\$ 7,922,564.50</u>	<u>\$ 7,697,110.67</u>	<u>\$ 7,487,796.93</u>	<u>\$ 3,702,810.26</u>	<u>\$ 2,727,194.89</u>	<u>\$ 1,546,436.55</u>	<u>\$ 5,857,819.69</u>	<u>\$ 5,010,100.65</u>	<u>\$ 5,114,198.00</u>
Business-Type Activities:										
Net Investment in Capital Assets	\$ 1,025,451.91	\$ 1,064,439.95	\$ 1,111,146.83	\$ 2,209,061.49	\$ 2,289,736.68	\$ 2,390,771.71	\$ 2,767,413.61	\$ 1,791,798.77	\$ 1,654,782.09	\$ 1,564,369.00
Unrestricted (Deficit)	<u>(443,086.15)</u>	<u>(457,827.33)</u>	<u>(1,802,352.99)</u>	<u>(4,295,192.56)</u>	<u>(3,541,037.87)</u>	<u>(5,757,903.90)</u>	<u>(2,310,043.97)</u>	<u>200,209.46</u>	<u>1,067,684.15</u>	<u>1,382,648.00</u>
Total Business-Type Activities										
Net Position	<u>\$ 582,365.76</u>	<u>\$ 606,612.62</u>	<u>\$ (691,206.16)</u>	<u>\$ (2,086,131.07)</u>	<u>\$ (1,251,301.19)</u>	<u>\$ (3,367,132.19)</u>	<u>\$ 457,369.64</u>	<u>\$ 1,992,008.23</u>	<u>\$ 2,722,466.24</u>	<u>\$ 2,947,017.00</u>
Government-Wide:										
Net Investment in Capital Assets	\$ 15,102,334.72	\$ 15,310,802.46	\$ 14,185,588.38	\$ 12,283,725.51	\$ 8,708,429.92	\$ 8,286,989.57	\$ 8,417,391.57	\$ 7,410,185.80	\$ 6,735,842.09	\$ 6,161,551.00
Restricted	4,035,676.02	2,852,696.99	3,156,190.52	5,134,900.96	6,708,174.30	2,409,412.81	1,312,040.51	319,179.43	385,653.03	937,355.00
Unrestricted (Deficit)	<u>(8,515,933.64)</u>	<u>(9,634,322.33)</u>	<u>(10,335,874.39)</u>	<u>(12,016,960.61)</u>	<u>(12,965,095.15)</u>	<u>(11,336,339.68)</u>	<u>(7,725,625.89)</u>	<u>120,462.69</u>	<u>611,071.77</u>	<u>962,309.00</u>
Total Government-Wide										
Net Position (Deficit)	<u>\$ 10,622,077.10</u>	<u>\$ 8,529,177.12</u>	<u>\$ 7,005,904.51</u>	<u>\$ 5,401,665.86</u>	<u>\$ 2,451,509.07</u>	<u>\$ (639,937.30)</u>	<u>\$ 2,003,806.19</u>	<u>\$ 7,849,827.92</u>	<u>\$ 7,732,566.89</u>	<u>\$ 8,061,215.00</u>

* The implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, was effective beginning with the fiscal year ended June 30, 2014.

Source: *Comprehensive Annual Financial Report Exhibit A-1.*

STERLING HIGH SCHOOL DISTRICT
 Changes in Net Position
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015*	2014	2013	2012	2011
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 5,685,408.82	\$ 5,672,610.58	\$ 5,510,458.17	\$ 5,265,878.27	\$ 5,211,431.76	\$ 5,031,149.23	\$ 5,335,809.94	\$ 5,345,859.27	\$ 4,839,755.00	\$ 5,204,510.00
Special Education	898,960.68	787,881.40	875,479.10	858,600.70	846,389.26	909,228.83	865,178.83	784,526.14	1,116,376.00	875,215.00
Other Special Instruction	8,742.90	9,906.40	16,754.80	5,450.00	11,070.25	10,916.00	20,717.67	83,582.41		
Other Instruction	829,361.87	827,011.00	834,021.10	824,327.04	831,050.25	824,029.04	819,263.50	766,841.53	816,929.00	722,287.00
Support Services:										
Tuition	902,696.21	823,831.23	365,062.16	509,377.39	429,866.17	345,396.61	626,616.29	370,539.56	258,382.00	327,766.00
Student and Instruction Related Services	1,841,761.90	1,891,894.01	1,852,227.71	1,725,496.03	1,616,288.43	1,478,946.61	1,537,981.80	1,378,067.89	1,374,037.00	1,444,185.00
Other Administrative Services	605,500.93	669,459.23	654,985.97	596,380.14	575,816.85	509,233.40	443,471.08	349,023.74		
School Administrative Services	776,171.46	762,977.36	831,791.91	799,915.75	712,550.16	676,339.20	772,345.47	726,624.41	300,101.00	359,959.00
General and Business Administrative Services									827,660.00	904,047.00
Plant Operations and Maintenance	1,681,402.70	1,637,240.42	1,638,149.96	1,494,607.92	1,449,709.31	1,685,903.57	1,677,058.62	1,569,484.91	2,248,687.00	1,686,665.00
Pupil Transportation	521,568.04	520,498.55	408,726.64	340,709.19	439,380.33	404,569.88	320,374.44	298,784.09	272,896.00	323,660.00
Personal Services - Employee Benefits	4,854,185.94	6,126,190.59	8,070,849.09	7,287,394.67	6,673,432.97	3,874,417.87	3,471,029.12	4,248,601.28	3,945,158.00	3,528,597.00
Transfer of Funds to Charter School							56,769.00			
Interest on Long-term Debt	75,232.28	98,586.45	124,244.31	148,745.62	121,782.77	113,800.00	135,400.00	157,156.33	177,969.00	197,605.00
Unallocated Depreciation and Amortization	721,641.28	666,124.31	405,818.77	334,790.40	374,694.35	327,267.91	355,664.88	338,282.13	170,082.00	321,472.00
Total Governmental Activities Expenses	19,402,635.01	20,494,211.53	21,588,569.69	20,191,673.12	19,293,462.86	16,191,198.15	16,437,680.64	16,417,373.69	16,348,032.00	15,895,968.00
Business-Type Activities:										
Food Service	310,735.79	341,749.34	350,987.21	338,002.59	371,870.56	350,262.11	314,456.16	341,880.26	355,544.00	342,458.00
South Jersey Technology Program	59,840.63	164,579.71	2,028,867.83	29,707,953.44	35,935,138.12	17,116,008.62	22,108,516.13	18,477,279.44	18,738,202.00	12,565,458.00
Total Business-Type Activities Expense	370,576.42	506,329.05	2,379,855.04	30,045,956.03	36,307,008.68	17,466,270.73	22,422,972.29	18,819,159.70	19,093,746.00	12,907,916.00
Total Government-Wide Expenses	\$ 19,773,211.43	\$ 21,000,540.58	\$ 23,968,424.73	\$ 50,237,629.15	\$ 55,600,471.54	\$ 33,657,468.88	\$ 38,860,652.93	\$ 35,236,533.39	\$ 35,441,778.00	\$ 28,803,884.00
Program Revenues:										
Governmental Activities:										
Charges for Services	\$ 2,522,726.38	\$ 2,376,956.10	\$ 1,600,536.22	\$ 2,394,550.36	\$ 1,983,161.00	\$ 1,682,731.34	\$ 2,088,248.79	\$ 1,844,644.60	\$ 1,892,241.00	\$ 1,765,260.00
Operating Grants and Contributions	3,804,449.74	4,599,495.20	6,200,549.10	5,310,063.69	3,920,011.82	1,630,875.37	1,614,202.55	1,762,884.15	1,734,455.00	1,714,090.00
Capital Grants and Contributions	3,709.59	3,709.59	1,072,046.48	2,083,441.63	189,980.28	4,620.00	12,820.00	25,353.00		
Total Governmental Activities Program Revenues	6,327,176.12	6,980,160.89	8,873,131.80	9,788,055.68	6,093,153.10	3,318,226.71	3,715,271.34	3,632,881.75	3,626,696.00	3,479,350.00
Business-Type Activities:										
Charges for services:										
Food Service	129,531.03	170,237.09	158,061.80	169,347.04	171,894.06	162,557.85	162,821.80	168,323.97	214,129.00	232,714.00
South Jersey Technology Program		113,179.13	1,608,787.91	28,761,699.04	38,047,110.08	13,277,013.98	23,508,687.21	17,727,641.70	18,070,504.00	14,083,292.00
Operating Grants and Contributions	216,174.41	191,349.71	177,532.76	163,390.45	177,984.31	175,371.42	149,220.86	132,626.70	134,594.00	117,755.00
Total Business-Type Activities Program Revenues	345,705.44	474,765.93	1,944,382.47	29,094,436.53	38,396,988.45	13,614,943.25	23,820,729.87	18,028,592.37	18,419,227.00	14,433,761.00
Total Government-Wide Program Revenues	\$ 6,672,881.56	\$ 7,454,926.82	\$ 10,817,514.27	\$ 38,882,492.21	\$ 44,490,141.55	\$ 16,933,169.96	\$ 27,536,001.21	\$ 21,661,474.12	\$ 22,045,923.00	\$ 17,913,111.00
Net (Expense) / Revenue:										
Governmental Activities	\$ (13,075,458.89)	\$ (13,514,050.64)	\$ (12,715,437.89)	\$ (10,403,617.44)	\$ (13,200,309.76)	\$ (12,872,971.44)	\$ (12,722,409.30)	\$ (12,784,491.94)	\$ (12,721,336.00)	\$ (12,416,618.00)
Business-Type Activities	(24,870.98)	(31,563.12)	(435,472.57)	(951,519.50)	2,089,979.77	(3,851,327.48)	1,397,757.58	(790,567.33)	(674,519.00)	1,525,845.00
Total Government-Wide Net Expense	\$ (13,100,329.87)	\$ (13,545,613.76)	\$ (13,150,910.46)	\$ (11,355,136.94)	\$ (11,110,329.99)	\$ (16,724,298.92)	\$ (11,324,651.72)	\$ (13,575,059.27)	\$ (13,395,855.00)	\$ (10,890,773.00)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes, Levied for General Purposes	\$ 6,751,694.00	\$ 6,619,308.00	\$ 6,619,307.00	\$ 6,508,099.00	\$ 6,573,836.97	\$ 6,444,937.00	\$ 6,573,835.00	\$ 6,444,937.00	\$ 6,444,937.00	\$ 6,901,937.00
Property Taxes, Levied for Debt Service	217,297.00	441,377.00	455,249.00	398,928.00	333,737.00	349,337.00	362,010.00	332,401.00	383,832.00	423,008.00
Federal and State Aid - Unrestricted	8,107,195.25	7,741,170.70	7,132,477.10	6,975,094.34	6,928,163.96	6,819,999.85	6,597,555.61	6,471,999.00	5,876,556.00	5,703,484.00
Federal and State Aid - Restricted	31,148.67	194,050.92	213,103.71	171,336.68	195,267.46	199,470.60	199,048.98	199,712.25		
Interest and Investment Earnings - Unrestricted	12,509.96	8,360.53	5,402.43	9,188.86	8,379.52	3,634.52	6,212.87	3,091.36	2.00	73.00
Interest and Investment Earnings - Restricted	4,616.23	876.59	970.69	1,626.99	835.22	992.95	460.32	24.88		
Miscellaneous	68,144.62	62,556.82	111,898.56	127,878.19	135,705.00	235,427.86	229,299.40	162,976.31	164,128.00	12,255.00
Gain (Loss) on Disposal of Capital Assets			(13,170.44)	(593.05)						
Transfers		(1,328,196.09)	(1,600,486.42)	(2,954.90)					(453,998.00)	
Total Governmental Activities	15,192,605.73	13,739,504.47	12,924,751.63	14,188,604.11	14,175,925.13	14,053,799.78	13,968,422.18	13,615,141.80	12,415,457.00	13,040,757.00

