

Comprehensive Annual Financial Report

of the

Borough of Stone Harbor Board of Education

Stone Harbor, New Jersey

For the Fiscal Year Ended June 30, 2020

Prepared by

Borough of Stone Harbor Board of Education

Finance Department

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Introductory Section

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

STACEY LaROCCA-TRACY
Chief School Administrator

DR. RENEE MURTAUGH
Supervisor of Curriculum
& Instruction

LINDA FIORI
Business Administrator

January 8, 2021

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

Dear Board Members:

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

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

1) REPORTING ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services appropriate to grade levels K through 4 and includes servicing Avalon students as tuition students to the District. Students in grade levels PreK 3, PreK 4 and 5 through 8 attend Avalon School District. Additionally, it provides tuition for grades 9 through 12 to Middle Township High School and to the Cape May County Special Services School District. These include regular, as well as special education for handicapped students. The District completed the 2019-2020 fiscal year with an enrollment of 89 students, which is 10 students below the previous year's enrollment.

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

<u>Fiscal Year</u>	<u>Average Daily Enrollment Student Enrollment</u>	<u>Percent Change</u>
2019-2020	89	(10.0)%
2018-2019	99	10.0%
2017-2018	90	20.0%
2016-2017	75	11.0%
2015-2016	68	(1.5)%
2014-2015	69	(6.8)%
2013-2014	74	(5.1)%
2012-2013	78	(1.3)%
2011-2012	79	5.3%
2010-2011	75	23.0%

2) ECONOMIC CONDITION AND OUTLOOK:

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

3) MAJOR INIATIVES:

Students continued to score above the state and national averages. During the 2019-20 school year the district of Stone Harbor & Avalon continued a shared instructional model for educating students on the island. Stone Harbor Elementary School will educate all the K-4 students & Avalon Elementary School will educate grades PreK 3, PreK 4 and 5-8. We continue to align our curriculum syllabus K-8 with the New Jersey State Department's Common Core Content Standards and with the Work Place Readiness Standards. Technology continues to play a supplemental role in all academic areas.

4) INTERNAL ACCOUNTING CONTROLS:

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

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

5) BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2020.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8) RISK MANAGEMENT:

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

9) OTHER INFORMATION:

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

10) ACKNOWLEDGMENTS:

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

Respectfully submitted,

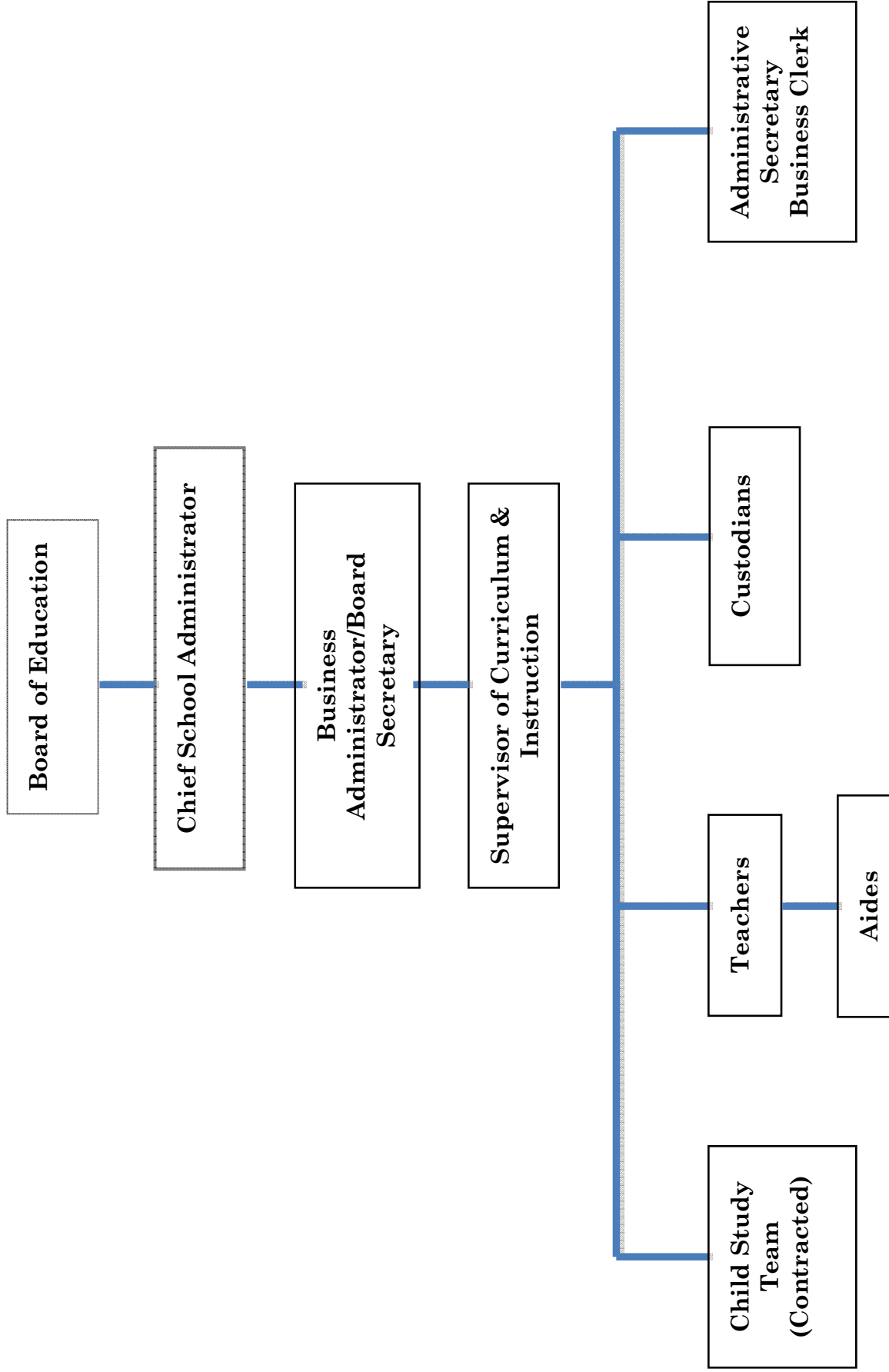
Stacey LaRocca-Tracy

Stacey LaRocca-Tracy
Superintendent

Linda Fiori

Linda Fiori
Business Administrator

**STONE HARBOR SCHOOL DISTRICT
ORGANIZATIONAL CHART**



BOROUGH OF STONE HARBOR BOARD OF EDUCATION

STONE HARBOR, NEW JERSEY

ROSTER OF OFFICIALS
June 30, 2020

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Ms. Maggie Day, President	2021
Mr. Mark Matreale, Vice President	2020
Dr. John McAllister	2022
Mr. Robert Ross	2020
Ms. Suzanne Walters	2020
Lois Scarpa (Avalon Representative)	2020

Other Officials

Mrs. Stacey LaRocca-Tracy, Chief School Administrator

Ms. Linda Fiori, School Business Administrator

Mr. James Craft, Treasurer of School Monies

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

Audit Firm

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

Attorney

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Parker McCay P.A.
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Mount Laurel, New Jersey 08054

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

Official Depository

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

Financial Section

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Stone Harbor School District, Borough of Stone Harbor, New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Stone Harbor School District, Borough of Stone Harbor, New Jersey, as of June 30, 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 Required Supplementary Information identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Stone Harbor School District's basic financial statements. The introductory section, combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB 15-08, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section, combining statements, and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB 15-08, and statistical information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing

procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2021 on our consideration of the Borough of Stone Harbor School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Stone Harbor School District's internal control over financial reporting and compliance.

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

Michael S. Garcia

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

January 8, 2021

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Required Supplemental Information
Part I

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Borough of Stone Harbor School District ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statement.

FINANCIAL HIGHLIGHTS

- The net position of the District increased compared to the prior year as a result of an excess of revenues over expenses.
- The State of New Jersey reimbursed the District \$61,513 during the fiscal year ended June 30, 2020 for the employer's share of social security contributions. The State of New Jersey also paid \$257,557 in pension contributions and retiree health coverage for TPAF members as calculated on their base salaries on behalf of the District. This amount, which is not budgeted, is included as both a revenue and appropriation in the financial statements.
- As indicated by New Jersey State Statutes, the unreserved fund balance of the general fund is limited to 2% of the total general fund expenditures or \$250,000, whichever is greater. Any excess is required to be designated as Reserved Fund Balance – Excess Surplus and included in the next year's budget as budgeted fund balance. As of June 30, 2020 the District had excess surplus of \$76,930, of which \$76,930 was required to be budgeted as a revenue for the year ending June 30, 2021 and \$0 is designated for subsequent year budgets.
- During the fiscal year ended June 30, 2020, the District's revenues were approximately \$2,000 more than total revenues in the fund financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

Government-wide Statements

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

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

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

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

Fund Financial Statements

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

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for other assets that - because of a trust arrangement – can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in separate statement of fiduciary net position and a statement of

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's governmental activities net position increased between fiscal years 2020 and 2019 as a result of an excess of revenues over expenses. The business-type activities net position increased \$10,136 due to funding from the general fund.

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$1,107,654	\$1,116,607	5,068	(5,068)	1,112,722	1,111,539
Capital assets	3,074,035	3,068,255			3,074,035	3,068,255
Total assets	4,181,689	4,184,862	5,068	(5,068)	4,186,757	4,179,794
Deferred outflows of resources	112,656	117,640	-	-	112,656	117,640
Other liabilities	472,863	485,286			472,863	485,286
Total liabilities	472,863	485,286	-	-	472,863	485,286
Deferred inflows of resources	167,410	171,612	-	-	167,410	171,612
Net position						
Net invested in capital assets	3,074,035	3,068,255			3,074,035	3,068,255
Restricted	921,589	848,947			921,589	848,947
Unrestricted	(341,552)	(271,598)	5,068	(5,068)	(336,484)	(276,666)
Total net assets	\$3,654,072	\$3,645,604	5,068	(5,068)	3,659,140	3,640,536

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

As required by New Jersey Statutes, the unrestricted net position of the District are not permitted to exceed the greater of \$250,000 or 2% of total general fund expenditures, after reductions for On-behalf TPAF pension and social security. Any excess must be appropriated as budgeted fund balance in the subsequent years' budget. As of June 30, 2020, the District had excess fund balance in the amount of \$76,930 of which \$76,930 has been included in the 2020-2021 budget and the remaining \$0 will be included in the 2021-2022 budget.

Changes in net position. The total governmental activities revenue of the District decreased approximately \$121,000 due to a decrease in operating grants.

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

	2020		2019	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property taxes	\$ 2,594,142	74.20%	2,543,276	70.30%
Unrestricted Federal and State aid	50,940	1.46%	52,694	1.46%
Tuition	435,610	12.46%	438,640	12.13%
Operating grants and contributions	413,527	11.83%	581,924	16.09%
Other	1,896	0.05%	1,037	0.03%
Totals	\$ <u>3,496,115</u>	<u>100.00%</u>	<u>3,617,571</u>	<u>100.00%</u>

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Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2020 and 2019 fiscal years:

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenue						
Charges for services	\$ 718,781	705,462	8,152	15,733	726,933	721,195
State grants and entitlements	413,527	581,924			413,527	581,924
General revenues						
Property taxes	2,594,142	2,543,276			2,594,142	2,543,276
State aid entitlements	50,940	52,694			50,940	52,694
Other	(36,528)	(13,963)	19,318	15,000	(17,210)	1,037
Total revenues	3,740,862	3,869,393	27,470	30,733	3,768,332	3,900,126
Expenses						
Instruction:						
Regular	1,302,766	1,426,737			1,302,766	1,426,737
Special Education	158,510	157,792			158,510	157,792
Other Instruction	190,748	167,261			190,748	167,261
Support services:						
Tuition	470,735	471,475			470,735	471,475
Student & instruction related	539,491	544,557			539,491	544,557
School administration services	147,481	129,908			147,481	129,908
General & business admin	176,640	160,072			176,640	160,072
Plant operations & maintenance	393,354	383,478			393,354	383,478
Pupil transportation	66,569	75,365			66,569	75,365
Internal service fund	283,171	266,822			283,171	266,822
Special Schools	2,929	2,830			2,929	2,830
Business-type activities			17,334	23,312	17,334	23,312
Total expenses	3,732,394	3,786,297	17,334	23,312	3,749,728	3,809,609
Increase/(Decrease)						
in net assets	8,468	83,096	10,136	7,421	18,604	90,517

Business-type Activities

Operating and non-operating revenues of the District's business-type activities decreased from the previous year and expenses decreased. The decrease is due to the closure of the school due to COVID-19.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$1,096,501 which is approximately \$2,131 higher than the beginning of the year.

