

**SOUTH HUNTERDON REGIONAL
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

JUNE 30, 2021

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



Certified Public Accountants, PC

**SOUTH HUNTERDON REGIONAL
SCHOOL DISTRICT**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
Introduction Section	
Letter of Transmittal	1 - 7
Organizational Chart	8
Roster of Officials	9
Consultants and Advisors	10
Financial Section	
Independent Auditors' Report	11 - 13
Required Supplementary Information - Part I	
Management's Discussion and Analysis	14 - 22
Basic Financial Statements	
A. District-Wide Financial Statements	
A-1 Statement of Net Position	23 - 24
A-2 Statement of Activities	25
B. Fund Financial Statements	
Governmental Funds	
B-1 Balance Sheet	26 - 27
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	28 - 29
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30 - 31
Proprietary Funds	
B-4 Statement of Net Position	32
B-5 Statement of Revenues, Expenses, and Changes in Net Position	33 - 34
B-6 Statement of Cash Flows	35
Fiduciary Funds	
B-7 Statement of Net Position	N/A
B-8 Statement of Changes in Net Position	N/A
Notes to the Financial Statements	36 - 72

**SOUTH HUNTERDON REGIONAL
SCHOOL DISTRICT**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021

TABLE OF CONTENTS (continued)

	<u>Page</u>
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules	
C-1 General Fund - Budgetary Comparison Schedule	73 - 80
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	N/A
C-1b Community Development Block Grant - Budget and Actual	N/A
C-2 Special Revenue Fund - Budgetary Comparison Schedule	81
Notes to the Required Supplementary Information - Part II	
C-3 Budget-to-GAAP Reconciliation	82
Required Supplementary Information - Part III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System	83
L-2 Schedule of District's Contributions - Public Employees Retirement System	84
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund	85
L-4 Schedule of District's Contributions - Teacher's Pension and Annuity Fund	86
M. Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits (GASB 75)	
M-1 Schedule of the District's Proportionate Share of the Net Other Postemployment Employee Benefits Liability	87
Notes to the Required Supplementary Information - Part III	88

**SOUTH HUNTERDON REGIONAL
SCHOOL DISTRICT**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021

TABLE OF CONTENTS (continued)

	<u>Page</u>
Other Supplementary Information	
D. School Based Budget Schedules	N/A
Combining and Individual Non-Major Fund Financial Statements	
E. Special Revenue Fund	
E-1 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	89 - 90
E-2 Schedule of Preschool Education Aid Expenditure	N/A
F. Capital Projects Fund	
F-1 Summary Schedule of Project Expenditures	91
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	92
F-2a to F-2f Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis	93 - 98
G. Proprietary Funds	
Enterprise Fund	
G-1 Statement of Net Position	N/A
G-2 Statement of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-3 Statement of Cash Flows	N/A
H. Fiduciary Funds	N/A
I. Long-Term Debt	
I-1 Schedule of Serial Bonds	99
I-2 Schedule of Obligations under Capital Leases	100
I-3 Debt Service Fund - Budgetary Comparison Schedule	101
Statistical Section	
J. Statistical Section	
J-1 Net Position by Component	102
J-2 Changes in Net Position	103 - 105
J-3 Fund Balances - Governmental Funds	106
J-4 Changes in Fund Balances - Governmental Funds	107 - 108
J-5 General Fund - Other Local Revenues by Source	109
J-6 Assessed Value and Actual Value of Taxable Property	110 - 113
J-7 Direct and Overlapping Property Tax Rates	114 - 116

**SOUTH HUNTERDON REGIONAL
SCHOOL DISTRICT**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021

TABLE OF CONTENTS (continued)

		<u>Page</u>
J.	Statistical Section (continued)	
	J-8 Principal Property Taxpayers	117 - 119
	J-9 Property Tax Levies and Collections	120
	J-10 Ratios of Outstanding Debt by Type	121
	J-11 Ratios of Net General Bonded Debt Outstanding	122
	J-12 Direct and Overlapping Governmental Activities Debt	123
	J-13 Legal Debt Margin Information	124
	J-14 Demographic and Economic Statistics	125 - 127
	J-15 Principal Employers	128
	J-16 Full Time Equivalent District Employees by Function/Program	129
	J-17 Operating Statistics	130
	J-18 School Building Information	131
	J-19 Schedule of Required Maintenance	132
	J-20 Insurance Schedule	133
	Single Audit Section	
K.	Single Audit Section	
	K-1 Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	134 - 135
	K-2 Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the New Jersey OMB Circular Letter 15-08.	136 - 138
	K-3 Schedule of Expenditures of Federal Awards, Schedule A	139
	K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	140
	K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	141 - 142
	K-6 Schedule of Findings and Questioned Costs	143 - 145
	K-7 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	146