(Continued)

STERLING HIGH SCHOOL DISTRICT
 Changes in Net Position
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015*	2014	2013	2012	2011
General Revenues and Other Changes in Net Position (Cont'd):										
Business-Type Activities:										
Interest and Investment Earnings - Unrestricted	\$ 624.12	\$ 1,185.81	\$ 1,433.94	\$ 2,900.08	\$ 16,092.73	\$ 3,187.10	\$ 4,880.61	\$ 1,476.57	\$ 1,384.00	\$ 439.00
Gain (Loss) on Disposal of Capital Assets			228,477.12						(5,414.00)	
Miscellaneous			1,600,486.42	110,834.64	9,758.50	538,705.56	328,268.38			
Transfers		1,328,196.09		2,954.90					453,998.00	
Extraordinary Item:										
Impairment Loss from Fire Damage, Net of Insurance Recovery						(515,067.01)				
Total Business-Type Activities	624.12	1,329,381.90	1,830,397.48	116,689.62	25,851.23	26,825.65	333,148.99	1,476.57	449,968.00	439.00
Total Government-Wide	\$ 15,193,229.85	\$ 15,068,886.37	\$ 14,755,149.11	\$ 14,305,293.73	\$ 14,201,776.36	\$ 14,080,625.43	\$ 14,301,571.17	\$ 13,616,618.37	\$ 12,865,425.00	\$ 13,041,196.00
Change in Net Position:										
Governmental Activities	\$ 2,117,146.84	\$ 225,453.83	\$ 209,313.74	\$ 3,784,986.67	\$ 975,615.37	\$ 1,180,828.34	\$ 1,246,012.88	\$ 830,649.86	\$ (305,879.00)	\$ 624,139.00
Business-Type Activities	(24,246.86)	1,297,818.78	1,394,924.91	(834,829.88)	2,115,831.00	(3,824,501.83)	1,730,906.57	(789,090.76)	(224,551.00)	1,526,284.00
Total Government-Wide	\$ 2,092,899.98	\$ 1,523,272.61	\$ 1,604,238.65	\$ 2,950,156.79	\$ 3,091,446.37	\$ (2,643,673.49)	\$ 2,976,919.45	\$ 41,559.10	\$ (530,430.00)	\$ 2,150,423.00

* The implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, was effective beginning with the fiscal year ended June 30, 2015.

Source: *Comprehensive Annual Financial Report Exhibit A-2.*

STERLING HIGH SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund:										
Restricted	\$ 3,717,350.29	\$ 2,585,704.03	\$ 2,962,169.36	\$ 4,157,886.76	\$ 3,611,367.50	\$ 2,409,411.42	\$ 1,312,036.12	\$ 319,176.04	\$ 215,105.64	\$ 463,300.00
Assigned	484,029.66	270,698.30	161,358.99	234,683.68	687,591.02	593,181.88	582,211.53	413,012.81	125,203.13	420,600.00
Unassigned (Deficit)	(378,196.72)	(284,941.44)	(305,817.95)	(336,449.47)	(362,448.70)	(325,350.36)	(292,676.43)	(364,951.00)	(315,201.77)	(249,661.00)
Total General Fund	\$ 3,823,183.23	\$ 2,571,460.89	\$ 2,817,710.40	\$ 4,056,120.97	\$ 3,936,509.82	\$ 2,677,242.94	\$ 1,601,571.22	\$ 367,237.85	\$ 25,107.00	\$ 634,239.00
All Other Governmental Funds:										
Restricted	\$ 318,325.73	\$ 266,992.96	\$ 194,021.16	\$ 977,014.20	\$ 3,096,806.80	\$ 1.39	\$ 4.39	\$ 3.39	\$ 45,344.39	\$ 45,341.00
Assigned										8,114.00
Total All Other Governmental Funds	\$ 318,325.73	\$ 266,992.96	\$ 194,021.16	\$ 977,014.20	\$ 3,096,806.80	\$ 1.39	\$ 4.39	\$ 3.39	\$ 45,344.39	\$ 53,455.00

Source: Comprehensive Annual Financial Report Exhibit B-1.

STERLING HIGH SCHOOL DISTRICT
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Local Tax Levy	\$ 6,968,991.00	\$ 7,060,685.00	\$ 7,074,556.00	\$ 6,907,027.00	\$ 6,907,573.97	\$ 6,794,274.00	\$ 6,935,845.00	\$ 6,777,338.00	\$ 6,828,769.00	\$ 7,324,945.00
Tuition Charges	2,522,726.38	2,376,956.10	1,600,536.22	2,394,550.36	1,983,161.00	1,682,731.34	2,088,248.79	1,844,644.60	1,892,241.00	1,765,260.00
Rents and Royalties	11,167.00	14,722.45	20,480.00	13,860.00						
Interest Earned on Capital Reserve Funds	4,616.23	876.59	970.69	1,626.99	835.22	922.95	460.32	24.88		
Interest Earnings									2.00	73.00
Other Restricted Miscellaneous Revenues		7,107.00	7,242.00	46,317.00	77,928.00	68,363.00	74,556.00	160,019.00		
Unrestricted Miscellaneous Revenues	69,487.58	49,087.90	89,578.99	76,890.05	66,156.52	170,699.38	160,956.27	6,048.67	164,128.00	12,255.00
Federal Sources	340,138.28	358,238.09	336,836.30	353,619.27	366,256.67	304,456.55	374,625.21	357,086.14	7,253,574.00	6,695,531.00
State Sources	10,608,448.38	10,344,935.32	10,481,863.09	11,054,039.97	8,907,003.85	8,418,394.27	8,049,001.93	8,098,527.26	357,437.00	722,043.00
Local Sources				3,167.10	4,049.00	6,297.00		4,335.00		
Total Revenue	20,525,574.85	20,212,608.45	19,612,063.29	20,851,097.74	18,312,964.23	17,446,138.49	17,683,693.52	17,248,023.55	16,496,151.00	16,520,107.00
Expenditures:										
Current:										
Instruction:										
Regular Instruction	5,551,630.89	5,506,673.89	5,404,122.93	5,174,888.92	5,119,749.12	4,930,632.24	5,241,436.00	5,242,448.75	4,809,475.00	5,150,193.00
Special Education Instruction	916,159.53	784,444.01	866,839.22	861,264.30	856,486.44	920,214.84	855,318.19	784,123.74	1,116,376.00	875,215.00
Other Special Instruction	8,742.90	9,906.40	16,754.80	5,450.00	11,070.25	10,916.00	20,717.67	83,582.41		
Other Instruction	828,821.79	826,524.93	832,461.55	824,327.04	831,050.25	824,029.04	819,263.50	766,841.53	816,929.00	722,287.00
Support Services and Undistributed Costs:										
Tuition	902,696.21	823,831.23	365,062.16	509,377.39	429,866.17	345,396.61	626,616.29	370,539.56	258,382.00	327,766.00
Student and Instruction Related Services	1,847,491.69	1,886,071.70	1,847,372.13	1,725,298.99	1,606,046.17	1,477,993.09	1,536,830.58	1,374,907.60	1,374,037.00	1,444,185.00
Other Administrative Services	605,500.93	667,289.52	651,391.47	590,433.01	585,747.57	499,598.73	443,740.19	357,782.27	805,694.00	884,687.00
School Administrative Services	755,761.58	753,692.52	811,699.07	786,631.40	707,825.64	646,876.03	760,025.72	715,429.84	300,101.00	359,959.00
Plant Operations and Maintenance	1,623,073.06	1,585,842.34	1,609,370.26	1,466,824.01	1,413,813.55	1,659,165.65	1,648,038.15	1,541,861.67	1,650,163.00	1,599,400.00
Pupil Transportation	521,568.04	520,498.55	408,726.64	340,709.19	439,380.33	404,569.88	320,374.44	298,784.09	272,896.00	323,660.00
Personal Services - Employee Benefits	4,773,365.94	4,829,551.59	4,434,904.03	4,020,160.34	4,055,820.56	3,847,185.20	3,471,029.12	4,248,601.28	3,945,158.00	3,528,597.00
Capital Outlay	625,267.18	1,519,169.48	3,666,422.64	5,921,543.71	727,305.93	208,292.46	32,000.30	539,375.14	847,329.00	228,168.00
Transfer of Funds to Charter Schools							56,769.00			
Debt Service:										
Principal	180,000.00	565,000.00	585,000.00	475,000.00	475,000.00	480,000.00	480,000.00	485,000.00	485,000.00	490,000.00
Interest and Other Charges	82,440.00	107,390.00	133,340.00	149,370.89	94,000.00	115,600.00	137,200.00	159,025.00	179,637.00	199,238.00
Total Expenditures	19,222,519.74	20,385,886.16	21,633,466.90	22,851,279.19	17,353,161.98	16,370,469.77	16,449,359.15	16,968,302.88	16,861,177.00	16,133,355.00
Excess (Deficiency) of Revenues	1,303,055.11	(173,277.71)	(2,021,403.61)	(2,000,181.45)	959,802.25	1,075,668.72	1,234,334.37	279,720.67	(365,026.00)	386,752.00
Other Financing Sources (Uses):										
Proceeds from Issuance of School Bonds					3,328,000.00					
Premium on School Bonds Issued					68,270.04					
Transfers In									6,002.00	
Transfers Outs									(460,000.00)	
Total Other Financing Sources (Uses)	-	-	-	-	3,396,270.04	-	-	-	(453,998.00)	-
Net Change in Fund Balances	\$ 1,303,055.11	\$ (173,277.71)	\$ (2,021,403.61)	\$ (2,000,181.45)	\$ 4,356,072.29	\$ 1,075,668.72	\$ 1,234,334.37	\$ 279,720.67	\$ (819,024.00)	\$ 386,752.00
Debt Service as a Percentage of										
Noncapital Expenditures	1.4%	3.6%	4.0%	3.7%	3.4%	3.7%	3.8%	3.9%	4.2%	4.3%