General Fund Budgetary Highlights

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

After adjusting total revenue reported on Exhibit C-1 for the Reimbursed TPAF Social Security Contribution and on-behalf TPAF Pension Contributions, which are not budgeted, the District's budgeted revenue exceeded the actual revenue by approximately \$59,000. This is a result of less tuition students than anticipated. Again, after adjusting for the Reimbursed TPAF Social Security Contribution and on-behalf TPAF Pension Contributions, actual expenditures were below the budgeted appropriations by approximately \$248,971.

CAPITAL ASSET

Capital Assets

At the end of 2020, the District had invested \$3.07 million in a broad range of capital assets, including land, buildings, vehicles and machinery.

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 410,630	\$ 410,630			410,630	410,630
Buildings and Bldg improvements	2,286,096	2,314,134			2,286,096	2,314,134
Machinery & equipment	377,309	343,491			377,309	343,491
					-	
Total	\$ 3,074,035	\$ 3,068,255	-	-	3,074,035	3,068,255

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

The District budget for the 2021 fiscal year includes required supplies and anticipated contractual increases in salaries and employee benefits.

EFFECTS OF COVID-19 ON THE DISTRICT'S FINANCIAL POSITION

The district realized a savings due to planned activities such as field trips and extracurricular activities were cancelled. The increased costs for additional cleaning supplies and PPE were covered by grant funding and savings on cancelled activities. Overall, the effects on the district's financial position were minimal.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the district's operation. These financial statements present the financial position and operating results of all activities as of June 30, 2020.

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DISTRICT-WIDE FINANCIAL STATEMENTS

The district-wide financial statements provide a financial overview of the district's operation. These financial statements present the financial position and operating results of the governmental and business-like activities as of June 30, 2020.

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BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,080,529	5,068	1,085,597
Receivables, net	4,443		4,443
Due from Agency Fund	737		737
Due from other governments	21,945		21,945
Capital assets, net			
Land and land improvements	410,630		410,630
Depreciable assets, net of depreciation	2,663,405		2,663,405
Total Assets	<u>4,181,689</u>	<u>5,068</u>	<u>4,186,757</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	112,656		112,656
Total Deferred Outflows of Resources	<u>112,656</u>	<u>-</u>	<u>112,656</u>
LIABILITIES			
Accounts payable	8,425	-	8,425
Unearned revenue	2,728		2,728
Noncurrent liabilities:			
Due within one year	-		-
Due beyond one year	85,078		85,078
Net Pension Liability	376,632		376,632
Total liabilities	<u>472,863</u>	<u>-</u>	<u>472,863</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	167,410		167,410
Total Deferred Inflows of Resources	<u>167,410</u>	<u>-</u>	<u>167,410</u>
NET POSITION			
Net investment in capital assets	3,074,035	-	3,074,035
Restricted for:			
Other purposes	921,589		921,589
Unrestricted	(341,552)	5,068	(336,484)
Total net position	<u>\$ 3,654,072</u>	<u>5,068</u>	<u>3,659,140</u>

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

BOROUGH OF STONE HARBOR SCHOOL DISTRICT

Statement of Activities
June 30, 2020

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	\$ 1,044,245	258,521	435,610	140,780		(726,376)		(726,376)
Special education	127,055	31,455		17,041		(141,469)		(141,469)
Other instruction	152,896	37,852		23,553		(167,195)		(167,195)
Support services:								
Tuition	377,322	93,413		78,780		(391,955)		(391,955)
Student & instruction related services	432,434	107,057		62,817		(476,674)		(476,674)
School administrative services	118,215	29,266		15,300		(132,181)		(132,181)
Other administrative services	141,588	35,052		19,280		(157,360)		(157,360)
Plant operations and maintenance	315,297	78,057		47,305		(346,049)		(346,049)
Pupil transportation	53,359	13,210		8,220		(58,349)		(58,349)
Unallocated benefits	683,883	(683,883)				-		-
Internal Service Fund	283,171		283,171			-		-
Special Schools	2,929			451		(2,478)		(2,478)
Total governmental activities	<u>3,732,394</u>	<u>-</u>	<u>718,781</u>	<u>413,527</u>	<u>-</u>	<u>(2,600,086)</u>	<u>-</u>	<u>(2,600,086)</u>
Business-type activities:								
After School Program	17,334		8,152			(9,182)		(9,182)
Total business-type activities	<u>17,334</u>	<u>-</u>	<u>8,152</u>	<u>-</u>	<u>-</u>	<u>(9,182)</u>	<u>(9,182)</u>	<u>(9,182)</u>
Total primary government	<u>\$ 3,749,728</u>	<u>-</u>	<u>726,933</u>	<u>413,527</u>	<u>-</u>	<u>(2,600,086)</u>	<u>(9,182)</u>	<u>(2,609,268)</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes, net						2,594,142		2,594,142
Federal and State aid not restricted						50,940		50,940
Investment Earnings						200		200
Miscellaneous Income						1,696		1,696
Transfers						(19,318)	19,318	-
Loss on Disposal of Fixed Assets						(19,106)		(19,106)
Total general revenues, special items, extraordinary items and transfers						<u>2,608,554</u>	<u>19,318</u>	<u>2,627,872</u>
Change in Net Position						8,468	10,136	18,604
Net Position—beginning						3,645,604	(5,068)	3,640,536
Net Position—ending						<u>3,654,072</u>	<u>5,068</u>	<u>3,659,140</u>

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

FUND FINANCIAL STATEMENTS

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

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

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

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

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BOROUGH OF STONE HARBOR SCHOOL DISTRICT

Balance Sheet
 Governmental Funds
 June 30, 2020

	General	Special Revenue	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 1,069,019	7,090	1,076,109
Tax levy receivable	-		-
Due from other funds	22,870		22,870
Intergovernmental receivable - state	6,369		6,369
Intergovernmental receivable - federal	-	15,576	15,576
Other Accounts Receivable	3,000		3,000
	<hr/>	<hr/>	<hr/>
Total Assets	<u>1,101,258</u>	<u>22,666</u>	<u>1,123,924</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	4,757		4,757
Due to other funds	-	19,938	19,938
Unearned revenue	-	2,728	2,728
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>4,757</u>	<u>22,666</u>	<u>27,423</u>
FUND BALANCES			
Restricted for:			
Excess surplus	-		-
Excess surplus - designated for subsequent year's expenditures	76,930		76,930
Committed to:			
Capital reserve account	365,804		365,804
Maintenance reserve account	100,100		100,100
Emergency reserve account	193,100		193,100
Assigned to:			
Encumbrances	4,592		4,592
Unreserved, reported in:			
General fund	174,912		174,912
Special revenue fund		-	-
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>1,096,501</u>	<u>-</u>	<u>1,096,501</u>
Total Liabilities and Fund Balances	<u>\$ 1,101,258</u>	<u>22,666</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds 3,074,035

Long-term pension liabilities are not due and payable in the current period and therefore are not reported in the funds (431,386)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (85,078)

Net position of governmental activities 3,654,072

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

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
for the Fiscal Year ended June 30, 2020

	General Fund	Special Revenue Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES:			
Local tax levy	\$ 2,594,142		2,594,142
Interest	200		200
Tuition	435,610		435,610
Miscellaneous	1,696		1,696
Local sources		2,000	2,000
State sources	370,010		370,010
Federal sources	-	20,656	20,656
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	3,401,658	22,656	3,424,314
EXPENDITURES:			
Current expense			
Instruction	873,045	-	873,045
Special education instruction	107,204		107,204
Other instruction	148,166		148,166
Support services and undistributed costs:			
Tuition	344,993	20,656	365,649
Student & instruction related services	395,176	-	395,176
School administrative services	38,431		38,431
Other administrative services	121,287		121,287
Central services	57,818		57,818
Plant operations and maintenance	297,585		297,585
Pupil transportation	51,708		51,708
Unallocated benefits	683,883		683,883
Capital outlay	258,076	2,000	260,076
Special Schools	2,837		2,837
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	3,380,209	22,656	3,402,865
Excess (deficiency) of revenues over (under) expenditures	21,449	-	21,449
Other financing sources (uses):			
Increase in Capital Reserve	(100,000)		(100,000)
Transfer to Capital Reserve	100,100		100,100
Interest earned on Capital Reserve	(100)		(100)
Interest earned on Maintenance Reserve	(50)		(50)
Transfer to Maintenance Reserve	50		50
Transfer	(19,318)		(19,318)
	<u> </u>	<u> </u>	<u> </u>
Total other financing sources (uses)	(19,318)	-	(19,318)
Net change in fund balances	2,131	-	2,131
Fund Balances, July 1	1,094,370	-	1,094,370
Fund Balances, June 30	<u>\$ 1,096,501</u>	<u>-</u>	<u>1,096,501</u>

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

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 for the Year Ended June 30, 2020

Total net change in fund balances - governmental funds (from B-2) \$ 2,131

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

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

Depreciation expense	(164,285)	
Loss on Disposal of Fixed Assets	(19,106)	
Capital outlays	<u>189,171</u>	5,780

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

District pension contributions	20,332	
Cost of benefits earned, net of employee contributions	<u>(27,028)</u>	(6,696)

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

7,253

Change in net position of governmental activities \$ 8,468

BOROUGH OF STONE HARBOR SCHOOL DISTRICT

Statement of Net Position

Proprietary Funds

June 30, 2020

	Non Major Funds	
	Business-type Activities - Enterprise Funds	Governmental Activities
	After School Program Fund	Internal Service Fund
ASSETS		
Current assets:		
Cash and cash equivalents	5,068	4,420
Accounts receivable		1,443
Interfund receivable		
Inventories		
Total current assets	<u>5,068</u>	<u>5,863</u>
Noncurrent assets:		
Furniture, machinery & equipment		
Less accumulated depreciation		
Total noncurrent assets	<u>-</u>	<u>-</u>
Total assets	<u>5,068</u>	<u>5,863</u>
Liabilities		
Current liabilities		
Interfund payable	-	2,195
Accounts payable	-	3,668
Total current liabilities	<u>-</u>	<u>5,863</u>
Total liabilities	<u>-</u>	<u>5,863</u>
NET POSITION/(DEFICIT)		
Invested in capital assets, net of related debt	-	-
Unrestricted	<u>5,068</u>	<u>-</u>
Total net position	<u>5,068</u>	<u>-</u>

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

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
for the Fiscal Year ended June 30, 2020

	Non Major Funds	
	Business-type Activities - Enterprise Funds After School Program Fund	Governmental Activities Internal Service Fund
OPERATING REVENUES:		
Local sources:		
Other revenue	8,152	283,171
Total Operating Revenues	<u>8,152</u>	<u>283,171</u>
OPERATING EXPENSES:		
Salaries	16,612	218,235
Other Objects		1,486
Employee Benefits		47,039
General Supplies	722	16,411
Total Operating Expenses	<u>17,334</u>	<u>283,171</u>
Operating profit	<u>(9,182)</u>	<u>-</u>
Net loss before contributions and transfers	<u>(9,182)</u>	<u>-</u>
OPERATING TRANSFERS:		
Transfers in - General Fund	<u>19,318</u>	
Change in net position	10,136	-
Total net position - beginning	<u>(5,068)</u>	<u>-</u>
Total net position - ending	<u><u>5,068</u></u>	<u><u>-</u></u>