South Hunterdon Regional School District

Mt. Airy – Harbourton Road, Lambertville, New Jersey 08530

www.shrsd.org

Anthony Suozzo, Superintendent of Schools (609) 397-1888 (609) 397-6495 Fax
Andrew Harris, Business Administrator/Board Secretary (609) 397-0323 (609) 397-2508 Fax
Geoff Hewitt, Director of Curriculum, Instruction & Assessment (609) 397-9311 (609) 397-2470 Fax

March 2, 2022

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

Dear Board Members:

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

The annual comprehensive financial report is presented in four sections:

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

Lambertville Public School – Wanda Quiñones, Principal (609) 397-0183 (609) 397-4607 Fax
South Hunterdon Regional High School – Jennifer Beresh MacKnight, Principal (609) 397-2060 (609) 397-2366 Fax
West Amwell Township Elementary School – David Miller, Principal (609) 397-0819 (609) 397-4350 Fax

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

DESCRIPTION OF THE DISTRICT

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

The District has four buildings located in the Township of West Amwell, City of Lambertville and Stockton Borough. The State of New Jersey requires submission of enrollment data as of October 15 of each year. The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, as well as education for special needs students. The District completed the 2020-21 Fiscal Year with an average daily enrollment of 805. The following details the changes in the student enrollment of the District over the last seven years since regionalization.

AVERAGE DAILY ENROLLMENT

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2020-21	896	(2.79%)
2019-20	921	+1.77%
2018-19	905	(0.96%)
2017-18	935	(0.53%)
2016-17	940	+0.11%
2015-16	939	(2.19%)
2014-15	960	(0.21%)
2013-14	962	

Economic Condition and Outlook

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

Major Initiatives

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

1. Facilities

Projects included 2020-21 budget:

Repave Student Parking lot
Soccer field renovation
Field irrigation system

Future projects planned:

Improvements to the MS/HS Auditorium
Construct a Pole Barn for additional outdoor storage
Update and modernize classrooms

During the 2020-2021 school year, the board put forth a referendum proposal for the consideration of a new 4-8 school building with renovations and new construction for Lambertville Public School. The vote will occurred November 2nd, 2021 at the outcome is yet to be determined.

2. Administrative Team

In July of 2020 the Board of Education hired Anthony Suozzo as superintendent of schools. On July 1st, 2021, Kerry Sevilis retired as Business Administrator and Andrew Harris was hired to the position. Additionally, on July 1st, Adam Leaman was hired to fill the role of Supervisor of STEM and District Projects

3. Strategic Planning/District Goals/Board Goals

With the assistance of New Jersey School Boards Association, the District developed District and Board goals for the 2020-2021 school year.

4. Student Achievement

Increasing student achievement continues to be a district goal for 2020-2021. Teachers are committed to deliver content rich standards-based curriculum. State and local assessments provide data to guide strategies that will support all students.

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

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

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

Student achievement is reviewed by administration via classroom observations and review of teacher SGO's throughout the school year. This year PARCC tests were not administered due to the Covid-19 pandemic.

5. Academic Partnerships

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

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

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

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

6. Communication with Public

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

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

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

7. Technology

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

For the 2021-2022 school year we will be purchasing updated laptops and desktops for teachers, a new server for data storage, additional robotics equipment, student laptops and desktops to support STEM initiatives, and equipment to support the new Varsity eSports Team. Normal levels of support are anticipated for the school year; however, the model could be modified given the still lingering uncertainty surrounding the pandemic. With Remote Learning comes a need for WiFi hotspots for families without home Internet, the sending of all 1:1 Devices home (instead of just 7-12th Grades), remote troubleshooting and repair, and the potential need for a variety of new software services to support remote teaching and learning.

8. Parent Involvement

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

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

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

Internal Accounting Controls

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits require estimates and judgments by management. The establishment of GAAP has been able to give management a day-to-day actual account of all moneys being received and spent. The preparation of these monthly reports provides a clear picture of all activity generated from the District.

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

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

Budgetary Controls

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

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

Accounting System and Reports

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

Debt Administration

The District's debt service payment for principal and interest during 2020-2021 school year were \$1,426,161 and \$300,713, respectively.