Source: Comprehensive Annual Financial Report Exhibit B-2.

STERLING HIGH SCHOOL DISTRICT
 General Fund - Unrestricted Miscellaneous Revenues by Source
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Interest on Deposits	\$ 12,509.96	\$ 8,360.53	\$ 5,402.43	\$ 9,188.86	\$ 8,379.52	\$ 3,634.52	\$ 6,212.87	\$ 3,091.36	\$ 2,775.00	\$ 1,409.00
Erate	1,727.58	37,378.04	44,959.48	26,727.32	40,613.47	30,819.08	87,143.01			
Tuition							30,257.27		1,892,241.00	1,765,260.00
Gate Receipts	9,158.00								8,388.00	10,037.00
Shared Services									150,000.00	
Miscellaneous	23,866.56	2,456.55	5,574.88	2,853.70	3,273.61	10,274.18	11,448.29		2,967.00	882.00
Rentals and Miscellaneous						13,190.00	23,240.00	1,468.90		
Restitution			477.00	300.00						
Refund of Prior Year's Expenditures	22,225.48	892.78	33,122.61	37,748.58	699.92	102,731.60	24,874.83	1,488.41		
Vending			42.59	71.59						
	<u>\$ 69,487.58</u>	<u>\$ 49,087.90</u>	<u>\$ 89,578.99</u>	<u>\$ 76,890.05</u>	<u>\$ 66,156.52</u>	<u>\$ 170,699.38</u>	<u>\$ 160,956.27</u>	<u>\$ 6,048.67</u>	<u>\$ 2,056,371.00</u>	<u>\$ 1,777,588.00</u>

Source: School District records.

Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

STERLING HIGH SCHOOL DISTRICT
 Assessed Value and Actual Value of Taxable Property
 Last Ten Years
 Unaudited

Borough of Magnolia

Year Ended						Total Assessed	Public	Net Valuation	Tax-Exempt	Estimated Actual	Total Direct
Dec. 31	Vacant Land	Residential	Commercial	Industrial	Apartment	Value	Utilities ⁽¹⁾	Taxable	Property	(County Equalized) Value	School Tax Rate ⁽²⁾
2020	\$ 5,446,500.00	\$ 208,041,800.00	\$ 32,974,700.00	\$ 6,232,000.00	\$ 10,902,600.00	\$ 263,597,600.00	\$ 100.00	\$ 263,597,700.00	\$ 42,155,100.00	\$ 279,298,919.00	\$ 0.684
2019	5,339,900.00	207,962,200.00	33,258,500.00	6,232,000.00	10,686,600.00	263,479,200.00	100.00	263,479,300.00	41,996,800.00	274,644,222.00	0.664
2018	4,868,500.00	207,696,600.00	32,536,500.00	6,232,000.00	10,686,600.00	262,020,200.00	100.00	262,020,300.00	40,054,000.00	271,330,265.00	0.646
2017	4,958,000.00	207,231,900.00	32,536,500.00	6,232,000.00	10,686,600.00	261,645,000.00	100.00	261,645,100.00	39,836,400.00	263,448,368.00	0.640
2016	5,057,300.00	207,170,300.00	32,228,600.00	6,232,000.00	10,686,600.00	261,374,800.00	100.00	261,374,900.00	39,832,000.00	260,084,020.00	0.634
2015	4,924,700.00	207,143,700.00	32,519,900.00	6,232,000.00	10,686,600.00	261,506,900.00	100.00	261,507,000.00	39,868,700.00	252,069,349.00	0.648
2014	4,959,600.00	207,714,100.00	31,311,600.00	7,582,000.00	10,714,400.00	262,281,700.00	100.00	262,281,800.00	39,285,600.00	256,607,991.83	0.693
2013	5,003,800.00	208,032,900.00	31,708,000.00	7,582,000.00	10,714,400.00	263,041,100.00	189,123.00	263,230,223.00	38,853,600.00	268,300,083.00	0.645
2012 ^(r)	5,165,400.00	208,123,300.00	30,596,100.00	7,582,000.00	11,479,900.00	262,946,700.00	204,786.00	263,151,486.00	43,833,000.00	296,017,185.00	0.635
2011	3,374,000.00	131,001,800.00	15,190,600.00	4,635,600.00	6,845,900.00	161,047,900.00	111,099.00	161,158,999.00	31,133,300.00	305,042,624.00	1.043

Borough of Somerdale

Year Ended						Total Assessed	Public	Net Valuation	Tax-Exempt	Estimated Actual	Total Direct
Dec. 31	Vacant Land	Residential	Commercial	Industrial	Apartment	Value	Utilities ⁽¹⁾	Taxable	Property	(County Equalized) Value	School Tax Rate ⁽²⁾
2020	\$ 6,192,800.00	\$ 259,307,100.00	\$ 50,110,600.00	\$ 10,775,200.00	\$ 10,668,300.00	\$ 337,054,000.00	-	\$ 337,054,000.00	\$ 39,635,520.00	\$ 376,241,713.00	\$ 0.764
2019	5,599,300.00	257,740,000.00	49,026,500.00	10,775,200.00	10,668,300.00	333,809,300.00	-	333,809,300.00	42,526,520.00	353,202,372.00	0.728
2018	5,865,300.00	254,517,500.00	48,314,600.00	10,775,200.00	10,668,300.00	330,140,900.00	-	330,140,900.00	41,507,620.00	351,518,101.00	0.814
2017	6,724,800.00	250,669,200.00	46,902,000.00	10,775,200.00	10,668,300.00	325,739,500.00	\$ 100.00	325,739,600.00	40,550,920.00	343,733,311.00	0.809
2016	6,704,500.00	246,715,700.00	46,806,000.00	10,775,200.00	10,668,300.00	321,669,700.00	100.00	321,669,800.00	40,413,520.00	335,628,357.00	0.750
2015	7,849,900.00	242,242,700.00	47,337,200.00	10,593,000.00	10,668,300.00	318,691,100.00	100.00	318,691,200.00	39,998,120.00	332,171,261.00	0.725
2014	7,592,900.00	238,044,700.00	48,685,600.00	10,593,900.00	10,668,300.00	315,585,400.00	100.00	315,585,500.00	40,013,920.00	321,346,222.39	0.642
2013	9,882,300.00	270,815,900.00	55,083,926.00	12,420,900.00	11,534,300.00	359,737,326.00	468,108.00	360,205,434.00	42,741,020.00	332,689,112.00	0.605
2012	7,740,700.00	269,216,800.00	55,460,926.00	13,320,900.00	11,734,300.00	357,473,626.00	493,524.00	357,967,150.00	41,831,020.00	362,039,810.00	0.590
2011	11,652,500.00	268,415,200.00	37,583,526.00	13,659,100.00	11,861,200.00	343,171,526.00	482,451.00	343,653,977.00	41,831,020.00	356,796,390.00	0.621

Borough of Stratford

Year Ended						Total Assessed	Public	Net Valuation	Tax-Exempt	Estimated Actual	Total Direct
Dec. 31	Vacant Land	Residential	Commercial	Industrial	Apartment	Value	Utilities ⁽¹⁾	Taxable	Property	(County Equalized) Value	School Tax Rate ⁽²⁾
2020	\$ 1,910,700.00	\$ 332,606,400.00	\$ 56,126,500.00	-	\$ 19,051,800.00	\$ 409,695,400.00	\$ 100.00	\$ 409,695,500.00	\$ 160,535,900.00	\$ 445,974,568.00	\$ 0.665
2019	1,952,000.00	332,256,900.00	54,944,900.00	-	19,051,800.00	408,205,600.00	100.00	408,205,700.00	162,575,900.00	433,722,338.00	0.684
2018	1,952,000.00	332,543,300.00	58,260,700.00	-	19,051,800.00	411,807,800.00	100.00	411,807,900.00	159,259,700.00	427,977,249.00	0.651
2017	1,952,000.00	332,370,500.00	58,690,500.00	-	19,051,800.00	412,064,800.00	100.00	412,064,900.00	158,515,300.00	427,668,193.00	0.691
2016	1,910,700.00	332,339,600.00	59,786,600.00	-	19,051,800.00	413,088,700.00	100.00	413,088,800.00	158,668,600.00	427,792,367.00	0.667
2015	1,948,700.00	331,915,300.00	60,706,200.00	-	19,051,800.00	413,622,000.00	100.00	413,622,100.00	158,767,400.00	431,242,479.00	0.702
2014 ^(r)	2,028,800.00	331,915,900.00	62,743,100.00	-	19,410,700.00	416,098,500.00	100.00	416,098,600.00	158,535,400.00	426,787,872.25	0.709
2013	1,264,800.00	224,522,200.00	44,441,000.00	-	11,293,700.00	281,521,700.00	759,268.00	282,280,968.00	114,456,600.00	452,277,496.00	1.084
2012	1,239,600.00	224,833,900.00	45,319,200.00	-	11,368,700.00	282,761,400.00	468,312.00	283,229,712.00	114,362,700.00	492,100,514.00	1.056
2011	1,299,600.00	224,379,500.00	48,385,800.00	-	11,719,200.00	285,784,100.00	452,738.00	286,236,838.00	114,302,700.00	511,388,419.00	1.053

^(r) reassessment

⁽¹⁾ taxable value of communication equipment.