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

BOROUGH OF STONE HARBOR SCHOOL DISTRICT

Statement of Cash Flows

Proprietary Fund

for the Fiscal Year ended June 30, 2020

	Non Major Funds	
	Business-type Activities - Enterprise Funds	Governmental Activities Internal Service Fund
	After School Program Fund	
Cash Flows from Operating Activities:		
Receipts from customers and others	\$ 8,152	281,728
Payments to employees	(16,612)	(218,235)
Payments for employee benefits		(47,039)
Payments to suppliers	(722)	(14,229)
Net cash provided by (used for) operating activities	<u>(9,182)</u>	<u>2,225</u>
Cash Flows from Noncapital Financing Activities		
Interfund Activity	<u>6,829</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>6,829</u>	<u>-</u>
Net increase in cash and cash equivalents	(2,353)	2,225
Balances - beginning of year	7,421	2,195
Balances - end of year	<u>\$ 5,068</u>	<u>4,420</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating income	(9,182)	-
Adjustments to reconcile operating loss to cash used by operating activities		
Change in assets and liabilities:		
(Increase) in Accounts Receivable	-	(1,443)
Increase in Accounts Payable	-	3,668
Total adjustments	<u>-</u>	<u>2,225</u>
Net cash (used) by operating activities	<u>(9,182)</u>	<u>2,225</u>

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

BOROUGH OF STONE HARBOR SCHOOL DISTRICT

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2020

	Scholarship Fund	Unemployment Compensation Trust	Agency Fund
ASSETS:			
Cash and Cash Equivalents	\$ 2,109	41,381	7,480
Total Assets	<u>2,109</u>	<u>41,381</u>	<u>7,480</u>
LIABILITIES:			
Payable to Student Groups			3,758
Payroll liabilities			2,985
Interfund Payable			737
Total Liabilities	<u>-</u>	<u>-</u>	<u>7,480</u>
NET POSITION			
Held in trust for unemployment claims and other purposes	<u>\$ 2,109</u>	<u>41,381</u>	

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

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
for the Year Ended June 30, 2020

	Unemployment Compensation Trust	Scholarship Fund
ADDITIONS		
Contributions:		
Plan member	\$ 1,876	
Board		
Total Contributions	1,876	-
Investment earnings:		
Interest	24	1
Net investment earnings	24	1
Total additions	1,900	1
DEDUCTIONS		
Unemployment claims	-	
Total deductions	-	-
Change in net position	1,900	1
Net position—beginning of the year	39,481	2,108
Net position—end of the year	\$ 41,381	2,109

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

Borough of Stone Harbor School District
Notes to Financial Statements
June 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. REPORTING ENTITY:

The Borough of Stone Harbor School District is a Type II district located in the County of Cape May, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of five board members and 1 representative from Avalon elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Borough of Stone Harbor School District had an approximate enrollment at June 30, 2020 of 89 students.

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

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

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

Borough of Stone Harbor School District
Notes to Financial Statements
June 30, 2020

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS:

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

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

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

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

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

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

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

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

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and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

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

The following fund types are used by the District:

1. Governmental Funds:

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

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

Fund Balances – Governmental Funds

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

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

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

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

2. Proprietary Funds:

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

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

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3. Fiduciary Funds:

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

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

D. BASIS OF ACCOUNTING

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

1. Accrual:

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

2. Modified Accrual:

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

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents:

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

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certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

2. Investments:

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

3. Capital Assets:

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

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

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

4. Revenues:

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

5. Expenditures:

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

6. Compensated Absences:

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

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

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

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

7. Interfund Activity:

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

8. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office for approval and, as long as the District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPs, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools. No material transfers were made to/(from) budgetary line items during the year.

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

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

9. Encumbrances:

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

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

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

10. Tuition Payable

Tuition charges for the fiscal years 2019-20 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

11. Tuition Receivable

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

12. Use of Estimates

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

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13. Allocation of Costs

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

14. Pensions

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

F. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

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

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

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

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 92, "Omnibus 2020". This statement is effective for fiscal periods beginning after June 15, 2020, with the exception of the provisions affecting GASB 87 which is effective upon issuance, will not have any effect on the District's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93, "Replacement of Interbank Offered Rates". This statement is effective for fiscal periods beginning after June 15, 2020, will not have any effect on the District's financial reporting.

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In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private Partnerships and Availability Payment Arrangements". This statement is effective for fiscal periods beginning after June 15, 2022, will not have any effect on the District's financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance". This statement is effective upon issuance and will not have any effect on the District's financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription-Based Information Technology Arrangements". This statement is effective for fiscal periods beginning after June 15, 2022 and will not have any effect on the District's financial reporting.

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32". This statement is effective for fiscal periods beginning after June 15, 2021, with certain exceptions, and will not have any effect on the District's financial reporting.

NOTE 2. INVESTMENTS

As of June 30, 2020, the District had no investments.

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

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

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

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NOTE 3. CASH

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The district's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholding or student activity funds. As of June 30, 2020, \$0 of the government's bank balance of \$1,187,081 was exposed to custodial credit risk.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Stone Harbor Board of Education by the inclusion of \$1 on October 11, 2000 for the accumulation of funds for the use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A 16:60-2. Pursuant to NJAC 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. The activity is shown as follows:

Beginning Balance, July 1, 2019	\$ 265,704
Interest Earned	100
Appropriated in budget	100,000
Ending Balance, June 30, 2019	\$ <u><u>365,804</u></u>

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NOTE 5. MAINTENANCE RESERVE

New Jersey Statute 18A:7G-9 permits districts to accumulate funds for the required maintenance of a facility in accordance with the Educational Facilities Construction and Financing Act (EFCFA). The balance may be increased through an appropriation in the annual general fund budget certified for taxes or a resolution of the Board at the June meeting. This reserve may be used at any time during the year, by resolution, to transfer to the required maintenance budget lines for use on required maintenance activities for a school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted for use on required maintenance appropriations and may not be transferred to any other line-item account. As of June 30, 2020 the District has reserved \$100,100 for maintenance.

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NOTE 6. FIXED ASSETS

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

	Balance June 30, 2019	Additions	Disposals/ Adjustments	Balance June 30, 2020
Governmental Activities:				
Capital assets that are not being depreciated:				
Land	\$ 410,630			410,630
Total capital assets not being depreciated	<u>410,630</u>	-	-	<u>410,630</u>
Bldg and bldg improve	3,246,564	49,145		3,295,709
Site improvements	605,466	20,174		625,640
Machinery and Equipment	<u>1,140,265</u>	<u>119,852</u>	<u>69,920</u>	<u>1,190,197</u>
Total at historical cost	<u>4,992,295</u>	<u>189,171</u>	<u>69,920</u>	<u>5,111,546</u>
Less: Accumulated depreciation	<u>(2,334,670)</u>	<u>(164,285)</u>	<u>(50,814)</u>	<u>(2,448,141)</u>
Total capital assets being depr, net of accum depr	<u>2,657,625</u>	<u>24,886</u>	<u>19,106</u>	<u>2,663,405</u>
Governmental activities capital assets, net	<u>\$ 3,068,255</u>	<u>24,886</u>	<u>19,106</u>	<u>3,074,035</u>

Depreciation expense as charged to governmental functions as follows:

Regular instruction	82,143
Special education	16,429
Student & instruction related services	24,643
School administrative expenses	16,429
General and business administration	16,429
Plant operations and maintenance	8,212
	<u>164,285</u>

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NOTE 7. GENERAL LONG-TERM DEBT

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

	Balance 6/30/2019	Issued	Retired	Balance 6/30/2020	Due in one year
Governmental Activities	\$				
Other liabilities:					
Compensated Absences Payable	92,331	18,000	25,253	85,078	-
Net Pension Liability	<u>370,718</u>	<u>5,914</u>	<u> </u>	<u>376,632</u>	-
Governmental activities long-term liabilities	\$ <u>463,049</u>	<u>23,914</u>	<u>25,253</u>	<u>461,710</u>	<u>-</u>

NOTE 8. PENSION PLANS

Description of Plans

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

Teachers' Pension and Annuity Fund

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

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

Public Employees' Retirement System

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

Defined Contribution Retirement Program (DCRP)

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

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 7.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 28.34% and the PERS rate is 13.69% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2020, 2019 and 2018 were \$187,783, \$173,660, and \$108,049 respectively, and paid by the State of New Jersey on behalf of the board. The School District's contributions to PERS for the years ending June 30, 2020, 2019 and 2018 were \$21,114, \$18,728 and \$17,227 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2020, 2019 and 2018, the State of New Jersey contributed \$69,664, \$78,772, and \$91,306, respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$61,513, \$68,190, \$65,778 during the same fiscal years for the employer's share of social security contributions for

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

Significant Legislation

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

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

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

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

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

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

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

NOTE 9: Public Employees Retirement System

At June 30, 2020, the District reported a liability of \$376,632 for its proportionate share of the net pension liability. 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 that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the District's proportion was 0.00209025250%, which was an increase of 11.02% from its proportion measured as of June 30, 2018.

Borough of Stone Harbor School District
Notes to Financial Statements
June 30, 2020

For the year ended June 30, 2020, the District recognized pension expense of \$27,028. At June 30, 2020, the 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	\$ 6,760	1,664
Changes of assumptions	37,608	130,728
Differences between expected and actual earnings		5,945
Changes in proportion and differences between District contributions and proportionate share of contributions	68,288	29,073
District contributions subsequent to the measurement date	<u>20,332</u>	
Total	<u>\$ 132,988</u>	<u>167,410</u>

\$20,332 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	
2020	\$ (6,527)
2021	(20,130)
2022	(18,453)
2023	(8,747)
2024	(897)
Total	<u>\$ (54,754)</u>

Actuarial Assumptions

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

Inflation rate:	
Price	2.75%
Wage	3.25%

Borough of Stone Harbor School District
Notes to Financial Statements
June 30, 2020

Salary increases:

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

Investment rate of return: 7.00%

Pre-retirement mortality rates were based on the RP-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 Disable 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.

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

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

Borough of Stone Harbor School District
Notes to Financial Statements
June 30, 2020

		Long-Term
	Target	Expected Real
Asset Class	Allocation	Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participated employers as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Borough of Stone Harbor School District
Notes to Financial Statements
June 30, 2020

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
District's proportionate share of the net pension liability	\$ 452,021	376,632	313,180

Pension plan fiduciary net position.

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

NOTE 10. Teachers Pensions and Annuity Fund (TPAF)

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net position liability associated with the District		5,307,806
Total	\$	5,307,806

The net pension liability was measured as of June 30, 2019 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2019, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the District recognized pension expense of \$313,069 and revenue of \$313,069 for support provided by the State. At June 30, 2020, the deferred outflows of resources and deferred inflows of resources attributable to the District related to TPAF from the following sources:

Borough of Stone Harbor School District
Notes to Financial Statements
June 30, 2020

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 104,088	18,451
Changes of assumptions	754,970	1,484,393
Net difference between expected and actual earnings on pension plan investments		14,129
Changes in proportion and differences between District contributions and proportionate share of contributions		908,607
District contributions subsequent to the measurement date	<u>173,895</u>	
Total	<u>\$ 1,032,953</u>	<u>2,425,580</u>

\$173,895 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	
2020	\$ (56,096)
2021	(145,028)
2022	(129,851)
2023	(250,488)
2024	(490,383)
Thereafter	<u>(494,676)</u>
Total	<u>\$ (1,566,522)</u>

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

Inflation Rate	
Price	2.75%
Wage	3..25%
Salary increases	
Through 2026	1.55% - 4.55% (based on years of service)
Thereafter	2.75% - 5.65% (based on years of service)
Investment rate of return	7.00%

Borough of Stone Harbor School District
Notes to Financial Statements
June 30, 2020

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

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

Long-Term Expected Rate of Return

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

Borough of Stone Harbor School District
Notes to Financial Statements
June 30, 2020

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return.</u>
Risk Mitigation Services	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%
US Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount rate. The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.60% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.60%) or 1-percentage point higher (6.60%) than the current rate:

Borough of Stone Harbor School District
Notes to Financial Statements
June 30, 2020

	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
District's proportionate share of the net pension liability	\$ -	-	-

Pension plan fiduciary net position.