Cash Management

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

Risk Management

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

Other Information

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

Acknowledgements

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

Respectfully submitted,

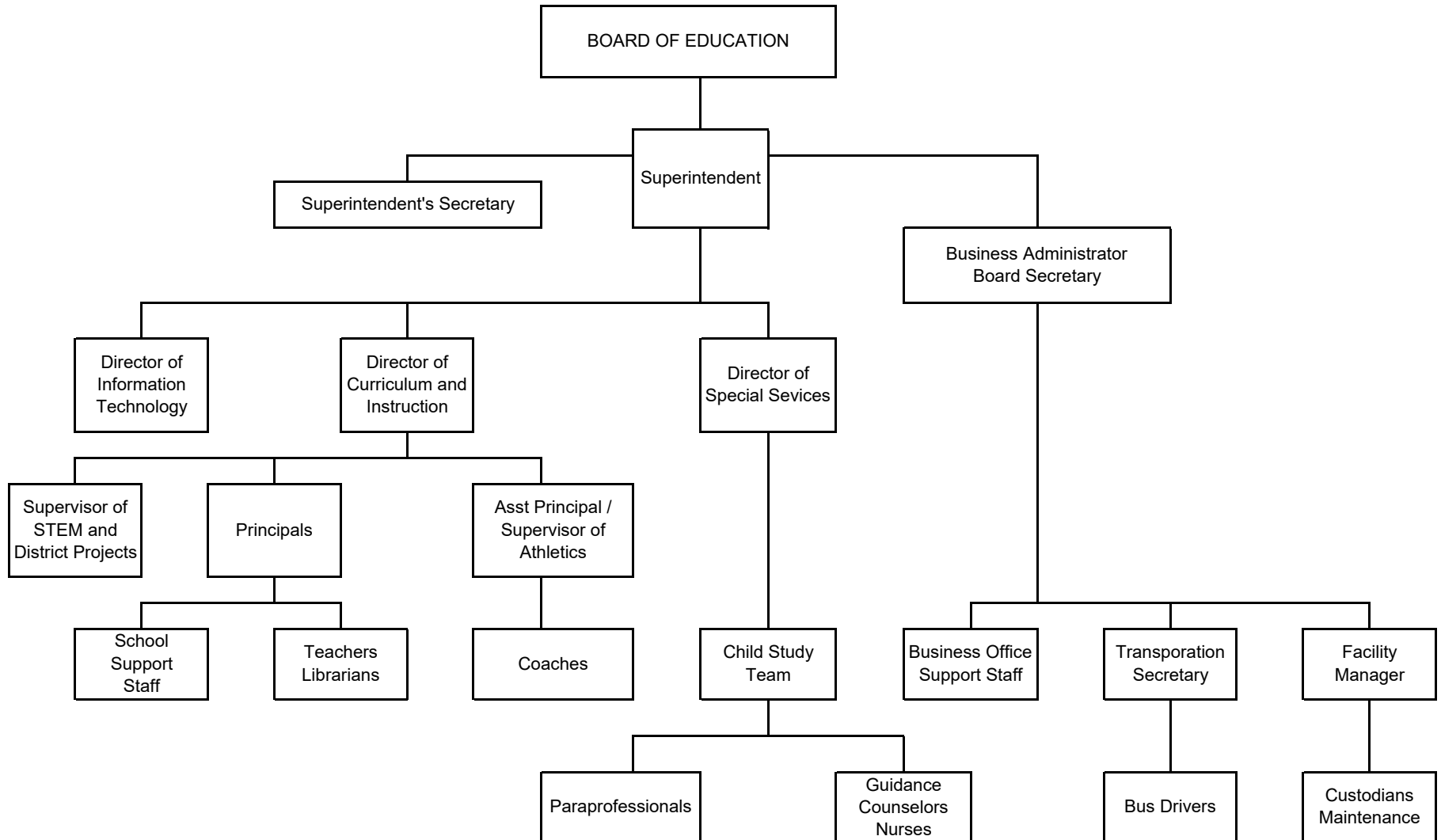


Anthony Suozzo
Superintendent



Andrew Harris
Business Administrator/Board Secretary

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Organizational Chart**



**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION
Roster of Officials
June 30, 2021**

Members of the Board of Education	Title	Term Expires
Kevin Koveloski	President	2022
Filomena Hengst	Vice President	2021
Dr. Lauren Braun-Strumfels		2021
Martha Dennis		2021
Traci Paciulli		2021
Jim Gallagher		2022
Diana Pursell		2023
Roni Todd-Marino		2023
Meagan Warner		2023

Other Officials	Title
Anthony Suozzo	Superintendent
J. Andrew Harris	Business Administrator/Board Secretary

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION
Consultants and Advisors
June 30, 2021**

AUDIT FIRM

BKC, CPAs, PC
39 State Route 12, Ste 2
Flemington, NJ 08822

ATTORNEYS

Porzio, Bromberg & Newman, P.C.
100 Southgate Parkway
P.O. Box 1997
Morristown, NJ 07962-1997