⁽²⁾ tax rates are per \$100.00 of assessed valuation.

Source: Camden County Board of Taxation.

STERLING HIGH SCHOOL DISTRICT
 Direct and Overlapping Property Tax Rates
 Last Nine Years
 (Rate per \$100 of Assessed Value)
Unaudited

Borough of Magnolia

Year Ended Dec. 31	School District Direct Rate			Overlapping Rates			Total Direct and Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Local School District	Borough of Magnolia	Camden County	
2020	\$ 0.663	\$ 0.022	\$ 0.684	\$ 1.721	\$ 1.127	\$ 0.900	\$ 4.432
2019	0.643	0.021	0.664	1.664	1.116	0.904	4.348
2018	0.605	0.041	0.646	1.612	1.076	0.926	4.260
2017	0.604	0.036	0.640	1.560	1.037	0.899	4.136
2016	0.605	0.030	0.634	1.481	1.022	0.883	4.020
2015	0.616	0.032	0.648	1.384	1.002	0.847	3.881
2014	0.658	0.035	0.693	1.316	0.983	0.834	3.826
2013	0.614	0.031	0.645	1.262	0.969	0.849	3.725
2012	0.599	0.036	0.635	1.215	0.934	0.869	3.653

Borough of Somerdale

Year Ended Dec. 31	School District Direct Rate			Overlapping Rates			Total Direct and Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Local School District	Borough of Somerdale	Camden County	
2020	\$ 0.741	\$ 0.023	\$ 0.764	\$ 1.461	\$ 1.113	\$ 0.942	\$ 4.280
2019	0.705	0.023	0.728	1.450	1.107	0.917	4.202
2018	0.764	0.050	0.814	1.435	1.103	0.953	4.305
2017	0.764	0.045	0.809	1.409	1.099	0.942	4.259
2016	0.715	0.035	0.750	1.372	1.094	0.925	4.141
2015	0.691	0.034	0.725	1.351	1.090	0.916	4.082
2014	0.609	0.033	0.642	1.316	1.084	0.870	3.912
2013	0.576	0.029	0.605	1.065	0.937	0.769	3.376
2012	0.556	0.034	0.590	1.011	0.905	0.812	3.318

Borough of Stratford

Year Ended Dec. 31	School District Direct Rate			Overlapping Rates			Total Direct and Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Local School District	Borough of Stratford	Camden County	
2020	\$ 0.645	\$ 0.020	\$ 0.665	\$ 1.897	\$ 0.996	\$ 0.869	\$ 4.427
2019	0.662	0.021	0.684	1.875	0.999	0.866	4.424
2018	0.610	0.041	0.651	1.771	0.996	0.873	4.291
2017	0.651	0.040	0.691	1.696	0.980	0.871	4.238
2016	0.636	0.031	0.667	1.618	0.961	0.862	4.108
2015	0.668	0.035	0.702	1.538	0.937	0.864	4.041
2014	0.673	0.036	0.709	1.480	0.916	0.824	3.929
2013	1.032	0.052	1.084	2.154	1.344	1.250	5.832
2012	0.998	0.060	1.056	2.128	1.303	1.248	5.735

Source: Municipal Tax Collector.

STERLING HIGH SCHOOL DISTRICT
Principal Property Tax Payers
Current Year and Nine Years Ago
Unaudited

Borough of Magnolia	2020			2011		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Piret (Urban Renewal-Magnolia)	\$ 9,002,500.00	1	3.42%			
Coventry Place LLC	5,700,000.00	2	2.16%	\$ 3,150,000.00	2	1.95%
Barrington Business Holdings, LLC	5,250,000.00	3	1.99%	4,014,200.00	1	2.49%
Wal-Mart	3,645,000.00	4	1.38%			
Walgreen Eastern Co.	2,115,600.00	5	0.80%	1,400,000.00	4	0.87%
Royal Farms	1,869,600.00	6	0.71%			
Raab Family Partnership	1,576,000.00	7	0.60%	2,295,900.00	3	1.42%
F.V.B. Enterprises Inc.	1,561,900.00	8	0.59%	975,000.00	5	0.60%
Green Garden Apartments LLC	1,482,800.00	9	0.56%	900,000.00	6	0.56%
Autozone Northeast Inc.	1,317,400.00	10	0.50%			
700 White Horse Pike				838,500.00	7	0.52%
Albert Gentile				637,000.00	8	0.40%
Magnolia Properties, LLC				596,000.00	9	0.37%
Scannel Urban Renewal				588,800.00	10	0.37%
Total	\$ 33,520,800.00		12.72%	\$ 15,395,400.00		9.55%

Borough of Somerdale	2020			2011		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Wal-Mart Property Owners	\$ 17,573,100.00	1	5.21%	\$ 3,454,000.00	3	1.01%
Buchman, Myron & Tanya Toby	3,700,000.00	2	1.10%	3,920,800.00	1	1.14%
National Realty Property Owners	3,130,600.00	3	0.93%	3,594,400.00	2	1.05%
Warwick Terrace	2,029,000.00	4	0.60%	2,464,000.00	4	0.72%
Somerdale Equities, LLC	1,924,900.00	5	0.57%	2,347,400.00	5	0.68%
JMK Investment Co., Inc.	1,906,100.00	6	0.57%	2,236,600.00	6	0.65%
DJW Somerdale, LLC (Wawa)	1,891,100.00	7	0.56%			
Kiejdan Family, LLC	1,624,000.00	8	0.48%	1,740,000.00	7	0.51%
Rite Aid of New Jersey	1,512,900.00	9	0.45%	1,559,300.00	9	0.45%
Wawn, LLC	1,338,200.00	10	0.40%	1,541,600.00	10	0.45%
600 White Horse Pike, LLC				1,500,000.00	8	0.44%
Total	\$ 36,629,900.00		10.87%	\$ 24,358,100.00		7.09%

Borough of Stratford	2020			2011		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Woodmere Investment Association	\$ 7,355,700.00	1	1.80%	\$ 4,200,000.00	2	1.47%
Stratford Court Apartments	4,660,000.00	2	1.14%	1,425,000.00	10	0.50%
18 W Laurel Real Estate LLC	4,084,300.00	3	1.00%			
Brookview Manor Apartments	3,517,200.00	4	0.86%			
Echelon Ford Real Estate Holdings	3,182,100.00	5	0.78%	2,841,100.00	4	0.99%
Stratford Investors	2,519,800.00	6	0.62%	1,634,900.00	7	0.57%
Stratford Properties LLC	2,500,000.00	7	0.61%	1,764,600.00	5	0.62%
La Martinique Bowling Academy	2,316,400.00	8	0.57%	1,560,600.00	8	0.55%
Pep Boys	2,091,300.00	9	0.51%			
Stanton Meltzer Properties LLC	2,076,200.00	10	0.51%	1,489,200.00	9	0.52%
AEJ Stratford LLC				4,843,900.00	1	1.69%
J Teitelbaum Nursing Home				2,913,000.00	3	1.02%
Laurel Mills, LLC				1,700,000.00	6	0.59%
Total	\$ 34,303,000.00		8.37%	\$ 24,372,300.00		8.51%

Source: Municipal Tax Assessor

STERLING HIGH SCHOOL DISTRICT
 Property Tax Levies and Collections
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended <u>June 30,</u>	School District Taxes Levied for the <u>Fiscal Year</u>	Collected within the Fiscal Year of the <u>the Levy</u> ⁽¹⁾		Collections in <u>Subsequent Years</u>
		<u>Amount</u>	Percentage <u>of Levy</u>	
2020	\$ 6,968,991.00	\$ 6,968,991.00	100.00%	-
2019	7,060,685.00	7,060,685.00	100.00%	-
2018	7,074,556.00	7,074,556.00	100.00%	-
2017	6,907,027.00	6,827,906.00	98.85%	\$ 79,121.00
2016	6,907,573.97	6,907,573.97	100.00%	-
2015	6,794,274.00	6,794,274.00	100.00%	-
2014	6,935,845.00	6,935,845.00	100.00%	-
2013	6,777,338.00	6,777,338.00	100.00%	-
2012	6,828,769.00	6,828,769.00	100.00%	-
2011	7,324,945.00	7,324,945.00	100.00%	-

⁽¹⁾ School District 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 or certified prior to the end of the school year.

Source: School District records.

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the School District's outstanding debt and its debt capacity.