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

NOTE 11. POST-RETIREMENT BENEFITS

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

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2019, the State contributed \$1.908 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's "pay-as-you-go" contributions have remained consistent with Fiscal Year 2018 amounts. The State has appropriated \$1.612 billion in Fiscal Year 2020 as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2019 total State OPEB liability to provide these benefits is \$76.0 billion, a decrease of \$14.5 billion or 16 percent from the \$90.5 billion liability recorded in Fiscal Year 2018.

Borough of Stone Harbor School District
Notes to Financial Statements
June 30, 2020

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

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

Total OPEB Liability

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

Actuarial assumptions and other imputes:

The total OPEB liability in the June 30, 2019 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate – 2.50%

Salary Increases –

TPAF - 1.55% - 3.05% based on years of service.

PERS – 2.00% - 6.00% based on years of service

Mortality Rates –

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

Borough of Stone Harbor School District
Notes to Financial Statements
June 30, 2020

on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019

Health Care Trend Assumptions –

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

Discount Rate –

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

The discount rates as of June 30, 2017, 2018, and 2019 are 3.58%, 3.87%, and 3.50%, respectively.

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

Borough of Stone Harbor School District
Notes to Financial Statements
June 30, 2020

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

Balance at 6/30/18	\$ 46,110,832,982
Changes for the year:	
Service cost	1,734,404,850
Interest	1,827,787,206
Differences between Expected & Actual Experiences	(7,323,140,818)
Changes in assumptions or other inputs	622,184,027
Contributions: Member	37,971,171
Benefit payments	<u>(1,280,958,373)</u>
Net changes	<u>(4,381,751,937)</u>
Balance at 6/30/19	<u>\$ 41,729,081,045</u>

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

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

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

	1% Decrease █ (2.50%)	Discount Rate █ (3.50%)	1% Increase █ (4.50%)
	<u> </u>	<u> </u>	<u> </u>
Total OPEB Liability (School Retirees)	49,298,534,898	41,729,081,045	35,716,321,820

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

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

Borough of Stone Harbor School District
Notes to Financial Statements
June 30, 2020

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	34,382,902,820	41,729,081,045	51,453,912,586

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

For the year ended June 30, 2019, the board of education recognized OPEB expense of \$2,291 determined by the State as the total OPEB liability for benefits provided through a defined OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

In accordance with GASB 75, the board of education's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience		10,484,965,300
Changes of assumptions		8,481,529,343
Net difference between projected and actual earnings on investments		
Changes in proportion and differences between District contributions and proportionate share of contributions		1,921,145,183
District contributions subsequent to the measurement date	1,190,373,242	
Total	\$ 1,190,373,242	20,887,639,826

Borough of Stone Harbor School District
Notes to Financial Statements
June 30, 2020

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

Year ended June 30,	
2020	\$ (2,546,527,182.00)
2021	(2,546,527,182.00)
2022	(2,546,527,182.00)
2023	(2,546,527,182.00)
2024	(2,546,527,182.00)
Thereafter	<u>(6,233,858,733.00)</u>
Total	<u>\$ (18,966,494,643.00)</u>

(Contributions made after June 30, 2019 are reported as deferred outflow of resources but are not amortized in the expense.)

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

NOTE 12. DEFERRED COMPENSATION

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

Lincoln Investment Planning
Travelers Insurance Company

NOTE 13. COMPENSATED ABSENCES

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

Borough of Stone Harbor School District
Notes to Financial Statements
June 30, 2020

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

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

NOTE 14. LITIGATION

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

NOTE 15. FUND BALANCE APPROPRIATED

General Fund – Of the \$1,096,501 General Fund fund balance at June 30, 2020, \$4,592 is reserved for encumbrances; \$76,930 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$76,930 has been anticipated as revenue in the 2020-2021 budget, \$365,804 has been reserved in the Capital Reserve Account; \$100,100 has been reserved in the Maintenance Reserve Account. \$193,100 has been reserved in the Emergency Reserve Account; \$181,063 has been appropriated in the 2020-21 budget and \$174,912 is unreserved and undesignated.

NOTE 16. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Reserved Fund Balance – Excess Surplus is a required calculation. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, 2020 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 \$76,930, of which \$76,930 has been appropriated and included as anticipated revenue for the year ended June 30, 2021.

Borough of Stone Harbor School District
Notes to Financial Statements
June 30, 2020

NOTE 17. INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2020, an interfund remained on the various balance sheets of the Borough of Stone Harbor Board of Education.

	<u>From</u>	<u>To</u>
General Fund:		
Agency Fund	\$ 737	
Internal Service Fund	2,195	
Special Revenue Fund	19,938	
Special Revenue Fund		
General Fund		19,938
Internal Service Fund		
General Fund		2,195
Agency Fund:		
General Fund		737
	\$ 22,870	22,870

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

NOTE 18. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. During the fiscal year ended June 30, 2020 the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

New Jersey Unemployment Compensation Insurance –The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The School is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the School's expendable trust fund for the current and prior year:

Borough of Stone Harbor School District
Notes to Financial Statements
June 30, 2020

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Interest on Investments</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$ 1,876	\$ 24	\$ -	41,381
2018-2019	1,933	20	210	39,481
2017-2018	1,804	14	495	37,738

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

NOTE 19. ECONOMIC DEPENDENCY

The District is heavily reliant on local property taxation to fund District operations. Property taxes funded 74% of the Districts 2019-2020 governmental operations.

NOTE 20. SUBSEQUENT EVENTS

The District has evaluated subsequent events through January 8, 2021, the date on which the financial statements were available to be issued, and no items were identified that require disclosure.

Required Supplemental Information
Part II

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BUDGETARY COMPARISON SCHEDULES

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

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BOROUGH OF STONE HARBOR SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 for the Fiscal Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 2,594,142		2,594,142	2,594,142	-
Interest earned	200		200	200	-
Tuition - individuals	204,400		204,400	143,610	(60,790)
Tuition - other LEA's	292,000		292,000	292,000	-
Miscellaneous	150		150	1,696	1,546
Total local sources	3,090,892	-	3,090,892	3,031,648	(59,244)
State sources:					
Special Education Aid	23,364		23,364	23,364	-
Security Aid	2,797		2,797	2,797	-
Adjustment Aid	4,726	-	4,726	4,726	-
Transportation Aid	19,899		19,899	19,899	-
On behalf TPAF Pension Contributions (non-budgeted)				187,783	187,783
On behalf TPAF Pension Post-Retirement Medical (non-budgeted)				69,664	69,664
On behalf TPAF Pension Long-Term Disability Insurance (non-budgeted)				110	110
Reimbursed TPAF Social Security Contributions (non-budgeted)				61,513	61,513
Total state sources	50,786	-	50,786	369,856	319,070
Total Revenues	3,141,678	-	3,141,678	3,401,504	259,826

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 for the Fiscal Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
EXPENDITURES:					
Current Expense:					
Regular programs - Instruction:					
Salaries of teachers:					
Kindergarten	95,437		95,437	90,165	5,272
Grades 1 - 5	507,027	(36,907)	470,120	427,069	43,051
Regular programs - home instruction:					
Salaries of teachers	250	42	292	291	1
Regular programs - undistributed instruction:					
Other salaries for instruction	42,024		42,024	41,623	401
Purchased professional/educational services	209,524	6,269	215,793	215,792	1
Purchased technical services	500		500	-	500
Other purchased services	31,820	(1,554)	30,266	24,213	6,053
General supplies	90,000	(16,929)	73,071	63,057	10,014
Textbooks	5,998	3,576	9,574	9,521	53
Other objects	15,000	(9,626)	5,374	1,314	4,060
Total regular programs	997,580	(55,129)	942,451	873,045	69,406
Resource room/Resource center:					
Salaries of teachers	104,306		104,306	104,026	280
General supplies	2,500	679	3,179	3,178	1
Textbooks	100		100	-	100
Total resource room/resource center	106,906	679	107,585	107,204	381
Total special education - instruction	106,906	679	107,585	107,204	381
Basis Skills/Remedial - instruction:					
Purchased professional/educational services	126,078	1	126,079	126,078	1
General Supplies	5,000	(680)	4,320	-	4,320
Total Basic Skills/Remedial	131,078	(679)	130,399	126,078	4,321

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 for the Fiscal Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
School sponsored cocurricular activities - instruction:					
Salaries	1,825	1,357	3,182	3,181	1
Other purchased services	4,025	2,935	6,960	6,925	35
Supplies and Materials	1,000	1,361	2,361	1,897	464
Total school sponsored cocurricular activities - instruction	6,850	5,653	12,503	12,003	500
School sponsored athletics - instruction					
Other purchased services	10,100		10,100	10,085	15
Total other instructional programs - instruction	10,100	-	10,100	10,085	15
Total - Instruction	1,252,514	(49,476)	1,203,038	1,128,415	74,623
Undistributed expenditures - Instruction:					
Tuition to other LEA's within the state - regular	322,815		322,815	322,815	-
Tuition - County Voc. School District - Regular	22,178		22,178	22,178	-
Total undistributed expenditures - instruction	344,993	-	344,993	344,993	-
Undistributed expenditures - Attendance & Social Work					
Salaries	10,736	477	11,213	10,403	810
Purchased professional and technical services	11,555	2,430	13,985	13,985	-
Other Purchased Services	1,500	57	1,557	1,556	1
Total undistributed expenditures - attendance & social work	23,791	2,964	26,755	25,944	811
Undistributed expenditures - Health services:					
Salaries	1,250	(477)	773		773
Purchased professional and technical services	99,187		99,187	98,687	500
Supplies and materials	4,000		4,000	1,653	2,347
Total undistributed expenditures - health services	104,437	(477)	103,960	100,340	3,620

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 for the Fiscal Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed expenditures - Other support services - students - speech, OT, PT and related services: Purchased professional educational services	2,800	(525)	2,275	525	1,750
Total undistributed expenditures - other support services - students - speech, OT, PT and related services:	2,800	(525)	2,275	525	1,750
Undistributed expenditures - Other support services - Guidance Other purchased prof. and tech. services Supplies and materials	25,216 1,000	37,824	63,040 1,000	62,939 809	101 191
Total undistributed expenditures - other support services - Guidance	26,216	37,824	64,040	63,748	292
Undistributed expenditures - other support services - students - Child Study Team: Salaries of secretaries and clerical assistants Purchased professional educational services Other purchased prof. and tech. services	5,491 47,180 3,305	300 (9,094)	5,791 38,086 3,305	5,791 36,459 3,305	- 1,627 -
Total undistributed expenditures - other support services - students - Child Study Teams	55,976	(8,794)	47,182	45,555	1,627
Undistributed expenditures - Improvement of instruction services: Salaries of Supervisor of Instruction Salaries of Other Prof. Staff Other purchased prof. and tech. services Supplies and materials Other Objects	71,983 1,000 11,564 7,500 750	480 (480) (6,795) 95	72,463 1,000 11,084 705 845	72,463 - 10,718 615 845	- 1,000 366 90 -
Total undistributed expenditures - improvement of instruction services	92,797	(6,700)	86,097	84,641	1,456