Scarinci Hollenbeck Attorneys at Law
1100 Valley Brook Avenue
P.O. Box 790
Lyndhurst, NJ 07071-0790

David B. Rubin Attorney at Law
44 Bridge Street
P.O. Box 4579
Metuchen, NJ 08840

ARCHITECT

USA Architects
20 North Doughty Avenue
Somerville, NJ 08876

OFFICIAL DEPOSITORY

Investors Savings Bank
3563 Rt. 22 East
P.O. Box 499
Whitehouse, NJ 08888

BOND COUNSEL

Wilentz, Goldman, Spitzer Attorneys at Law
Lisa Gorab
90 Woodbridge Center Drive
Suite 900, Box 10
Woodbridge, NJ 07095-0958



Certified Public Accountants, PC
www.bkc-cpa.com

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Hunterdon Regional School District (the District) in the County of Hunterdon, as of and for the fiscal year ended June 30, 2021, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Hunterdon Regional School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

The District adopted new accounting guidance as promulgated by GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's Basic Financial Statements. The introduction section, combining and individual fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also not a required part of the basic financial statements.

The combining and individual fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



BKC, CPAs, PC



Michael Holk, CPA, PSA
NO. 20CS00265600

March 2, 2022
Flemington, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The discussion and analysis of South Hunterdon Regional School District's (the District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- In total, net position increased \$1,367,184 which represents a 12.05% increase from 2020.
- General revenues accounted for \$34,249,168 in revenue or 96.67% of all revenues. Program specific revenues in the form of charges for services, operating grants, and contributions accounted for \$1,180,185 or 3.33% to total revenues of \$35,429,353.
- Total assets of governmental activities decreased by \$118,416, as cash and cash equivalents decreased by \$969,613, receivables and other assets increased by \$115,477, and capital assets increased by \$735,720.
- The School District had \$34,062,169 in expenses; only \$1,180,185 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$34,249,168 were adequate to provide for these programs.
- Among major funds, the general fund had \$25,858,552 in revenues, \$25,284,146 in expenditures and \$1,293,001 in transfers out. The general fund's balance decreased \$718,595 from 2020.

Using this Annual Comprehensive Financial Report (ACFR)

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question; “How did we do financially during fiscal year 2021?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position at June 30, 2021 compared to June 30, 2020.

Table 1
Net Position

	06/30/21	06/30/20	Variance	
			Dollars	Percent
Assets				
Current & other assets	\$ 4,342,217	\$ 5,210,894	\$ (868,677)	-16.67%
Capital assets	22,949,908	22,226,743	723,165	3.25%
Total assets	27,292,125	27,437,637	(145,512)	-0.53%
Deferred outflows of resources				
Deferred amount on pension activity	2,828,191	4,435,066	(1,606,875)	-36.23%
Deferred amount on bond premium	499,211	599,054	(99,843)	-16.67%
Deferred amount on loss on refunding long-term debt	9,003	10,803	(1,800)	-16.66%
Total deferred outflows of resources	3,336,405	5,044,923	(1,708,518)	-33.87%
Liabilities				
Long-term liabilities	13,317,450	15,442,788	(2,125,338)	-13.76%
Other liabilities	570,671	588,354	(17,683)	-3.01%
Total liabilities	13,888,121	16,031,142	(2,143,021)	-13.37%
Deferred inflows of resources				
Deferred amount on pension liability	3,974,151	5,041,912	(1,067,761)	-21.18%
Deferred amount on gain on refunding long-term debt	52,163	62,595	(10,432)	-16.67%
Total deferred inflows of resources	4,026,314	5,104,507	(1,078,193)	-21.12%
Net position				
Net investment in capital assets	15,561,748	13,338,725	2,223,023	16.67%
Restricted	2,344,414	3,746,385	(1,401,971)	-37.42%
Unrestricted	(5,192,067)	(5,738,199)	546,132	9.52%
Total net position	\$ 12,714,095	\$ 11,346,911	\$ 1,367,184	12.05%

Total assets decreased \$145,512. Cash and cash equivalents decreased by \$1,018,746, receivables and other assets increased by \$150,069, and capital assets increased by \$723,165. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District increased by \$546,132.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

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

Table 2 shows the changes in net position for the fiscal year ended June 30, 2021 compared to June 30, 2020.