STERLING HIGH SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental <u>Activities</u>			Total School District	Percentage of Personal Income ⁽³⁾	Per Capita ⁽⁴⁾
	General Obligation Bonds ⁽¹⁾	Capital Leases ⁽¹⁾	Business-Type Activities ⁽²⁾			
Borough of Magnolia						
2019	\$ 799,135.95	-	-	\$ 799,135.95	*	\$ 187.02
2018	945,190.94	-	-	945,190.94	0.41%	220.99
2017	1,091,643.00	-	-	1,091,643.00	0.49%	255.18
2016	1,197,455.06	-	-	1,197,455.06	0.56%	279.45
2015	474,067.19	-	-	474,067.19	0.23%	110.69
2014	595,192.00	-	-	595,192.00	0.30%	138.71
2013	723,632.00	-	-	723,632.00	0.37%	167.94
2012	851,532.50	-	-	851,532.50	0.44%	196.57
2011	972,892.83	-	-	972,892.83	0.51%	224.27
2010	1,098,381.84	-	-	1,098,381.84	0.60%	252.39
Borough of Somerdale						
2019	\$ 1,037,397.83	-	-	\$ 1,037,397.83	*	\$ 189.41
2018	1,212,459.32	-	-	1,212,459.32	0.41%	221.78
2017	1,400,434.96	-	-	1,400,434.96	0.50%	257.10
2016	1,544,475.30	-	-	1,544,475.30	0.56%	282.92
2015	606,935.73	-	-	606,935.73	0.23%	112.25
2014	752,368.00	-	-	752,368.00	0.30%	141.34
2013	887,784.00	-	-	887,784.00	0.37%	169.13
2012	1,020,110.00	-	-	1,020,110.00	0.44%	196.29
2011	1,148,874.77	-	-	1,148,874.77	0.51%	223.82
2010	1,286,348.92	-	-	1,286,348.92	0.60%	250.70
Borough of Stratford						
2019	\$ 1,271,466.22	-	-	\$ 1,271,466.22	*	\$ 182.81
2018	1,515,349.73	-	-	1,515,349.73	0.40%	217.66
2017	1,765,922.05	-	-	1,765,922.05	0.49%	253.58
2016	1,991,069.64	-	-	1,991,069.64	0.57%	285.38
2015	798,997.08	-	-	798,997.08	0.23%	114.42
2014	1,012,440.00	-	-	1,012,440.00	0.31%	145.03
2013	1,228,584.00	-	-	1,228,584.00	0.39%	175.56
2012	1,453,357.50	-	-	1,453,357.50	0.46%	206.56
2011	1,688,232.39	-	-	1,688,232.39	0.55%	240.15
2010	1,915,269.24	-	-	1,915,269.24	0.65%	271.82

Sources:

⁽¹⁾ School District records

⁽²⁾ No outstanding debt exists for business-type activities.

⁽³⁾ Personal income has been estimated based upon the municipal population and per capita.

⁽⁴⁾ Per Capita calculation based upon population information provided by the New Jersey Department of Labor and Workforce Development.

* information not available

STERLING HIGH SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable ⁽²⁾	Per Capita ⁽³⁾
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding ⁽¹⁾		
Borough of Magnolia					
2019	\$ 799,135.95	-	\$ 799,135.95	0.30%	\$ 187.02
2018	945,190.94	-	945,190.94	0.36%	220.99
2017	1,091,643.00	-	1,091,643.00	0.42%	255.18
2016	1,197,455.06	-	1,197,455.06	0.46%	279.45
2015	474,067.19	-	474,067.19	0.18%	110.69
2014	595,192.00	-	595,192.00	0.23%	138.71
2013	723,632.00	-	723,632.00	0.27%	167.94
2012	851,532.50	-	851,532.50	0.32%	196.57
2011	972,892.83	-	972,892.83	0.60%	224.27
2010	1,098,381.84	-	1,098,381.84	0.68%	252.39
Borough of Somerdale					
2019	\$ 1,037,397.83	-	\$ 1,037,397.83	0.31%	\$ 189.41
2018	1,212,459.32	-	1,212,459.32	0.37%	221.78
2017	1,400,434.96	-	1,400,434.96	0.43%	257.10
2016	1,544,475.30	-	1,544,475.30	0.48%	282.92
2015	606,935.73	-	606,935.73	0.19%	112.25
2014	752,368.00	-	752,368.00	0.24%	141.34
2013	887,784.00	-	887,784.00	0.25%	169.13
2012	1,020,110.00	-	1,020,110.00	0.28%	196.29
2011	1,148,874.77	-	1,148,874.77	0.33%	223.82
2010	1,286,348.92	-	1,286,348.92	0.37%	250.70
Borough of Stratford					
2019	\$ 1,271,466.22	-	\$ 1,271,466.22	0.31%	\$ 182.81
2018	1,515,349.73	-	1,515,349.73	0.37%	217.66
2017	1,765,922.05	-	1,765,922.05	0.43%	253.58
2016	1,991,069.64	-	1,991,069.64	0.48%	285.38
2015	798,997.08	-	798,997.08	0.19%	114.42
2014	1,012,440.00	-	1,012,440.00	0.24%	145.03
2013	1,228,584.00	-	1,228,584.00	0.44%	175.56
2012	1,453,357.50	-	1,453,357.50	0.51%	206.56
2011	1,688,232.39	-	1,688,232.39	0.59%	240.15
2010	1,915,269.24	-	1,915,269.24	0.67%	271.82

Sources:

⁽¹⁾ School District records

⁽²⁾ Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation.

⁽³⁾ Per Capita calculation based upon population information provided by the New Jersey Department of Labor and Workforce Development.

STERLING HIGH SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2019
Unaudited

Borough of Magnolia	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Borough of Magnolia</u>
Municipal Debt: ⁽¹⁾				
Borough of Magnolia School District	\$ 3,300,000.00	\$ 3,300,000.00		
Sterling Regional High School	799,135.96	799,135.96		
Self-Liquidating Purposes	299,107.90	299,107.90		
Municipal General Obligations	<u>2,399,034.01</u>	<u>472.73</u>	<u>\$ 2,398,561.28</u>	<u>\$ 2,398,561.28</u>
	<u>6,797,277.87</u>	<u>4,398,716.59</u>	<u>2,398,561.28</u>	<u>2,398,561.28</u>
Overlapping Debt Apportioned to the Municipality:				
County of Camden: ⁽²⁾				
General:				
Bonds	40,475,000.00	17,734,529.00 ⁽³⁾	22,740,471.00	161,711.76 ⁽⁵⁾
Notes	35,461,125.00		35,461,125.00	252,170.73 ⁽⁵⁾
Loan Agreements	340,001,133.00		340,001,133.00	2,417,811.98 ⁽⁵⁾
Bonds Issued by Other Public Bodies				
Guaranteed by the County	<u>260,305,410.00</u>	<u>260,305,410.00 ⁽⁴⁾</u>		
	<u>676,242,668.00</u>	<u>278,039,939.00</u>	<u>398,202,729.00</u>	<u>2,831,694.47</u>
	<u>\$ 683,039,945.87</u>	<u>\$ 282,438,655.59</u>	<u>\$ 400,601,290.28</u>	<u>\$ 5,230,255.75</u>

Sources:

⁽¹⁾ 2019 Annual Debt Statement - Borough of Magnolia

⁽²⁾ County of Camden

⁽³⁾ includes reserve for payment of bonds, other accounts receivable, and general obligation pension refunding bonds

⁽⁴⁾ deductible in accordance with N.J.S. 40:37A-80

⁽⁵⁾ Such debt is allocated as a proportion of the Borough's share of the total 2019 Equalized Value, which is .71%.

The source for this computation was the 2019 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

(Continued)

STERLING HIGH SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2019
Unaudited

Borough of Somerdale	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Borough of Somerdale</u>
Municipal Debt: ⁽¹⁾				
Somerdale Borough School District	\$ 3,057,000.00	\$ 3,057,000.00		
Sterling Regional High School	1,037,397.83	1,037,397.83		
Self-Liquidating Purposes	3,233,847.95	3,233,847.95		
Municipal / County General Obligations	<u>9,734,600.00</u>	<u>46,300.00</u>	\$ 9,688,300.00	\$ 9,688,300.00
	<u>17,062,845.78</u>	<u>7,374,545.78</u>	<u>9,688,300.00</u>	<u>9,688,300.00</u>
Overlapping Debt Apportioned to the Municipality:				
County of Camden: ⁽²⁾				
General:				
Bonds	40,475,000.00	17,734,529.00 ⁽³⁾	22,740,471.00	207,814.24 ⁽⁵⁾
Notes	35,461,125.00		35,461,125.00	324,062.18 ⁽⁵⁾
Loan Agreements	340,001,133.00		340,001,133.00	3,107,106.98 ⁽⁵⁾
Bonds Issued by Other Public Bodies				
Guaranteed by the County	<u>260,305,410.00</u>	<u>260,305,410.00</u> ⁽⁴⁾		
	<u>676,242,668.00</u>	<u>278,039,939.00</u>	<u>398,202,729.00</u>	<u>3,638,983.40</u>
	<u>\$ 693,305,513.78</u>	<u>\$ 285,414,484.78</u>	<u>\$ 407,891,029.00</u>	<u>\$ 13,327,283.40</u>

Sources:

⁽¹⁾ 2019 Annual Debt Statement - Borough of Somerdale

⁽²⁾ County of Camden

⁽³⁾ includes reserve for payment of bonds, other accounts receivable, and general obligation pension refunding bonds

⁽⁴⁾ deductible in accordance with N.J.S. 40:37A-80

⁽⁵⁾ Such debt is allocated as a proportion of the Borough's share of the total 2019 Equalized Value, which is .91%.