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 for the Fiscal Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed expenditures - educational media services/school library:					
Salaries	13,350	50	13,400	13,400	-
Purchased professional and technical services	41,327	(2,537)	38,790	37,327	1,463
Other purchased services	2,000	-	2,000	1,000	1,000
Supplies and materials	9,355	-	9,355	4,217	5,138
Total undistributed expenditures - educational media services/school library	66,032	(2,487)	63,545	55,944	7,601
Undistributed expenditures - instruction staff training services					
Other purchased prof. educational services	8,000	(8,000)	-	15,416	-
Other purchases professional and technical services	15,416	-	15,416	2,681	3,319
Other purchased services	6,000	-	6,000	382	618
Supplies and materials	1,000	-	1,000	-	-
Total undistributed expenditures - instructional staff training services	30,416	(8,000)	22,416	18,479	3,937
Undistributed expenditures - Support services - general administration:					
Salaries	36,765	1,001	37,766	37,765	1
Legal services	10,000	7,763	17,763	14,613	3,150
Audit fees	8,000	400	8,400	8,400	-
Other purchased professional services	41,287	-	41,287	41,286	1
Purchased technical services	250	(217)	33	26	7
Communications/telephone	4,422	2,052	6,474	5,963	511
BOE other purchased services	500	(468)	32	32	-
Other purchased services	8,361	755	9,116	9,100	16
Supplies and materials	1,171	-	1,171	1,151	20
Miscellaneous expenditures	250	-	250	65	185
BOE membership dues and fees	3,000	-	3,000	2,918	82
Total undistributed expenditures - support services - general administration	114,006	11,286	125,292	121,287	4,005
Undistributed expenditures - Support services school administration:					
Salaries of Other Professional Staff	4,000	4,010	8,010	3,333	4,677
Salaries of secretarial and clerical assistants	34,258	-	34,258	34,258	-
Purchased professional and tech. services	500	-	500	-	500
Other purchased services	250	-	250	-	250
Supplies and materials	1,500	-	1,500	840	660
Other objects	-	-	-	-	-
Total undistributed expenditures - support services school administration	40,508	4,010	44,518	38,431	6,087
Undistributed expenditures - Central services					
Purchased professional services	33,049	-	33,049	33,049	-
Purchased technical services	12,500	12,315	24,815	24,433	382
Miscellaneous purchased services	750	-	750	-	750
Supplies and materials	3,500	(2,500)	1,000	336	664
Total Undistributed expenditures - central services	49,799	9,815	59,614	57,818	1,796

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 for the Fiscal Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed expenditures - Maintenance of school property:					
Salaries	24,633		24,633	21,839	2,794
Cleaning, repair and maintenance	66,610	11,865	78,475	77,999	476
Supplies and materials	4,500		4,500	-	4,500
Total undistributed expenditures - maintenance of school property	95,743	11,865	107,608	99,838	7,770
Undistributed expenditures - Operation and maintenance of plant services:					
Salaries	51,259	2,679	53,938	53,937	1
Purchased professional and technical services	43,234	(10,034)	33,200	26,903	6,297
Cleaning, repair and maintenance services	20,000	(11,204)	8,796	7,101	1,695
Insurance	37,974		37,974	37,825	149
Miscellaneous purchased services	5,000	2,342	7,342	7,342	-
General supplies	15,000	(5,762)	9,238	7,607	1,631
Energy (natural gas)	25,000	(2,679)	22,321	13,024	9,297
Energy (electricity)	47,500		47,500	43,908	3,592
Total undistributed expenditures - operation and maintenance of plant services	244,967	(24,658)	220,309	197,647	22,662
Undistributed expenditures - student transportation services:					
Salaries for pupil transportation (Between home and school) - regular non-public	1,373	1,964	3,337	1,373	1,964
Other Purchased Prof. and technical Services	6,864		6,864	6,864	-
Contracted services (other than between home and school) - vendors	14,063	2,645	16,708	14,063	2,645
Contracted services (bet. home & sch) joint agreements	5,500	(1,965)	3,535	1,241	2,294
Contracted services - (aid in lieu) - non public	26,821	1	26,822	26,821	1
	2,500		2,500	1,346	1,154
Total undistributed expenditures student transportation services	57,121	2,645	59,766	51,708	8,058

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 for the Fiscal Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Unallocated Benefits					
Social security	21,500	2,573	24,073	24,073	-
Other retirement contributions - PERS	20,000	1,226	21,114	21,114	112
Unemployment compensation	2,000		2,000	687	1,313
Workmen's compensation	18,500		18,500	17,713	787
Health benefits	335,924	10,606	346,530	283,438	63,092
Tuition reimbursement	9,000	(1,001)	7,999	1,950	6,049
Other employee benefits	20,000		20,000	15,838	4,162
Total Regular Program Instruction Employee Benefits	426,924	13,404	440,328	364,813	75,515
On behalf TPAF Pension Contributions (non-budgeted)				187,783	(187,783)
On behalf TPAF Pension Post-Retirement Medical (non-budgeted)				69,664	(69,664)
On behalf TPAF Pension Long-Term Disability (non-budgeted)				110	(110)
Reimbursed TPAF Social Security Contributions (non-budgeted)				61,513	(61,513)
Total on-behalf contributions	-	-	-	319,070	(319,070)
Total undistributed expenditures	1,776,526	42,172	1,818,698	1,990,781	(172,083)
Interest Earned on Emergency Reserve	50		50	50	-
Interest Earned on Maintenance Reserve	50		50	50	-
Total current expense	3,029,140	(7,304)	3,021,836	3,119,296	(97,460)
Capital Outlay:					
Instruction					
Undist. Expend. - Instruction	21,000	7,221	28,221	24,856	3,365
Undist. Expend. - General Admin.	20,000		20,000	17,621	2,379
Undist. Expend. - Required Maint. of School Fac.	68,754	(4,187)	64,567	63,454	1,113
Undist. Expend. - Student Transportation	50,000	(3,034)	46,966	33,812	13,154
Total equipment	159,754	-	159,754	139,743	20,011
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	25,000	1,857	26,857	19,551	7,306
Other Purchased professional and technical services	7,033	(7,033)	-	95,018	-
Construction Services	92,488	2,531	95,019	3,664	1
Assessment for Debt Service on SDA funding	3,664		3,664		
Total Facilities Acquisition and Construction Services	128,185	(2,645)	125,540	118,233	7,307
Interest Deposit to Capital Reserve	100		100	100	-
Total Capital Outlay	288,039	(2,645)	285,394	258,076	27,318
Transfer to charter school					

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 for the Fiscal Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Special Schools:					
Summer School - Instruction	2,000	(2,000)	-		-
Salaries of teachers		2,630	2,630	2,629	1
Purchased Technical Service	250		250	208	42
General supplies					
Total summer school - instruction	2,250	630	2,880	2,837	43
Total Special Schools	2,250	630	2,880	2,837	43
Total Expenditures	3,319,429	(9,319)	3,310,110	3,380,209	(70,099)
Excess (deficiency) of revenues over (under) expenditures	(177,751)	9,319	(168,432)	21,295	189,727
Other Financing Sources/(Uses)					
Operating transfers out:	(10,000)	(9,319)	(19,319)	(19,318)	(1)
Increase in Capital Reserve					
Interest Deposit to Capital Reserve	(25,462)		(25,462)	(100,000)	74,538
Interest Deposit to Maintenance Reserve	-		-	(100)	100
Transfer to Maintenance Reserve				(50)	50
Deposit Interest to Capital Reserve				50	(50)
Deposit Interest to Capital Reserve				100,100	(100,100)
Total other financing uses	(35,462)	(9,319)	(44,781)	(19,318)	(25,463)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(213,213)	-	(213,213)	1,977	164,264
Fund Balances, July 1	1,099,237		1,099,237	1,099,237	-
Fund Balances, June 30	\$ 886,024	-	886,024	1,101,214	164,264
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Reserve for Excess Surplus				76,930	-
Excess Surplus Designated for Subsequent Years Expenditures					
Committed Fund Balance:					
Maintenance Reserve				100,100	
Capital Reserve				365,804	
Emergency Reserve				193,100	
Assigned Fund Balance:					
Designated for Subsequent Years Expenditures				181,063	
Reserve for Encumbrances				4,592	
Unassigned Fund Balance				179,625	
				1,101,214	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid payment not recognized on GAAP basis				(4,713)	
Fund Balance per Governmental Funds (GAAP)				1,096,501	

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Special Revenue Fund
 for the Fiscal Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources					
AtlantiCare Garden Grant		1,500	1,500	-	(1,500)
Safety Grant		2,000	2,000	2,000	-
Total local sources	-	3,500	3,500	2,000	(1,500)
Federal sources:					
I.D.E.A., Part B	12,500	3,626	16,126	16,126	-
I.D.E.A., Preschool	-	4,530	4,530	4,530	-
Total federal sources	12,500	8,156	20,656	20,656	-
Total Revenues	12,500	11,656	24,156	22,656	(1,500)

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Special Revenue Fund
 for the Fiscal Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
EXPENDITURES:					
Instruction:					
General Supplies		1,500	1,500	-	1,500
Total instruction	-	1,500	1,500	-	1,500
Support services					
Other Purchased Professional and Technical Services	12,500	8,156	20,656	20,656	-
Total support services	12,500	8,156	20,656	20,656	-
Capital Outlay					
Construction Services		2,000	2,000	2,000	-
Total capital outlay	-	2,000	2,000	2,000	-
Total Expenditures	12,500	11,656	24,156	22,656	1,500
Excess (deficiency) of revenues over (under) expenditures	\$ -	-	-	-	-

BOROUGH OF STONE HARBOR SCHOOL DISTRICT

Required Supplementary Information
 Budgetary Comparison Schedule
 Notes to Required Supplementary Information
 for the Fiscal Year Ended June 30, 2020

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

	General Fund	Special Revenue
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 3,401,504	22,656
 Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		
Prior year		
Current year		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	4,867	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(4,713)	
	<u>3,401,658</u>	<u>22,656</u>
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>3,401,658</u>	<u>22,656</u>
 Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	3,380,209	22,656
 Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		
Prior year		
Current year		
	<u>3,380,209</u>	<u>22,656</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,380,209</u>	<u>22,656</u>

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Required Supplemental Information
Part III

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

	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0020902525%	0.0018828224%	0.0018595776%	0.0021168733%	0.0016612157%	0.0016022842%	0.1884589900%
District's proportionate of the net pension liability (asset)	\$ 376,632	\$ 370,718	\$ 626,957	\$ 372,910	\$ 340,803	\$ 299,991	\$ 360,183
District's covered payroll	\$ 222,075	\$ 148,536	\$ 132,462	\$ 114,011	\$ 146,513	\$ 114,350	\$ 101,934
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	169.60%	249.58%	473.31%	327.08%	232.61%	262.34%	353.35%
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%

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

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

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

	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 20,332	\$ 18,728	\$ 18,806	\$ 15,537	\$ 13,209	\$ 14,200	\$ 14,305
Contributions in relation to the contractually required contribution	20,332	18,728	18,806	15,537	13,209	14,200	14,305
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 222,075	\$ 148,536	\$ 132,462	\$ 114,011	\$ 146,513	\$ 114,350	\$ 101,934
Contributions as a percentage of covered-employee payroll	9.16%	12.61%	14.20%	13.63%	9.02%	12.42%	14.03%

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

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

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

	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	5,307,806	6,487,617	7,578,245	6,560,243	5,350,407	5,381,934	5,159,698
Total	<u>\$ 5,307,806</u>	<u>\$ 6,487,617</u>	<u>\$ 7,578,245</u>	<u>\$ 6,560,243</u>	<u>\$ 5,350,407</u>	<u>\$ 5,381,934</u>	<u>\$ 5,381,934</u>
District's covered payroll	\$ 836,623	\$ 909,754	\$ 923,245	\$ 926,822	\$ 990,706	\$ 976,233	\$ 1,027,060
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
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%