Table 2
Changes in Net Position

	06/30/21	06/30/20	Variance	
			Dollars	Percent
Revenues				
Program revenues				
Charges for services	\$ 296,759	\$ 205,089	\$ 91,670	44.70%
Operating grants and contributions	883,426	664,306	219,120	32.98%
General revenues				
Property taxes	20,210,892	19,723,954	486,938	2.47%
Grants and entitlements	13,955,705	10,490,631	3,465,074	33.03%
Other	82,571	251,299	(168,728)	-67.14%
Total revenues	<u>35,429,353</u>	<u>31,335,279</u>	<u>4,094,074</u>	<u>13.07%</u>
Expenses				
Instruction				
Regular	13,615,495	11,326,376	2,289,119	20.21%
Special	4,686,367	4,334,615	351,752	8.11%
Other	2,583,048	2,555,179	27,869	1.09%
Support services				
Tuition	1,572,811	1,490,348	82,463	5.53%
Student & instructional related services	5,022,300	4,421,506	600,794	13.59%
General & business administration	1,898,954	1,594,351	304,603	19.11%
School administration	856,294	857,511	(1,217)	-0.14%
Maintenance	2,070,850	2,157,943	(87,093)	-4.04%
Transportation	1,221,320	1,244,432	(23,112)	-1.86%
Food service	247,462	306,787	(59,325)	-19.34%
Interest on long-term debt	287,268	334,612	(47,344)	-14.15%
Total expenses	<u>34,062,169</u>	<u>30,623,660</u>	<u>3,438,509</u>	<u>11.23%</u>
Increase (Decrease) in Net Position				
Before special position	<u>1,367,184</u>	<u>711,619</u>	<u>655,565</u>	<u>92.12%</u>
Special Items				
Loss on disposal of assets	-	(29,899)	29,899	-100.00%
Increase (decrease) in net position	<u>\$ 1,367,184</u>	<u>\$ 681,720</u>	<u>\$ 685,464</u>	<u>100.55%</u>

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Governmental Activities

Local property taxes made up 57.05% of revenues for governmental activities for the South Hunterdon Regional School District for Fiscal Year 2021.

Instruction comprises 61.31% of district expenses. Support services expenses make up 38.69% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 provides a summary of the School District's cost of governmental services in fiscal year ending June 30, 2021 compared to June 30, 2020.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	06/30/21	06/30/20	06/30/21	06/30/20
Instruction	\$ 20,884,910	\$ 18,216,170	\$ 20,534,641	\$ 17,875,914
Support services				
Tuition	1,572,811	1,490,348	1,348,388	1,276,601
Student & instructional staff	5,022,300	4,421,506	4,779,021	4,404,027
General & business administration	1,898,954	1,594,351	1,898,954	1,594,351
School administration	856,294	857,511	856,294	857,511
Plant operations & maintenance	2,070,850	2,157,943	1,958,350	2,157,943
Pupil transportation	1,221,320	1,244,432	1,179,677	1,244,432
Food services	247,462	306,787	39,391	8,874
Interest on long-term debt	287,268	334,612	287,268	334,612
Total expenses	<u>\$ 34,062,169</u>	<u>\$ 30,623,660</u>	<u>\$ 32,881,984</u>	<u>\$ 29,754,265</u>

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

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

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

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

The dependence upon tax revenues is apparent. For all activities, general revenue support is 96.67%. The community, as a whole, is the primary support or funding source for the South Hunterdon Regional School District.

The School District's Funds

Information about the School District's major funds starts in the section entitled Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$28,382,989 and expenditures of \$29,225,741. The general fund had a decrease in fund balance of \$718,595.

General Fund Budgeting Highlights

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

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

For the general fund, budgetary basis revenue was \$21,803,827, \$249,023 above original budgeted estimates of \$21,554,804. This difference was due primarily to receiving unbudgeted extraordinary aid.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Capital Assets

At the end of the fiscal year 2021, the School District had \$22,949,583 invested in land, building, furniture, equipment and vehicles. Table 4 shows June 30, 2021 balances compared to June 30, 2020.

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

	06/30/21	06/30/20	Variance	
			Dollars	Percent
Land	\$ 498,143	\$ 498,143	\$ -	0.00%
Construction in progress	128,029	1,244,838	(1,116,809)	-89.72%
Buildings & improvements	21,137,269	19,248,968	1,888,301	9.81%
Furniture & equipment	802,290	640,520	161,770	25.26%
Vehicles	384,177	594,274	(210,097)	-35.35%
	<u>\$ 22,949,908</u>	<u>\$ 22,226,743</u>	<u>\$ 723,165</u>	3.25%

Overall capital assets increased \$723,165 from fiscal year 2020 to fiscal year 2021. Increases in capital assets were offset by depreciation expenses for the year.