The source for this computation was the 2019 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

(Continued)

STERLING HIGH SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2019
Unaudited

Borough of Stratford	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Borough of Stratford</u>
Municipal Debt: ⁽¹⁾				
Stratford Borough School District	\$ 3,080,000.00	\$ 3,080,000.00		
Sterling Regional High School	1,271,466.22	1,271,466.22		
Self-Liquidating Purposes	102,600.00	102,600.00		
Municipal / County General Obligations	<u>3,652,111.50</u>		<u>\$ 3,652,111.50</u>	<u>\$ 3,652,111.50</u>
	<u>8,106,177.72</u>	<u>4,454,066.22</u>	<u>3,652,111.50</u>	<u>3,652,111.50</u>
Overlapping Debt Apportioned to the Municipality:				
County of Camden: ⁽²⁾				
General:				
Bonds	40,475,000.00	17,734,529.00 ⁽³⁾	22,740,471.00	255,314.06 ⁽⁵⁾
Notes	35,461,125.00		35,461,125.00	398,132.64 ⁽⁵⁾
Loan Agreements	340,001,133.00		340,001,133.00	3,817,294.29 ⁽⁵⁾
Bonds Issued by Other Public Bodies Guaranteed by the County	<u>260,305,410.00</u>	<u>260,305,410.00</u> ⁽⁴⁾		
	<u>676,242,668.00</u>	<u>278,039,939.00</u>	<u>398,202,729.00</u>	<u>4,470,741.00</u>
	<u>\$ 684,348,845.72</u>	<u>\$ 282,494,005.22</u>	<u>\$ 401,854,840.50</u>	<u>\$ 8,122,852.50</u>

Sources:

⁽¹⁾ 2019 Annual Debt Statement - Borough of Stratford

⁽²⁾ County of Camden

⁽³⁾ includes reserve for payment of bonds, other accounts receivable, and general obligation pension refunding bonds

⁽⁴⁾ deductible in accordance with N.J.S. 40:37A-80

⁽⁵⁾ Such debt is allocated as a proportion of the Borough's share of the total 2019 Equalized Value, which is 1.12%.

The source for this computation was the 2019 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

STERLING HIGH SCHOOL DISTRICT
 Legal Debt Margin Information
 Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Calendar Year 2019:

Average Equalized Valuation Basis: ⁽¹⁾

Borough of Magnolia	\$ 273,575,720.00
Borough of Somerdale	355,142,144.00
Borough of Stratford	<u>435,272,977.00</u>

[A] \$ 1,063,990,841.00

Debt limit (3% of average equalization value) ⁽²⁾

[B] \$ 31,919,725.23

Total Net Debt Applicable to Limit

[C] 2,928,000.00

Legal Debt Margin

[B-C] \$ 28,991,725.23

	Fiscal Year Ended June 30,									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Debt limit	\$ 28,991,725.23	\$ 28,162,679.94	\$ 27,210,423.92	\$ 26,318,955.44	\$ 25,710,833.95	\$ 28,865,603.50	\$ 29,576,755.87	\$ 30,468,391.72	\$ 45,968,958.00	\$ 45,956,773.00
Total net debt applicable to limit ⁽³⁾	<u>2,928,000.00</u>	<u>3,108,000.00</u>	<u>3,673,000.00</u>	<u>4,258,000.00</u>	<u>4,733,000.00</u>	<u>1,880,000.00</u>	<u>2,360,000.00</u>	<u>2,840,000.00</u>	<u>3,325,000.00</u>	<u>3,810,000.00</u>
Legal debt margin	<u>\$ 26,063,725.23</u>	<u>\$ 25,054,679.94</u>	<u>\$ 23,537,423.92</u>	<u>\$ 22,060,955.44</u>	<u>\$ 20,977,833.95</u>	<u>\$ 26,985,603.50</u>	<u>\$ 27,216,755.87</u>	<u>\$ 27,628,391.72</u>	<u>\$ 42,643,958.00</u>	<u>\$ 42,146,773.00</u>
Total net debt applicable to the limit as a percentage of debt limit	10.10%	11.04%	13.50%	16.18%	18.41%	6.51%	7.98%	9.32%	7.23%	8.29%

Sources:

⁽¹⁾ Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

⁽²⁾ Limit set by N.J.S.A. 18A:24-19 for a regional school district

⁽³⁾ School District records

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

STERLING HIGH SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended <u>June 30,</u>	<u>Population</u> ⁽¹⁾	<u>Personal Income</u> ⁽²⁾	<u>Per Capita Personal Income</u> ⁽³⁾	<u>Unemployment Rate</u> ⁽⁴⁾
Borough of Magnolia				
2019	4,273	*	*	4.1%
2018	4,277	\$ 231,398,531.00	\$ 54,103.00	4.1%
2017	4,278	221,822,856.00	51,852.00	5.2%
2016	4,285	214,952,740.00	50,164.00	5.3%
2015	4,283	209,400,153.00	48,891.00	6.6%
2014	4,291	201,269,355.00	46,905.00	7.6%
2013	4,309	194,921,924.00	45,236.00	5.8%
2012	4,332	193,172,544.00	44,592.00	16.5%
2011	4,338	189,982,710.00	43,795.00	16.3%
2010	4,352	182,109,440.00	41,845.00	16.5%
Borough of Somerdale				
2019	5,477	*	*	4.0%
2018	5,467	\$ 295,781,101.00	\$ 54,103.00	4.4%
2017	5,447	282,437,844.00	51,852.00	4.9%
2016	5,459	273,845,276.00	50,164.00	5.6%
2015	5,407	264,353,637.00	48,891.00	6.2%
2014	5,323	249,675,315.00	46,905.00	7.6%
2013	5,249	237,443,764.00	45,236.00	9.7%
2012	5,197	231,744,624.00	44,592.00	10.1%
2011	5,133	224,799,735.00	43,795.00	9.9%
2010	5,131	214,706,695.00	41,845.00	10.1%
Borough of Stratford				
2019	6,955	*	*	3.9%
2018	6,962	\$ 376,665,086.00	\$ 54,103.00	4.3%
2017	6,964	361,097,328.00	51,852.00	4.7%
2016	6,977	349,994,228.00	50,164.00	5.0%
2015	6,983	341,405,853.00	48,891.00	5.8%
2014	6,981	327,443,805.00	46,905.00	7.3%
2013	6,998	316,561,528.00	45,236.00	9.1%
2012	7,036	313,749,312.00	44,592.00	8.2%
2011	7,030	307,878,850.00	43,795.00	8.1%
2010	7,046	294,839,870.00	41,845.00	8.3%

Sources:

⁽¹⁾ Annual Estimates of the Resident Population for Municipalities in New Jersey, by County: April 1, 2010 to July 1, 2019.

⁽²⁾ Personal income has been estimated based upon the municipal population and per capita personal income.

⁽³⁾ Regional Economic Information System, Bureau of Economic Analysis, November 2019.

⁽⁴⁾ New Jersey Department of Labor and Workforce Development - Unemployment Statistics

* information not available

STERLING HIGH SCHOOL DISTRICT
 Principal Non-Governmental Employers
 Current Year and Nine Years Ago
Unaudited

2020				2011		
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>

Source: Individual employers.

Information regarding the ten principal non-governmental employers for 2020 and 2011 could not be accumulated by the School District as a result of not having a source from which to obtain such information.

Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

STERLING HIGH SCHOOL DISTRICT
 Full-Time Equivalent School District Employees by Function/Program
 Last Ten Fiscal Years
Unaudited

<u>Function / Program</u>	Fiscal Year Ended June 30,									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Instruction:										
Regular Instruction	60.8	59.4	59.4	58.1	63.7	63.5	63.6	64.2	73.4	71.0
Special Education Instruction	11.2	11.4	11.7	11.4	15.0	14.0	22.0	20.0	11.5	12.0
Other Special Instruction	15.5	17.4	18.4	20.0	16.0	11.0	6.4	6.0	7.0	9.0
Other Instruction	12.1	10.9	11.8	9.3	9.7	10.0	11.5	14.5	10.0	10.0
Support Services:										
Other Administrative Services	4.0	4.0	4.0	1.0	1.5	2.2	2.2	3.0	3.0	3.0
School Administrative Services	11.2	11.5	11.2	10.9	12.0	13.5	12.4	8.8	8.0	8.0
General and Business Administrative Services	4.0	4.0	4.1	3.9	3.8	4.0				
Plant Operations and Maintenance	11.4	11.1	10.6	9.6	7.6	9.8	9.6	8.8	10.0	18.0
Total	130.2	129.7	131.2	124.2	129.3	128.0	127.7	125.3	122.9	131.0

Source: School District records

STERLING HIGH SCHOOL DISTRICT
 Operating Statistics
 Last Ten Fiscal Years
Unaudited

<u>Fiscal Year Ended June 30.</u>	<u>Enrollment</u>	<u>Operating Expenditures *</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff (Certified)</u>	<u>Pupil / Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2020	914	\$ 18,334,812.56	\$ 20,059.97	5.62%	83	1:11	915.8	885.6	-4.05%	96.63%
2019	958	18,194,326.68	18,991.99	4.93%	83	1:12	954.5	905.7	-0.33%	94.86%
2018	953	17,248,704.26	18,099.37	5.45%	83	1:11	957.7	906.7	1.02%	94.69%
2017	950	16,305,364.59	17,163.54	2.51%	81	1:12	948.0	908.0	-1.89%	95.58%
2016	959	16,056,856.05	16,743.33	3.04%	86	1:11	966.3	916.3	1.10%	94.58%
2015	958	15,566,577.31	16,249.04	-7.21%	87	1:11	955.8	920.1	6.56%	96.27%
2014	899	15,743,389.85	17,512.11	0.85%	85	1:11	897.0	857.6	-0.55%	95.40%
2013	909	15,784,902.74	17,365.13	10.76%	84	1:11	902.0	859.0	-4.14%	95.27%
2012	979	15,349,211.00	15,678.46	2.73%	85	1:12	941.0	897.4	-2.97%	95.37%
2011	997	15,215,949.00	15,261.73	2.37%	93	1:11	969.8	879.9	-10.74%	90.73%

Sources: School District records

* operating expenditures equal total expenditures less capital outlay, transfer to charter school, and debt service.