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

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

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

	2019	2018	2017	2016
District's proportion of the net OPEB liability (asset)	0.00%	0.00%	0.00%	0.00%
District's proportionate of the net OPEB liability (asset)	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 3,684,195</u>	<u>\$ 4,147,928</u>	<u>\$ 5,050,276</u>	<u>\$ 5,417,806</u>
Total	<u><u>\$ 3,684,195</u></u>	<u><u>\$ 4,147,928</u></u>	<u><u>\$ 5,050,276</u></u>	<u><u>\$ 5,417,806</u></u>
District's covered payroll	\$ 1,058,698	\$ 1,058,290	\$ 1,055,707	\$ 1,040,833
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
State's proportionate share of OPEB associated with the District:				
Service Cost	100,635	137,098	163,407	
Interest Cost	162,316	183,808	157,470	
Differences between Expected & Actual	(671,874)	(640,178)	-	
Changes in Assumptopns	54,932	(475,995)	(575,739)	
Member Contributions	3,352	3,833	4,307	
Penefit Payments	(113,094)	(110,914)	(116,975)	
Change in Total Opeb Liability	<u>(463,733)</u>	<u>(902,348)</u>	<u>(367,530)</u>	
State's proportionate share of the net OPEB liability (asset) associated with the District - Beginning Balance	<u>4,147,928</u>	<u>5,050,276</u>	<u>5,417,806</u>	
Ending Balance	<u><u>\$ 3,684,195</u></u>	<u><u>\$ 4,147,928</u></u>	<u><u>\$ 5,050,276</u></u>	
State's proportionate share of the net OPEB liability associated with the District - as a percentage of its covered-employee payroll	347.99%	391.95%	478.38%	

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

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

Supplementary Information

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SPECIAL REVENUE FUND

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

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BOROUGH OF STONE HARBOR SCHOOL DISTRICT

Special Revenue Fund
 Combining Schedule of Revenues and Expenditures
 Budgetary Basis
 for the Fiscal Year ended June 30, 2020

	I.D.E.A. Part B	I.D.E.A. Part B - Preschool	Safety Grant	Totals
REVENUES:				
Federal sources	\$ 16,126	4,530		20,656
State sources				
Local Sources		2,000		2,000
Total Revenue	<u>16,126</u>	<u>4,530</u>	<u>2,000</u>	<u>22,656</u>
EXPENDITURES:				
Instruction:				
Supplies				-
Total instruction	-	-	-	-
Support services				
Other purchased professional and tech. services	16,126	4,530		20,656
Total support services	<u>16,126</u>	<u>4,530</u>	-	<u>20,656</u>
Capital Outlay				
Construction Services			2,000	2,000
Total capital outlay	-	-	<u>2,000</u>	<u>2,000</u>
Total Expenditures	<u>16,126</u>	<u>4,530</u>	<u>2,000</u>	<u>22,656</u>

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FIDUCIARY FUNDS

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

Unemployment Compensation Insurance Trust Fund -

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

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

Agency Funds -

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

Scholarship Fund -

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

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BOROUGH OF STONE HARBOR SCHOOL DISTRICT

Fiduciary Fund

Combining Statement of Fiduciary Net Position
June 30, 2020

	Expendable Trust		Agency		
	NJ Unemployment Compensation Insurance	Scholarship Fund	Student Activity	Payroll	Total
ASSETS:					
Cash and cash equivalents	\$ 41,381	2,109	3,758	3,722	50,970
Total Assets	<u>41,381</u>	<u>2,109</u>	<u>3,758</u>	<u>3,722</u>	<u>50,970</u>
LIABILITIES AND NET POSITION:					
Liabilities:					
Due to student groups			3,758		3,758
Payroll deductions and withholdings				2,985	2,985
Interfund payable - general fund				737	737
Total Liabilities	-	-	3,758	3,722	7,480
Net Position:					
Reserved for future unemployment claims	41,381				41,381
Total Net Position	<u>41,381</u>	<u>2,109</u>	<u>-</u>	<u>-</u>	<u>43,490</u>
Total Liabilities and Fund Balances	\$ <u>41,381</u>	<u>2,109</u>	<u>3,758</u>	<u>3,722</u>	<u>50,970</u>

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Fund
for the Fiscal Year ended June 30, 2020

	Unemployment Compensation Trust	Scholarship Fund	Total
ADDITIONS:			
Contributions:			
Plan Members	\$ 1,876		1,876
Total Contributions	1,876	-	1,876
Investment Earnings			
Interest	24	1	25
Net investment earnings	24	1	25
Total additions	1,900	1	1,901
DEDUCTIONS:			
Unemployment Claims			-
Total deductions	-	-	-
Change in net position	1,900	1	1,901
Net Position, July 1	39,481	2,108	41,589
Net Position, June 30	\$ 41,381	2,109	43,490

BOROUGH OF STONE HARBOR SCHOOL DISTRICT

Student Activity 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>
School fund account	\$ 2,636	3,722	2,600	3,758
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 2,636</u>	<u>3,722</u>	<u>2,600</u>	<u>3,758</u>

BOROUGH OF STONE HARBOR SCHOOL DISTRICT

Payroll Agency Fund

Statement of Changes in Assets and Liabilities
for the Fiscal Year ended June 30, 2020

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
ASSETS:				
Cash and cash equivalents	\$ 3,620	1,282,236	1,282,134	3,722
Total Assets	<u>3,620</u>	<u>1,282,236</u>	<u>1,282,134</u>	<u>3,722</u>
LIABILITIES:				
Net Payroll	-	754,780	754,780	-
Payroll deductions and withholdings	2,904	527,435	527,354	2,985
Interfunds payable	716	21	-	737
Total Liabilities	<u>\$ 3,620</u>	<u>1,282,236</u>	<u>1,282,134</u>	<u>3,722</u>

Statistical Section

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

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

	For the Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	1,794,232	1,734,899	1,778,058	1,914,369	2,420,762	2,771,109	2,890,929	2,781,305	3,068,255	3,074,035
Restricted	1,041,086	1,015,417	1,017,420	757,330	758,704	780,486	822,953	1,047,170	848,947	921,589
Unrestricted*	135,851	131,212	126,019	543	(214,499)	(228,763)	(268,245)	(265,967)	(271,598)	(341,552)
Total governmental activities net position	<u>2,971,169</u>	<u>2,881,528</u>	<u>2,921,497</u>	<u>2,672,242</u>	<u>2,964,967</u>	<u>3,322,832</u>	<u>3,445,637</u>	<u>3,562,508</u>	<u>3,645,604</u>	<u>3,654,072</u>
Business-type activities										
Net investment in capital assets	690	719	1,077	1,077	1,077	1,077	(11,374)	(12,489)	(5,068)	5,068
Restricted	690	719	1,077	1,077	1,077	1,077	(11,374)	(12,489)	(5,068)	5,068
Total business-type activities net position										
District-wide										
Net investment in capital assets	1,794,232	1,734,899	1,778,058	1,914,369	2,420,762	2,771,109	2,890,929	2,781,305	3,068,255	3,074,035
Restricted	1,041,086	1,015,417	1,017,420	757,330	758,704	780,486	822,953	1,047,170	848,947	921,589
Unrestricted	136,541	131,931	127,096	1,620	(213,422)	(227,686)	(279,619)	(278,456)	(276,666)	(336,484)
Total district net position	<u>2,971,859</u>	<u>2,882,247</u>	<u>2,922,574</u>	<u>2,673,319</u>	<u>2,966,044</u>	<u>3,323,909</u>	<u>3,434,263</u>	<u>3,550,019</u>	<u>3,640,536</u>	<u>3,659,140</u>

Source: CAFR Schedule A-1

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

	For the Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction										
Regular	1,222,275	1,122,672	1,024,767	1,162,153	1,054,873	1,121,525	1,336,009	1,555,586	1,426,737	1,302,766
Special education	54,763	108,924	115,364	148,083	160,655	149,805	157,826	164,440	157,792	158,510
Other instruction	15,157	121,088	133,244	31,664	32,674	35,545	100,063	200,205	167,261	190,748
Adult/continuing education programs										
Support Services:										
Tuition	196,793	1,182,222	1,119,127	935,354	745,152	722,129	689,862	564,938	471,475	470,735
Student & instruction related services	367,940	431,288	444,796	384,082	404,955	434,731	482,116	500,901	544,557	539,491
School administrative services	93,023	90,564	97,228	93,554	98,702	93,040	106,783	111,745	129,908	147,481
Other administrative services	93,526	100,103	120,089	131,607	149,288	179,487	211,317	172,431	160,072	176,640
Plant operations and maintenance	238,060	267,438	332,738	372,915	563,572	399,244	373,612	422,274	383,478	393,354
Pupil transportation	43,280	57,344	55,533	52,318	55,572	67,197	73,900	70,593	75,365	66,569
Interest on long-term debt	105,527	12,553	68,645	69,186	72,122	163,364	172,311	236,413	266,822	283,171
Special Schools			2,598	-	-	3,742	-	1,859	2,830	2,929
Total governmental activities expenses	2,430,344	3,494,196	3,514,129	3,380,916	3,337,565	3,369,809	3,703,799	4,001,385	3,786,297	3,732,394
Business-type activities:										
Milk Fund	1,845	819	140	-	-	-	-	-	-	-
After School Program										
Total business-type activities expense	1,845	819	140	-	-	-	-	28,966	23,312	17,334
Total district expenses	<u>2,432,189</u>	<u>3,495,015</u>	<u>3,514,269</u>	<u>3,380,916</u>	<u>3,337,565</u>	<u>3,369,809</u>	<u>3,703,799</u>	<u>4,030,351</u>	<u>3,809,609</u>	<u>3,749,728</u>
Program Revenues										
Governmental activities:										
Charges for Services										
Central and other support services	276,376	937,233	871,405	766,306	569,522	647,414	603,931	650,641	705,462	718,781
Operating grants and contributions	33,612	33,475	32,393	25,798	305,266	451,135	615,609	761,708	581,924	413,527
Total governmental activities program revenues	<u>309,988</u>	<u>970,708</u>	<u>903,798</u>	<u>792,104</u>	<u>874,788</u>	<u>1,098,549</u>	<u>1,219,540</u>	<u>1,412,349</u>	<u>1,287,386</u>	<u>1,132,308</u>
Business-type activities:										
Charges for services										
Milk Fund	1,111	848	498	-	-	-	-	-	-	-
After School Program										
Operating grants and contributions										
Capital grants and contributions										
Total business-type activities program revenues	<u>1,111</u>	<u>848</u>	<u>498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,928</u>	<u>15,733</u>	<u>8,152</u>
Total district program revenues	<u>311,099</u>	<u>971,556</u>	<u>904,296</u>	<u>792,104</u>	<u>874,788</u>	<u>1,098,549</u>	<u>1,219,540</u>	<u>1,441,277</u>	<u>1,303,119</u>	<u>1,140,460</u>
Net (Expense)/Revenue										