Long-term liabilities

At June 30, 2021, the School District had \$13,317,450 of outstanding long-term liabilities. This amount is detailed in Table 5 below for June 30, 2020 compared to June 30, 2021.

Table 5
Long-Term Liabilities at Year End

	06/30/21	06/30/20	Variance	
			Dollars	Percent
General obligation bonds payable	\$ 7,345,000	\$ 8,771,161	\$ (1,426,161)	-16.26%
Compensated absences payable	243,828	199,502	44,326	22.22%
Capital leases payable	-	65,065	(65,065)	-100.00%
PERS net pension liability	5,229,411	5,808,006	(578,595)	-9.96%
Bond premium	499,211	599,054	(99,843)	-16.67%
	<u>\$ 13,317,450</u>	<u>\$ 15,442,788</u>	<u>\$ (2,125,338)</u>	-13.76%

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

For the Future

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

Contacting the School District's Financial Management

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

DISTRICT-WIDE FINANCIAL STATEMENTS

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,236,637	\$ 17,003	\$ 1,253,640
Due from other funds, net	-	16,032	16,032
Receivables, net	375,769	20,199	395,968
Inventory	-	11,818	11,818
Restricted assets			
Capital reserve account - cash	1,475,324	-	1,475,324
Maintenance reserve - cash	328,615	-	328,615
Scholarships - cash	50,630	-	50,630
Student activities - cash	161,982	-	161,982
Unemployment claims - cash	258,901	-	258,901
Capital projects - cash	389,230	-	389,230
Debt service - cash	77	-	77
Capital assets, net			
Land	498,143	-	498,143
Capital assets not being depreciated	128,029	-	128,029
Other capital assets, net of depreciation	22,217,584	106,152	22,323,736
Total assets	<u>27,120,921</u>	<u>171,204</u>	<u>27,292,125</u>
Deferred outflows of resources			
Deferred amount on pension activity	2,828,191	-	2,828,191
Deferred amount on bond premium	499,211	-	499,211
Deferred amount on loss on refunding long-term debt	9,003	-	9,003
Total deferred outflows of resources	<u>3,336,405</u>	<u>-</u>	<u>3,336,405</u>
Liabilities			
Due to other funds, net	16,032	-	16,032
Accounts payable	348,463	18,133	366,596
Accrued interest	95,990	-	95,990
Payroll deductions and withholdings payable	24,145	-	24,145
Unearned revenue	28,057	16,874	44,931
Unemployment compensation claims payable	22,977	-	22,977
Long-term liabilities			
Due within one year	1,576,703	-	1,576,703
Due beyond one year	11,740,747	-	11,740,747
Total liabilities	<u>13,853,114</u>	<u>35,007</u>	<u>13,888,121</u>
Deferred inflows of resources			
Deferred amount on pension liability	3,974,151	-	3,974,151
Deferred amount on gain on refunding long-term debt	52,163	-	52,163
Total deferred inflows of resources	<u>4,026,314</u>	<u>-</u>	<u>4,026,314</u>

See accompanying notes to financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Statement of Net Position (continued)
June 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net position			
Net investment in capital assets	\$ 15,455,596	\$ 106,152	\$ 15,561,748
Restricted for			
Capital reserve	1,475,324	-	1,475,324
Maintenance reserve	328,615	-	328,615
Scholarships	50,630	-	50,630
Student activities	161,982	-	161,982
Unemployment claims	240,238	-	240,238
Capital projects	87,548	-	87,548
Debt service	77	-	77
Unrestricted	(5,222,112)	30,045	(5,192,067)
Total net position	<u>\$ 12,577,898</u>	<u>\$ 136,197</u>	<u>\$ 12,714,095</u>

See accompanying notes to financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2021