STERLING HIGH SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
Unaudited

	Fiscal Year Ended June 30,									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
School District Building:										
High School:										
Sterling High School (1960)										
Square Feet	160,844	160,844	160,844	160,844	160,844	160,844	160,844	160,844	160,844	160,844
Functional Capacity (students)	995	995	995	995	995	995	995	995	995	995
Enrollment	914	953	950	950	959	958	899	909	979	997
Other:										
Garage										
Square Feet	7,600	7,600	7,600	7,600	7,600	7,600	7,600	7,600	7,600	7,600
Concession Stand										
Square Feet										850
South Jersey Technology Program /										
Concession Stand										
Square Feet	11,420	11,420	11,420	11,420	11,420	11,420	11,420	11,420	11,420	11,420
Sterling Academy (2013)										
Square Feet				40,881	40,881	40,881	40,881			
Number of Schools at June 30, 2020										
High School = 1										
Other = 2										

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October School District count. Function Capacity is based on the F.E.S. Formula utilizing New Jersey Department of Education guidelines.

Source: School District records.

STERLING HIGH SCHOOL DISTRICT
 Schedule of Required Maintenance for School Facilities
 Last Ten Fiscal Years
Unaudited

Undistributed Expenditures - Required Maintenance for School Facilities

11-000-261-xxx		Fiscal Year Ended June 30,									
		<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
* <u>School Facilities</u>	<u>Project # (s)</u>										
Sterling High School	N/A	\$ 380,791.36	\$ 421,409.49	\$ 445,461.82	\$ 386,337.53	\$ 275,771.33	\$ 346,153.43	\$ 271,776.57	\$ 203,798.77	\$ 347,487.00	\$ 234,400.00
Total School Facilities		<u>\$ 380,791.36</u>	<u>\$ 421,409.49</u>	<u>\$ 445,461.82</u>	<u>\$ 386,337.53</u>	<u>\$ 275,771.33</u>	<u>\$ 346,153.43</u>	<u>\$ 271,776.57</u>	<u>\$ 203,798.77</u>	<u>\$ 347,487.00</u>	<u>\$ 234,400.00</u>

* School facilities as defined under EFCFA (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3).

Source: School District records.

STERLING HIGH SCHOOL DISTRICT
 Insurance Schedule
 June 30, 2020
Unaudited

	<u>Coverage</u>	<u>Self-Insured Retention</u>	<u>Deductible</u>
School Package Policy ⁽¹⁾			
Building and Contents (All Locations):			
Limits of Liability per Occurrence ⁽⁴⁾	\$ 500,000,000.00		\$ 2,500.00
General and Automobile Liability	5,000,000.00		
Excess Liability (General and Automobile)	5,000,000.00		
Comprehensive Crime:		\$ 1,000.00	
Money and Securities	50,000.00 each loss		
Blanket Dishonesty Bond	500,000.00 per loss		
Computer Fraud	50,000.00		
Forgery and Alteration	50,000.00		
Environmental Impairment Liability	1,000,000.00		50,000.00
School Leaders Errors & Omission ⁽¹⁾	5,000,000.00		5,000.00
Workers' Compensation ⁽¹⁾	Statutory		
Cyber Liability ⁽¹⁾	2,000,000.00	10,000.00	
Boiler / Machinery ⁽¹⁾	100,000.00	2,500.00	
Student Accident ⁽²⁾	5,000,000.00		
Surety Bonds ⁽³⁾			
Board Secretary	250,000.00		

⁽¹⁾ School Alliance Insurance Fund

⁽²⁾ Zurich

⁽³⁾ CNA Surety

⁽⁴⁾ Includes deductible for limit per occurrence and auto physical damage deductible

Source: School District records

SINGLE AUDIT SECTION

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Sterling High School District
Somerdale, New Jersey 08083

Report on Compliance for Major State Program

We have audited the Sterling High School District's, in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on the School District's major state program for the fiscal year ended June 30, 2020. The School District's major state program is 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the School District's major state program 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, and State of New Jersey Circular 15-08-OMB, 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 state program occurred. An audit includes examining, on a test basis, evidence about the School 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 the major state program. However, our audit does not provide a legal determination of the Sterling High School District's compliance.

Opinion on Major State Program

In our opinion, the Sterling High School District, in the County of Camden, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the Sterling High School District, in the County of Camden, State of New Jersey, 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 School District's internal control over compliance with the types of requirements that could have a direct and material effect on the major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state program and to test and report on internal control over compliance in accordance with the State of New Jersey Circular 15-08-OMB, 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 Sterling High School 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 State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

BOWMAN & COMPANY LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

L. Jarred Corn

L. Jarred Corn
Certified Public Accountant
Public School Accountant No. CS 00219700

Voorhees, New Jersey
February 4, 2021

STERLING HIGH SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2020

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Federal FAIN Number	Pass-Through Entity Identifying Number	Program or Award Amount	Grant Period		Balance June 30 2019
					From	To	
General Fund:							
U.S. Department of Health and Human Services: Passed-through State Department of Education:							
Medical Assistance Program (Medicaid) Cluster	93.778	2005NJ5MAP	Unknown	\$ 20,301.25	07/01/19	06/30/20	
Total Medical Assistance Program (Medicaid) Cluster							-
Total General Fund							-
Special Revenue Fund:							
U.S. Department of Education: Passed-through State Department of Education: E.S.S.A.:							
Title I Grants to Local Educational Agencies	84 010	S010A180030	NCLB503519	120,622.00	07/01/18	06/30/19	\$ (20,999.00)
Title I Grants to Local Educational Agencies	84 010	S010A190030	NCLB503520	110,948.00	07/01/19	09/30/20	
Total Title I Grants to Local Educational Agencies							(20,999.00)
Supporting Effective Instruction State Grants	84 367	S367A190029	NCLB503519	21,235.00	07/01/18	06/30/19	(13,525.24)
Supporting Effective Instruction State Grants	84 367	S367A200029	NCLB503520	18,855.00	07/01/19	09/30/20	
Total Supporting Effective Instruction State Grants							(13,525.24)
Title IV, Student Support and Academic Enrichment (ESSA)	84.424	S424A200031	NCLB503520	6,836.00	07/01/19	09/30/20	
Total Title IV, Support and Academic Enrichment (ESSA)							-
Special Education Cluster (DEA):							
Special Education Grants to States	84 027	H027A180100	FT503519	189,616.00	07/01/18	06/30/19	(32,111.00)
Special Education Grants to States	84 027	H027A190100	FT503520	192,238.00	07/01/19	09/30/20	
Total Special Education Cluster (IDEA)							(32,111.00)
Education Stabilization Fund (CARES Act)	84.425D	S425D200027	Unknown	86,559.00	03/13/20	09/30/22	-
Total Special Revenue Fund							(66,635.24)
Enterprise Fund:							
U.S. Department of Agriculture: Passed-through State Department of Agriculture: Child Nutrition Cluster:							
School Breakfast Program	10 553	191NJ304N1099	Unknown	32,937.05	07/01/18	06/30/19	(2,991.31)
School Breakfast Program	10 553	201NJ304N1099	Unknown	28,943.62	07/01/19	06/30/20	
National School Lunch Program Commodities (Noncash)	10 555	191NJ304N1099	Unknown	35,504.72	07/01/19	06/30/20	2,486.41
National School Lunch Program	10 555	191NJ304N1099	Unknown	127,718.49	07/01/18	06/30/19	(7,464.06)
National School Lunch Program	10 555	201NJ304N1099	Unknown	94,602.02	07/01/19	06/30/20	
Seamless Summer Option	10 555	201NJ304N1099	Unknown	51,231.02	07/01/19	06/30/20	
HHFKA - Performance Based	10 555	191NJ304N1099	Unknown	3,519.54	07/01/18	06/30/19	(198.36)
HHFKA - Performance Based	10 555	201NJ304N1099	Unknown	2,894.85	07/01/19	06/30/20	
Total Child Nutrition Cluster							(8,167.32)
Total Enterprise Fund							(8,167.32)
Total Federal Financial Assistance							\$ (74,802.56)

^(a) see note 5 to the schedules of expenditures of federal awards and state financial assistance.

This schedule of expenditures of federal awards is included as other supplementary information only. A federal single audit in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) was not required as total federal expenditures did not equal or exceed \$750,000.00.

The accompanying notes to financial statements and notes to the schedules of expenditures of federal awards and state financial assistance are an integral part of this schedule.

Cash Received	Budgetary Expenditures			Passed- Through to Subrecipients	Adjustments ^(a)	Repayment of Prior Years' Balances	Balance June 30, 2020		
	Pass-Through Funds	Direct Funds	Total Budgetary Expenditures				(Accounts Receivable)	Unearned Revenue	Due to Grantor
\$ 20,301.25	\$ (20,301.25)		\$ (20,301.25)						
20,301.25	(20,301.25)	-	(20,301.25)	-	-	-	-	-	-
20,301.25	(20,301.25)	-	(20,301.25)	-	-	-	-	-	-
20,999.00									
99,147.00	(105,253.30)		(105,253.30)				\$ (6,106.30)		
120,146.00	(105,253.30)	-	(105,253.30)	-	-	-	(6,106.30)	-	-
13,525.00					\$ 0.24				
13,384.00	(15,543.99)		(15,543.99)				(2,159.99)		
26,909.00	(15,543.99)	-	(15,543.99)	-	0.24	-	(2,159.99)	-	-
6,802.00	(6,801.74)		(6,801.74)		(0.26)				
6,802.00	(6,801.74)	-	(6,801.74)	-	(0.26)	-	-	-	-
32,111.00									
144,450.00	(192,238.00)		(192,238.00)				(47,788.00)		
176,561.00	(192,238.00)	-	(192,238.00)	-	-	-	(47,788.00)	-	-
-	(73,914.68)	-	(73,914.68)	-	-	-	(73,914.68)	-	-
330,418.00	(393,751.71)	-	(393,751.71)	-	(0.02)	-	(129,968.97)	-	-
2,991.31									
28,943.62	(28,943.62)		(28,943.62)						
33,018.31	(35,504.72)		(35,504.72)						
7,464.06									
94,602.02	(94,602.02)		(94,602.02)						
39,387.23	(51,231.02)		(51,231.02)				(11,843.79)		
198.36									
2,894.85	(2,894.85)		(2,894.85)						
209,499.76	(213,176.23)	-	(213,176.23)	-	-	-	(11,843.79)		-
209,499.76	(213,176.23)	-	(213,176.23)	-	-	-	(11,843.79)	-	-
\$ 560,219.01	\$ (627,229.19)	-	\$ (627,229.19)	-	\$ (0.02)	-	\$ (141,812.76)	-	-