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

	For the Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities	(2,120,356)	(2,523,488)	(2,610,331)	(2,588,812)	(2,462,777)	(2,271,260)	(2,484,259)	(2,589,036)	(2,498,911)	(2,600,086)
Business-type activities	(734)	29	358	-	-	-	-	(38)	(7,579)	(9,182)
Total district-wide net expense	<u>(2,121,090)</u>	<u>(2,523,459)</u>	<u>(2,609,973)</u>	<u>(2,588,812)</u>	<u>(2,462,777)</u>	<u>(2,271,260)</u>	<u>(2,484,259)</u>	<u>(2,589,074)</u>	<u>(2,506,490)</u>	<u>(2,609,268)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	2,215,103	2,215,104	2,259,406	2,349,594	2,396,585	2,396,585	2,444,516	2,493,408	2,543,276	2,594,142
Taxes levied for debt service	159,464	221,509	288,924	238,831	214,869	211,978	211,130	217,678	52,694	50,940
Unrestricted grants and contributions	100	200	719	18	463	427	494	549	200	200
Restricted grants and contributions	9,518	4,180	126,123	100,985	1,188	15,731	5,395	379	837	1,696
Investment earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	-	-	-	-	-	-	-	-	-	-
Cancellation of Prior Year Receivable	-	-	-	-	-	-	(25,045)	-	-	-
Loss on Disposal of Fixed Assets	-	-	(4,872)	(3,888)	-	4,404	(29,426)	(7,184)	-	(19,106)
Adjustments	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	1,077	(15,000)	(19,318)
Total governmental activities	<u>2,384,185</u>	<u>2,440,993</u>	<u>2,650,300</u>	<u>2,685,540</u>	<u>2,755,502</u>	<u>2,629,125</u>	<u>2,607,064</u>	<u>2,705,907</u>	<u>2,582,007</u>	<u>2,608,554</u>
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	(1,077)	15,000	19,318
Transfers	-	-	-	-	-	-	-	(1,077)	15,000	19,318
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,077)</u>	<u>15,000</u>	<u>19,318</u>
Total district-wide	<u>2,384,185</u>	<u>2,440,993</u>	<u>2,650,300</u>	<u>2,685,540</u>	<u>2,755,502</u>	<u>2,629,125</u>	<u>2,607,064</u>	<u>2,704,830</u>	<u>2,597,007</u>	<u>2,627,872</u>
Change in Net Position										
Governmental activities	263,829	(82,495)	39,969	96,728	292,725	357,865	122,805	116,871	83,096	8,468
Business-type activities	(734)	29	358	-	-	-	-	(1,115)	7,421	10,136
Total district	<u>263,095</u>	<u>(82,466)</u>	<u>40,327</u>	<u>96,728</u>	<u>292,725</u>	<u>357,865</u>	<u>122,805</u>	<u>115,756</u>	<u>90,517</u>	<u>18,604</u>

Source: CAFR Schedule A-2

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	390,311	372,479	332,577	326,037	144,441	223,824	223,824	124,583	201,513	76,930
Committed	612,315	637,614	600,304	421,046	600,105	555,206	555,306	920,656	558,804	659,004
Assigned	38,460	5,324	84,539	10,247	14,158	1,456	43,823	1,931	88,630	185,655
Unassigned	250,622	248,360	245,091	245,417	244,257	245,543	240,139	245,070	245,423	174,912
Total general fund	<u>1,291,708</u>	<u>1,263,777</u>	<u>1,262,511</u>	<u>1,002,747</u>	<u>1,002,961</u>	<u>1,026,029</u>	<u>1,063,092</u>	<u>1,292,240</u>	<u>1,094,370</u>	<u>1,096,501</u>
All Other Governmental Funds										
Assigned	-	-	-	358,741	12,351	12,351	-	-	-	-
Unreserved, reported in:										
Capital projects fund	-	-	-	(146,802)	1,967	1,967	-	-	-	-
Total all other governmental funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>211,939</u>	<u>14,318</u>	<u>14,318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Source: CAFR Schedule B-1

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax levy	2,215,103	2,215,104	2,259,406	2,349,594	2,396,585	2,396,585	2,444,516	2,493,408	2,543,276	2,594,142
Tuition charges	170,849	924,680	802,760	897,120	497,400	484,050	431,620	414,228	438,640	435,610
Interest earnings	100	200	719	18	483	427	494	549	200	200
Miscellaneous	12,662	8,091	128,979	100,985	4,318	16,865	8,169	1,479	4,247	3,696
State sources	159,464	219,232	288,924	238,831	413,381	289,107	319,360	516,229	373,404	370,010
Federal sources	30,468	29,564	29,537	25,798	12,537	28,092	11,925	12,628	17,013	20,656
Total revenue	2,588,646	3,396,871	3,490,325	3,412,346	3,324,684	3,215,126	3,216,084	3,438,521	3,376,780	3,424,314
Expenditures										
Instruction	907,748	888,555	817,336	913,362	883,639	813,375	879,251	980,603	958,652	873,045
Regular instruction	38,115	85,869	87,336	114,434	111,122	96,661	98,877	100,896	104,760	107,204
Special education instruction	9,609	107,908	109,694	26,345	24,595	25,431	68,874	135,115	124,512	148,166
Other instruction										
Support Services:										
Tuition	156,324	995,934	921,326	778,222	560,920	516,664	474,836	381,286	350,973	365,649
Student & instruction related services	369,521	354,491	354,723	306,402	290,115	295,257	317,211	322,926	386,322	395,176
General administration	68,907	78,438	91,226	100,726	102,565	117,898	135,695	106,290	106,458	121,287
School administrative services	37,979	38,687	40,500	34,248	30,938	30,202	32,740	34,511	34,482	38,431
Plant operations and maintenance	186,557	221,416	275,814	304,864	418,392	283,245	252,283	279,945	279,207	297,585
Pupil transportation	34,380	48,308	45,717	43,529	41,833	48,078	50,864	47,641	56,102	51,708
Other support services	28,611	30,524	30,800	34,223	32,068	31,756	31,591	30,537	48,129	57,818
Unallocated employee benefits	464,132	537,599	608,516	556,345	582,532	544,738	536,556	737,842	639,215	683,883
Special Schools			2,598	-	-	3,226	-	1,560	2,574	2,837
Charter Schools	29,865	32,204	106,005	243,583	443,372	404,249	275,198	51,318	468,464	260,076
Capital outlay										
Debt service:										
Principal										
Interest and other charges										
Total expenditures	2,331,748	3,419,933	3,491,591	3,456,283	3,522,091	3,210,780	3,153,976	3,210,450	3,559,850	3,402,865
Excess (Deficiency) of revenues over (under) expenditures	256,898	(23,062)	(1,266)	(43,937)	(197,407)	4,346	62,108	228,071	(183,070)	21,449
Other Financing sources (uses)										
Transfer in										
Transfers out										
Cancellation of prior year receivable				246,588	6,371	(6,371)	-	-	-	-
Insurance Recoveries for Storm Damage				(246,588)	(6,371)	6,371	(25,045)	1,077	(15,000)	(19,318)
Expenses related to Storm Damage				(3,888)	-	4,404	-	-	-	-
Increase in Capital Reserve		648,334	(648,334)	-	(101)	(101)	-	-	-	(100)
Transfer to Capital Reserve				-	(178,958)	(44,899)	-	-	(264,702)	(100,000)
Decrease in Current Expense Emergency Reserve				-	-	-	-	-	57,050	-
Withdrawal from Current Expense Emergency Reserve				-	-	-	-	-	(57,000)	-
Decrease in Maintenance Reserve				-	-	-	-	-	(40,000)	-
Withdrawal from Maintenance Reserve				-	-	-	-	-	40,050	-
Interest earned on Capital Reserve				-	179,059	45,000	-	-	264,802	100,100
Total other financing sources (uses)	-	-	-	(3,888)	-	4,404	(25,045)	1,077	(14,800)	(19,318)
Net change in fund balances	256,898	(23,062)	(1,266)	(47,825)	(197,407)	8,750	37,063	229,148	(197,870)	2,131

Source: CAFR Schedule B-2

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Misc.</u>	<u>Total</u>
2011	100	12,662	12,762
2012	200	8,091	8,291
2013	719	126,123	126,842
2014	18	100,985	101,003
2015	463	1,188	1,651
2016	427	15,731	16,158
2017	494	5,395	5,889
2018	549	379	928
2019	200	837	1,037
2020	200	1,696	1,896

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2011	67,064,000	4,490,125,700			161,489,800		4,370,200	4,723,049,700	295,268,500	489,027	4,428,270,227	0.051	4,488,890,590
2012	75,408,100	4,490,726,300			159,449,900		4,370,200	4,729,954,500	295,268,500	473,991	4,435,159,991	0.051	4,449,303,435
2013	86,382,100	4,472,077,900			156,638,100		4,370,200	4,719,468,300	296,529,600	440,239	4,423,378,939	0.053	4,188,584,215
2014	94,982,300	4,451,222,400			165,999,000		4,370,200	4,716,573,900	298,422,200	303,125	4,418,454,825	0.056	4,053,767,320
2015	96,253,000	4,468,793,200			165,112,500		2,655,200	4,732,813,900	299,171,000	304,330	4,433,947,230	0.055	4,008,685,861
2016	82,610,800	4,489,928,900			165,428,800		2,655,200	4,740,623,700	299,171,000	304,621	4,441,757,321	0.056	4,130,826,571
2017	50,599,300	4,536,037,000			163,874,700		2,655,200	4,753,166,200	299,161,600	308,488	4,454,313,088	0.056	4,316,439,875
2018	121,948,900	4,522,154,000			400,104,600		2,750,400	5,046,957,900	218,854,500	-	4,828,103,400	0.053	4,534,047,182
2019	88,234,700	4,574,049,100			399,439,100		2,750,400	5,064,473,300	218,630,100	-	4,845,843,200	0.054	4,732,440,552
2020	99,558,700	4,594,049,400			405,035,700		2,750,400	5,101,394,200	214,763,300	-	4,886,630,900	0.054	5,148,451,293

Source: District records Tax list summary & Municipal Tax Assessor

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

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

b Tax rates are per \$100

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

Fiscal Year Ended June 30,	BOROUGH OF STONE HARBOR SCHOOL DISTRICT			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt		Borough of Stone Harbor	Cape May County	
		Service ^b	Total Direct			
2011	0.051	-	0.051	0.202	0.226	0.479
2012	0.051	-	0.051	0.216	0.235	0.502
2013	0.053	-	0.053	0.224	0.232	0.509
2014	0.056	-	0.056	0.232	0.230	0.518
2015	0.055	-	0.055	0.239	0.231	0.525
2016	0.056	-	0.056	0.239	0.240	0.535
2017	0.056	-	0.056	0.245	0.254	0.555
2018	0.053	-	0.053	0.246	0.253	0.552
2019	0.054	-	0.054	0.251	0.268	0.573
2020	0.054	-	0.054	0.268	0.288	0.610

Source: District Records and Municipal Tax Collector

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

- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- b** Rates for debt service are based on each year's requirements.

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

Taxpayer	2020				2011			
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	
Immaculate Heart of Mary Convent	30,611,000	1	0.63%		29,975,000	1	0.68%	
100th Street LLC	23,426,200	2	0.48%		7,790,700	8	0.18%	
Taxpayer #1	13,608,100	3	0.28%					
NACL Associates	12,775,600	4	0.26%		11,340,300	3	0.26%	
Taxpayer #2	11,198,700	5	0.23%					
Taxpayer #3	10,098,700	6	0.21%					
Taxpayer #4	9,814,300	7	0.20%					
Taxpayer #5	9,622,100	8	0.20%					
Taxpayer #6	8,794,500	9	0.18%					
Taxpayer #7	8,443,700	10	0.17%					
Taxpayer #8					15,408,600	2	0.35%	
Famersham Associates					9,498,900	4	0.21%	
Taxpayer #9					9,180,900	5	0.21%	
Taxpayer #10					9,146,800	6	0.21%	
Taxpayer #11					8,038,600	7	0.18%	
Dove Holdings, LLC					7,548,700	9	0.17%	
Taxpayer #12					7,380,700	10	0.17%	
Total	138,392,900		2.83%		115,309,200		2.60%	

Source: District CAFR & Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	2,215,103	2,215,103	100%	
2012	2,215,104	2,215,104	100%	
2013	2,259,406	2,259,406	100%	
2014	2,349,594	2,304,594	98%	45,000
2015	2,396,585	2,396,585	100%	
2016	2,396,585	2,396,585	100%	
2017	2,444,516	2,444,516	100%	
2018	2,493,408	2,493,408	100%	
2019	2,543,276	2,543,276	100%	
2020	2,594,142	2,594,142	100%	

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases		
2011	-	-	-	-	-	0.000%	-
2012	-	-	-	-	-	0.000%	-
2013	-	-	-	-	-	0.000%	-
2014	-	-	-	-	-	0.000%	-
2015	-	-	-	-	-	0.000%	-
2016	-	-	-	-	-	0.000%	-
2017	-	-	-	-	-	0.000%	-
2018	-	-	-	-	-	0.000%	-
2019	-	-	-	-	-	0.000%	-
2020	-	-	-	-	-	0.000%	-