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 6,366,904	\$ 7,248,591	\$ 21,075	\$ 180,491	\$ -	\$ (13,413,929)	\$ -	\$ (13,413,929)
Special education	2,162,595	2,523,772	-	1,307	-	(4,685,060)	-	(4,685,060)
Other special education	738,640	999,514	-	147,396	-	(1,590,758)	-	(1,590,758)
Other instruction	602,502	242,392	-	-	-	(844,894)	-	(844,894)
Support services								
Tuition	1,572,811	-	-	224,423	-	(1,348,388)	-	(1,348,388)
Students & instruction related services	2,636,033	2,386,267	119,145	124,134	-	(4,779,021)	-	(4,779,021)
General & business administration services	758,123	1,140,831	-	-	-	(1,898,954)	-	(1,898,954)
School administration services	810,528	45,766	-	-	-	(856,294)	-	(856,294)
Plant operations & maintenance	1,648,431	422,419	112,500	-	-	(1,958,350)	-	(1,958,350)
Pupil transportation	789,770	431,550	41,643	-	-	(1,179,677)	-	(1,179,677)
Interest on long-term debt	287,268	-	-	-	-	(287,268)	-	(287,268)
Total governmental activities	<u>18,373,605</u>	<u>15,441,102</u>	<u>294,363</u>	<u>677,751</u>	<u>-</u>	<u>(32,842,593)</u>	<u>-</u>	<u>(32,842,593)</u>
Business-type activities								
Food service	247,462	-	2,396	205,675	-	-	(39,391)	(39,391)
Total business-type activities	<u>247,462</u>	<u>-</u>	<u>2,396</u>	<u>205,675</u>	<u>-</u>	<u>-</u>	<u>(39,391)</u>	<u>(39,391)</u>
Total primary government	<u>\$ 18,621,067</u>	<u>\$ 15,441,102</u>	<u>\$ 296,759</u>	<u>\$ 883,426</u>	<u>\$ -</u>	<u>(32,842,593)</u>	<u>(39,391)</u>	<u>(32,881,984)</u>
			General revenues, special items and transfers					
						18,841,727	-	18,841,727
						1,369,165	-	1,369,165
						13,955,705	-	13,955,705
						6,993	35	7,028
						75,543	-	75,543
						(5,000)	5,000	-
						<u>34,244,133</u>	<u>5,035</u>	<u>34,249,168</u>
						1,401,540	(34,356)	1,367,184
						11,176,358	170,553	11,346,911
						<u>\$ 12,577,898</u>	<u>\$ 136,197</u>	<u>\$ 12,714,095</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,236,637	\$ -	\$ -	\$ -	\$ 1,236,637
Due from other funds	52,136	-	-	-	52,136
Receivables from other governments					
State	232,565	-	-	-	232,565
Federal	-	106,546	-	-	106,546
Accounts receivable	36,658	-	-	-	36,658
Restricted cash and cash equivalents	2,062,840	212,612	389,230	77	2,664,759
Total assets	\$ 3,620,836	\$ 319,158	\$ 389,230	\$ 77	\$ 4,329,301
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ 16,032	\$ 52,136	\$ -	\$ -	\$ 68,168
Accounts payable	20,428	26,353	301,682	-	348,463
Payroll deductions and withholdings payable	24,145	-	-	-	24,145
Unearned revenue	-	28,057	-	-	28,057
Unemployment compensation claims payable	22,977	-	-	-	22,977
Total liabilities	83,582	106,546	301,682	-	491,810

See accompanying notes to financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances					
Fund balances					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures	\$ 300,705	\$ -	\$ -	\$ -	\$ 300,705
Excess surplus - current year	136,109	-	-	-	136,109
Capital reserve	1,475,324	-	-	-	1,475,324
Maintenance reserve	328,615	-	-	-	328,615
Scholarships	-	50,630	-	-	50,630
Student activities	-	161,982	-	-	161,982
Unemployment claims	240,238	-	-	-	240,238
Capital projects	-	-	87,548	-	87,548
Committed fund balance					
Year-end encumbrances	183,742	-	-	-	183,742
Assigned fund balance					
Debt service fund balance	-	-	-	77	77
Unassigned fund balance	872,521	-	-	-	872,521
Total fund balances	<u>3,537,254</u>	<u>212,612</u>	<u>87,548</u>	<u>77</u>	<u>3,837,491</u>
Total liabilities and fund balances	<u>\$ 3,620,836</u>	<u>\$ 319,158</u>	<u>\$ 389,230</u>	<u>\$ 77</u>	

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

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$35,353,337 and the accumulated depreciation is \$12,509,581.	22,843,756
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.	(689,909)
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(13,317,450)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(95,990)</u>
Total net position of governmental activities	<u>\$ 12,577,898</u>

See accompanying notes to financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 18,841,727	\$ -	\$ -	\$ 1,369,165	\$ 20,210,892
Tuition					
Individual	21,075	-	-	-	21,075
Transportation	41,643	-	-	-	41,643
Interest	6,400	593	-	-	6,993
Rents and royalties	112,500	-	-	-	112,500
Miscellaneous	75,543	170,858	-	-	246,401
Total local sources	<u>19,098,888</u>	<u>171,451</u>	<u>-</u>	<u>1,369,165</u>	<u>20,639,504</u>
State sources	6,711,678	-	-	357,783	7,069,461
Federal sources	47,986	626,038	-	-	674,024
Total revenues	<u>25,858,552</u>	<u>797,489</u>	<u>-</u>	<u>1,726,948</u>	<u>28,382,989</u>
Expenditures					
Current					
Instructional					
Regular instruction	6,209,654	157,250	-	-	6,366,904
Special education instruction	2,161,288	1,307	-	-	2,162,595
Other special instruction	629,351	109,289	-	-	738,640
Other instruction	602,502	-	-	-	602,502
Support service & undistributed costs					
Tuition	1,348,388	224,423	-	-	1,572,811
Student & instruction related services	2,410,674	225,359	-	-	2,636,033
General & business administrative services	758,123	-	-	-	758,123
School administrative services	810,528	-	-	-	810,528
Plant operations & maintenance	1,648,431	-	-	-	1,648,431
Pupil transportation	854,835	-	-	-	854,835
Unallocated benefits	7,674,370	38,107	-	-	7,712,477