STERLING HIGH SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2020

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2019	
			From	To	Unearned Revenue / (Accounts Receivable)	Due to Grantor
General Fund:						
New Jersey Department of Education:						
Current Expense:						
State Aid - Public:						
Equalization Aid	495-034-5120-078	\$ 5,654,808.00	07/01/18	06/30/19	\$ (549,615.71)	
Equalization Aid	495-034-5120-078	6,070,888.00	07/01/19	06/30/20		
Categorical Special Education Aid	495-034-5120-089	659,492.00	07/01/18	06/30/19	(64,098.93)	
Categorical Special Education Aid	495-034-5120-089	659,492.00	07/01/19	06/30/20		
Categorical Security Aid	495-034-5120-084	171,469.00	07/01/18	06/30/19	(16,665.83)	
Categorical Security Aid	495-034-5120-084	171,469.00	07/01/19	06/30/20		
School Choice Aid	495-034-5120-068	1,052,324.00	07/01/18	06/30/19	(102,280.01)	
School Choice Aid	495-034-5120-068	1,024,632.00	07/01/19	06/30/20		
Total State Aid - Public					(732,660.48)	-
Categorical Transportation Aid	495-034-5120-014	50,358.00	07/01/18	06/30/19	(4,894.52)	
Categorical Transportation Aid	495-034-5120-014	50,358.00	07/01/19	06/30/20		
Total Categorical Transportation Aid					(4,894.52)	-
Extraordinary Aid	495-034-5120-044	181,504.00	07/01/18	06/30/19	(181,504.00)	
Extraordinary Aid	495-034-5120-044	162,595.00	07/01/19	06/30/20		
Total Extraordinary Aid					(181,504.00)	-
Reimbursed TPAF Social Security Contributions	495-034-5094-003	490,637.73	07/01/18	06/30/19	(23,958.59)	
Reimbursed TPAF Social Security Contributions	495-034-5094-003	508,829.38	07/01/19	06/30/20		
Total Reimbursed TPAF Social Security Contributions					(23,958.59)	-
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)	495-034-5094-001	532,121.00	07/01/19	06/30/20		
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)	495-034-5094-002	1,409,103.00	07/01/19	06/30/20		
On-Behalf T.P.A.F. Non-contributory Insurance	495-034-5094-004	25,257.00	07/01/19	06/30/20		
On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability Insurance (non-budgeted)	495-034-5094-004	1,101.00	07/01/19	06/30/20		
Total On-Behalf TPAF Pension Contributions (non-budgeted)					-	-
Total General Fund					(943,017.59)	-
Capital Projects Fund:						
New Jersey Department of Education:						
New Jersey Schools Development Authority (SDA):						
School Facilities Project	G5-5035-050-14-G3EZ	3,568,548.00	02/24/14	Completion	(254,871.21)	-
Debt Service Fund:						
New Jersey Department of Education:						
Debt Service Aid Type II	495-034-5120-075	45,143.00	07/01/19	06/30/20	-	-
Enterprise Fund:						
New Jersey Department of Agriculture:						
State School Lunch Program	19-100-010-3350-023	3,119.68	07/01/18	06/30/19	(176.27)	
State School Lunch Program	20-100-010-3350-023	2,998.18	07/01/19	06/30/20		
Total Enterprise Fund					(176.27)	-
Total State Financial Assistance					\$ (1,198,065.07)	-
Less: State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:						
General Fund (Non-Cash Assistance):						
New Jersey Department of Education:						
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)						
	495-034-5094-001	532,121.00	07/01/19	06/30/20		
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)						
	495-034-5094-002	1,409,103.00	07/01/19	06/30/20		
On-Behalf T.P.A.F. Non-contributory Insurance						
	495-034-5094-004	25,257.00	07/01/19	06/30/20		
On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability Insurance (non-budgeted)						
	495-034-5094-004	1,101.00	07/01/19	06/30/20		
Total General Fund (Non-Cash Assistance)						

Total State Financial Assistance subject to Major Program Determination for State Single Audit

The accompanying Notes to Financial Statements and Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

Cash Received	Total Budgetary Expenditures	Passed-Through to Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2020			(Memo Only)	
					(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30 2020	Cumulative Total Expenditures
\$ 549,615.71									
5,469,574.84	\$ (6,070,888.00)				\$ (601,313.16)			\$ (601,313.16)	\$ (6,070,888.00)
64,098.93									
594,170.22	(659,492.00)				(65,321.78)			(65,321.78)	(659,492.00)
16,665.83									
154,485.23	(171,469.00)				(16,983.77)			(16,983.77)	(171,469.00)
102,280.01									
923,143.60	(1,024,632.00)				(101,488.40)			(101,488.40)	(1,024,632.00)
7,874,034.37	(7,926,481.00)	-	-	-	(785,107.11)	-	-	(785,107.11)	(7,926,481.00)
4,894.52									
45,370.11	(50,358.00)				(4,987.89)			(4,987.89)	(50,358.00)
50,264.63	(50,358.00)	-	-	-	(4,987.89)	-	-	(4,987.89)	(50,358.00)
181,504.00									
	(162,595.00)				(162,595.00)				(162,595.00)
181,504.00	(162,595.00)	-	-	-	(162,595.00)	-	-	-	(162,595.00)
23,958.59									
484,078.05	(508,829.38)				(24,751.33)				(508,829.38)
508,036.64	(508,829.38)	-	-	-	(24,751.33)	-	-	-	(508,829.38)
532,121.00	(532,121.00)								(532,121.00)
1,409,103.00	(1,409,103.00)								(1,409,103.00)
25,257.00	(25,257.00)								(25,257.00)
1,101.00	(1,101.00)								(1,101.00)
1,967,582.00	(1,967,582.00)	-	-	-	-	-	-	-	(1,967,582.00)
10,581,421.64	(10,615,845.38)	-	-	-	(977,441.33)	-	-	(790,095.00)	(10,615,845.38)
254,871.21	-	-	-	-	-	-	-	-	(3,417,668.68)
45,143.00	(45,143.00)	-	-	-	-	-	-	-	(45,143.00)
176.27									
2,200.70	(2,998.18)				(797.48)				(2,998.18)
2,376.97	(2,998.18)	-	-	-	(797.48)	-	-	-	(2,998.18)
\$ 10,883,812.82	(10,663,986.56)	-	-	-	\$ (978,238.81)	-	-	\$ (790,095.00)	\$ (14,081,655.24)

532,121.00
1,409,103.00
25,257.00
1,101.00
1,967,582.00
\$ (8,696,404.56)

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

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (“the schedules”) include federal and state award activity of the Sterling High School District (hereafter referred to as the “School District”). The School District is defined in note 1 to the School District’s basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules. Because these schedules present only a selected portion of the operations of the School District, it is not intended to and does not present the financial position and changes in operations of the School District.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedules are presented using the budgetary basis of accounting, with the following exceptions: programs recorded in the capital projects fund are presented on the modified accrual basis of accounting and programs recorded in the enterprise fund are presented using the accrual basis of accounting. These bases of accounting are described in note 1 to the School District’s basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the 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 that recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$52,540.00 for the general fund and \$73,914.68 for the special revenue fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)

Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 20,301.25	\$ 10,563,305.38	\$ 10,583,606.63
Special Revenue	319,837.03		319,837.03
Debt Service		45,143.00	45,143.00
Food Service	213,176.23	2,998.18	216,174.41
	<u>553,314.51</u>	<u>10,611,446.56</u>	<u>11,164,761.07</u>
GAAP Basis Revenues			
GAAP Adjustments:			
State Aid Payments		52,540.00	52,540.00
Encumbrances	73,914.68		73,914.68
	<u>73,914.68</u>	<u>52,540.00</u>	<u>126,454.68</u>
Total GAAP Adjustments			
	<u>73,914.68</u>	<u>52,540.00</u>	<u>126,454.68</u>
Total Awards and Financial Assistance Expended	<u>\$ 627,229.19</u>	<u>\$ 10,663,986.56</u>	<u>\$ 11,291,215.75</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: ADJUSTMENTS

Amounts reported in the column entitled "adjustments" on the schedule of expenditures of federal awards represent a rounding difference of \$.02.

Note 6: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2020, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance related to TPAF members.

Note 7: MAJOR PROGRAMS

Major programs are identified in the *Summary of Auditor's Results* section of the *Schedule of Findings and Questioned Costs*.

STERLING HIGH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

(A Federal single audit was not required for the fiscal year ended June 30, 2020.)

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? yes no

Identification of major programs:

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

Dollar threshold used to distinguish between type A and type B programs: \$

Auditee qualified as low-risk auditee? yes no

STERLING HIGH SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2020

Section 1- Summary of Auditor's Results (Cont'd)

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified? ___ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with New Jersey Circular 15-08-OMB? ___ yes X no

Identification of major programs:

GMIS Number(s)

Name of State Program

	State Aid - Public:
495-034-5120-078	Equalization Aid
495-034-5120-089	Categorical Special Education Aid
495-034-5120-084	Categorical Security Aid
495-034-5120-068	School Choice Aid

Dollar threshold used to distinguish between type A and type B programs: \$ _____ 750,000.00

Auditee qualified as low-risk auditee? X yes ___ no

STERLING HIGH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section 2- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements related to financial statements for which *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, requires.

None.

STERLING HIGH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs, and significant instances of abuse related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

A Federal single audit was not required for the fiscal year ended June 30, 2020.

STERLING HIGH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section 4- Schedule of State Financial Assistance Findings and Questioned Costs

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

None.

STERLING HIGH SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, 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 Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

A Federal single audit was not required for the fiscal year ended June 30, 2019.

STATE FINANCIAL ASSISTANCE PROGRAMS

None.