No Debt for past 10 Years

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

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

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

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

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	<u>Per Capita ^b</u>
	General Obligation Bonds	Deductions			
2011	-		-	0.000%	
2012	-		-	0.000%	
2013	-		-	0.000%	
2014	-		-	0.000%	
2015	-		-	0.000%	
2016	-		-	0.000%	
2017	-		-	0.000%	
2018	-		-	0.000%	
2019	-		-	0.000%	
2020	-		-	0.000%	

No Debt for past 10 Years

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

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

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

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2020
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Stone Harbor	34,457,426	100.00%	34,457,426
County of Cape May - Borough's share (9.17%)	299,971,257	9.40%	28,199,453
Subtotal, overlapping debt			62,656,879
BOROUGH OF STONE HARBOR SCHOOL DISTRICT Direct Debt			-
Total direct and overlapping debt			<u>62,656,879</u>

Sources: Borough of Stone Harbor Finance Officer

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2018

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	139,288,030	112,803,220	109,336,311	105,722,581	101,999,242	101,370,716	103,423,858	107,678,231	113,025,923	119,705,607
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>139,288,030</u>	<u>112,803,220</u>	<u>109,336,311</u>	<u>105,722,581</u>	<u>101,999,242</u>	<u>101,370,716</u>	<u>103,423,858</u>	<u>107,678,231</u>	<u>113,025,923</u>	<u>119,705,607</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Average equalized valuation of taxable property	4,788,224,261
Equalized valuation basis	
2019	5,101,961,676
2018	4,761,443,195
2017	4,501,267,913
	<u>14,364,672,784</u>

Debt limit (2.5% of average equalized value)	119,705,607
Net bonded school debt	-
Legal debt margin	<u>119,705,607</u>

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

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

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

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2011	866	41,133	47,498	9.10%
2012	860	40,848	47,498	9.50%
2013	854	40,563	47,498	10.30%
2014	847	41,244	48,694	11.20%
2015	844	44,121	52,276	10.30%
2016	836	45,087	53,932	8.90%
2017	833	44,406	53,309	6.90%
2018	822	45,099	54,865	6.40%
2019	811	47,301	58,324	5.20%
2020	810	49,310	60,877	3.40%

Source:

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

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

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

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

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Principal Employers,
Current Year and Nine Years Ago
Unaudited

<u>Employer</u>	<u>2020</u>		<u>2011</u>		<u>Percentage of Total Employment</u>
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Employees</u>	<u>Rank (Optional)</u>	
					0.00%
					0.00%
					0.00%
					0.00%
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					0.00%
					0.00%

Source:
 Information was not available from any source

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

<u>Function/Program</u>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction	13.2	13.7	11.6	11.8	11.1	11.1	11.1	11.1	9.6	10.0
Regular										
Support Services:										
School administrative services	0.5	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Business administrative services	1.0	1.0	0.5	0.5	0.5	0.5	0.5	0.5	0.6	1.0
Student & instruction related services	0.5	2.3	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Central services	1.0	1.0	2.0	2.5	2.0	2.0	2.0	2.0	2.0	3.5
Total	16.2	18.4	16.6	17.3	16.1	16.1	16.1	16.1	14.7	17.0

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2011	75	2,301,883	30,692	-16.75%	13.4	6:1	78.70	69.70	25.32%	88.56%	
2012	79	3,387,729	42,883	39.72%	13.7	6:1	73.00	69.60	-7.24%	95.34%	
2013	78	2,531,378	32,454	-24.32%	11.6	7:1	76.30	72.61	4.52%	95.16%	
2014	76	2,674,255	35,188	8.42%	11.8	7:1	73.56	69.68	-3.59%	94.73%	
2015	69	2,638,452	38,238	8.67%	11.1	6:1	67.50	64.16	-8.24%	95.05%	
2016	68	2,397,405	35,256	-7.80%	11.1	6:1	69.42	65.63	2.84%	94.54%	
2017	75	2,274,725	30,330	-13.97%	11.1	7:1	81.25	76.69	17.04%	94.39%	
2018	90	2,229,847	24,776	-18.31%	11.1	8:1	89.62	84.07	10.30%	93.81%	
2019	99	2,601,198	26,275	6.05%	11.1	8:1	98.32	92.27	9.71%	93.85%	
2020	99	2,529,820	25,554	-2.74%	10.0	8:1	89.29	85.31	-9.18%	95.54%	

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

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
District Building										
Elementary										
Stone Harbor Elementary	22,665	22,665	22,665	22,665	22,665	22,665	22,665	22,665	22,665	22,665
Square Feet	154	154	154	154	154	154	154	154	154	154
Capacity (students)	79	79	78	76	69	68	75	75	99	99
Enrollment										

Number of Schools at June 30, 2019
 Elementary = 1

Source: District records, ASSA

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

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

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

School Facilities	Project # (s)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Stone Harbor Elementary	N/A	99,838	79,996	71,875	55,957	58,742	203,864	67,919	44,024	69,292	50,641
Total School Facilities		<u>99,838</u>	<u>79,996</u>	<u>71,875</u>	<u>55,957</u>	<u>58,742</u>	<u>203,864</u>	<u>67,919</u>	<u>44,024</u>	<u>69,292</u>	<u>50,641</u>
Other Facilities											
Grand Total		<u>99,838</u>	<u>79,996</u>	<u>71,875</u>	<u>55,957</u>	<u>58,742</u>	<u>203,864</u>	<u>67,919</u>	<u>44,024</u>	<u>69,292</u>	<u>50,641</u>

BOROUGH OF STONE HARBOR BOARD OF EDUCATION**Insurance Schedule****June 30, 2020*****Unaudited***

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

Source: District Records

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

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Single Audit Section

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FORD - SCOTT

& ASSOCIATES, L.L.C.

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K-1 INDEPENDENT AUDITOR'S 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

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

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

Internal Control over Financial Reporting

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

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

that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Michael S. Garcia

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

January 8, 2021

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Program or Award Amount	Balance 6/30/2019	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures		(MEMO) Pass Through to Sub-Recipients	Repayment of Prior Years' Balances/ Adjustments	(Accounts Receivable) 6/30/2020	Deferred Revenue 6/30/2020	Due to Grantor at 6/30/2020
									Pass Through	Direct					
Passed-through State Department of Education:															
Special Revenue Fund:															
IDEA Part B, Basic Regular	84-027	H027A190100	FT19	7/1/19-9/30/20	16,126	-	-	5,080	(16,126)	(16,126)	-	-	(11,046)	-	-
IDEA Part B, Basic Preschool	84-173	H173A180114	FT19	7/1/19-9/30/20	4,530	-	-	-	(4,530)	(4,530)	-	-	(4,530)	-	-
IDEA Part B, Basic Regular	84-027	H027A180100	FT18	7/1/18-6/30/19	14,763	(14,763)	-	14,763	-	-	-	-	-	-	-
IDEA Part B, Basic Preschool	84-173	H173A180114	FT18	7/1/18-6/30/19	4,487	(2,250)	-	2,230	-	-	-	-	-	-	-
						(17,013)	-	22,093	(20,656)	(20,656)	-	-	(15,576)	-	-
Total Special Revenue Fund						(17,013)	-	22,093	(20,656)	(20,656)	-	-	(15,576)	-	-
Total Federal Awards						(17,013)	-	22,093	(20,656)	(20,656)	-	-	(15,576)	-	-

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2020

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period	Balance at 6/30/2019	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2020			MEMO																															
									(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures																														
State Department of Education																																											
General Fund:																																											
Special Education Categorical Aid	20-495-034-5120-089	23,364	7/1/19-6/30/20			23,364	(23,364)						2,167	23,364																													
Security Aid	20-495-034-5120-084	2,797	7/1/19-6/30/20			2,797	(2,797)						260	2,797																													
Adjustment Aid	20-495-034-5120-085	4,726	7/1/19-6/30/20			4,726	(4,726)						439	4,726																													
	Subtotal State Aid Public			-	-	30,887	(30,887)	-	-	-	-	-	2,866	30,887																													
Transportation Aid	20-495-034-5120-014	19,899	7/1/19-6/30/20			19,899	(19,899)						1,847	19,899																													
Reimbursed Non Public																																											
Transportation Aid		290	7/1/18-6/30/19	(290)		290								290																													
Reimbursed TPAF																																											
Social Security Contributions	19-495-034-5094-003	61,513	7/1/19-6/30/20			55,144	(61,513)			(6,369)				61,513																													
Reimbursed TPAF																																											
Social Security Contributions	19-495-034-5094-003	68,190	7/1/18-6/30/19	(6,753)		6,753								68,190																													
On-Behalf TPAF Pension Contributions	19-495-034-5095-001	257,557	7/1/18-6/30/19			257,557	(257,557)							257,557																													
Total General Fund				(7,043)	-	370,530	(369,856)	-	-	(6,369)	-	-	4,713	438,336																													
Total State Financial Assistance				(7,043)	-	370,530	(369,856)	-	-	(6,369)	-	-	4,713	438,336																													
Less: On-Behalf TPAF Pension Contributions:																																											
<table border="0" style="width:100%"> <tr> <td style="text-align:right">_____</td> <td>(257,557)</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="text-align:right">_____</td> <td>(112,299)</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>														_____	(257,557)														_____	(112,299)													
_____	(257,557)																																										
_____	(112,299)																																										

The Accompanying Notes to Schedules of Awards and Financial Assistance are an integral part of this schedule.

Borough of Stone Harbor School District
Notes to the Schedules of Financial Assistance
June 30, 2020

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to P.L. 2003, c.97 (A3521). For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from budgetary basis to GAAP basis is \$154 for the general fund and \$0 for the special revenue fund. See the following schedule and Schedule C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

Borough of Stone Harbor School District
Notes to the Schedules of Financial Assistance
June 30, 2020

	<u>General Fund</u>	<u>Total</u>
State Assistance:		
Actual amounts (budgetary) “revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 369,856	369,856
Difference – budget to “GAAP”		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	4,867	4,867
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(4,713)	(4,713)
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 370,010</u>	<u>\$ 370,010</u>

Borough of Stone Harbor School District
Notes to the Schedules of Financial Assistance
June 30, 2020

	Special Revenue Fund	Total
Federal Assistance:		
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	\$ 20,656	20,656
Difference - budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	-
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balances	\$ 20,656	20,656

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

The amounts reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the district for the year ended June 30, 2020. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2020.

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Part I -- Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
1) Material weakness(es) identified?	yes	<u> X </u>	no
2) Significant deficiencies identified that are not considered to be material weaknesses?	yes	<u> X </u>	none reported
Noncompliance material to basic financial statements noted?	yes	<u> X </u>	no

Federal Awards Section

Not Applicable

Internal Control over major programs:			
1) Material weakness(es) identified?	yes	<u> </u>	no
2) Significant deficiencies identified	yes	<u> </u>	none reported
Type of auditor's report on compliance for major programs	<u>N/A</u>		
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance	yes	<u> </u>	no

Identification of major programs:

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

Dollar threshold used to determine Type A programs:	<u> </u>
Auditee qualified as low-risk auditee?	<u> </u> yes <u> </u> no

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Part I -- Summary of Auditor's Results

State Awards Section

Not Applicable

Internal Control over major programs:

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

2) Significant deficiencies identified _____ yes _____ none reported

Type of auditor's report on compliance for major programs

_____ N/A _____

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

_____ yes _____ no

Identification of major programs:

GMIS Number(s)

Name of State Program

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

N) Dollar threshold used to determine Type A programs: _____

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

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING JUNE 30, 2020**

Part 2 – Schedule of Financial Statement Findings

NONE

Part 3 – Schedule of State Award Findings and Questioned Costs

NONE

STATUS OF PRIOR YEAR FINDINGS

NONE