See accompanying notes to financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 162,256	\$ 23,241	\$1,435,745	\$ -	\$ 1,621,242
Debt service					
Principal	-	-	-	1,426,161	1,426,161
Interest & other charges	13,746	-	-	300,713	314,459
Total expenditures	<u>25,284,146</u>	<u>778,976</u>	<u>1,435,745</u>	<u>1,726,874</u>	<u>29,225,741</u>
Excess (deficit) of revenues over (under) expenditures	<u>574,406</u>	<u>18,513</u>	<u>(1,435,745)</u>	<u>74</u>	<u>(842,752)</u>
Other financing sources (uses)					
Operating transfers in	-	-	1,288,001	-	1,288,001
Operating transfers out	(1,293,001)	-	-	-	(1,293,001)
Total other financing sources (uses)	<u>(1,293,001)</u>	<u>-</u>	<u>1,288,001</u>	<u>-</u>	<u>(5,000)</u>
Net change in fund balance	(718,595)	18,513	(147,744)	74	(847,752)
Fund balances, July 1 (as restated)	<u>4,255,849</u>	<u>194,099</u>	<u>235,292</u>	<u>3</u>	<u>4,685,243</u>
Fund balances, June 30	<u>\$ 3,537,254</u>	<u>\$ 212,612</u>	<u>\$ 87,548</u>	<u>\$ 77</u>	<u>\$ 3,837,491</u>

See accompanying notes to financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021

Total net changes in fund balances - Governmental fund (from B-2) \$ (847,752)

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which capital outlays exceeds depreciation in the period:

Capital outlays	\$ 1,621,242	
Depreciation expense	<u>(885,522)</u>	
		735,720

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

Debt principal payments	1,426,161	
Capital lease principal payments	<u>65,065</u>	
		1,491,226

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

Amortization of bond premium		99,843
------------------------------	--	--------

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

18,559

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

(91,211)

See accompanying notes to financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities (continued)
For the Fiscal Year Ended June 30, 2021

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. \$ 39,481

In the Statement of Activities, compensated absences and early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. (44,326)

Change in net position of governmental activities \$ 1,401,540

See accompanying notes to financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2021

	<u>Food Service Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 17,003
Interfund receivable	16,032
Receivable from other Governments	
State	973
Federal	19,226
Inventory	11,818
Total current assets	<u>65,052</u>
Noncurrent assets	
Capital assets	249,302
Less: accumulated depreciation	143,150
Total noncurrent assets	<u>106,152</u>
Total assets	<u>171,204</u>
Liabilities	
Current liabilities	
Accounts payable	18,133
Unearned revenues - commodities	5,898
Unearned revenues - prepaid sales	10,976
Total liabilities	<u>35,007</u>
Net position	
Invested in capital assets, net of related debt	106,152
Unrestricted	30,045
Total net position	<u>\$ 136,197</u>

See accompanying notes to financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2021

	Food Service Fund
Operating revenues	
Charges for services	
Daily sales - non-reimbursable programs	\$ 2,396
Total operating revenues	2,396
 Operating expenses	
Cost of sales - reimbursable programs	92,232
Cost of sales - non-reimbursable programs	1,320
Commodity food costs	10,644
Covid related costs	11,152
Salaries	69,902
Supports services - employee benefits	9,614
Purchased professional/technical services	1,902
Other purchased services	
Insurance	8,793
Management fee	22,491
Supplies and materials	2,988
Depreciation	14,770
Miscellaneous expenditures	1,654
Total operating expenses	247,462
 Operating income (loss)	(245,066)
 Non-operating revenues (expenses)	
State sources	
State school lunch program	6,854
Federal sources	
National school breakfast program	
Cash assistance	56,744
National school lunch program	
Cash assistance	131,433
Non-cash assistance (commodities)	10,644
Other sources	
Interest earned on investments	35
Board contributions	5,000
Total non-operating revenues (expenses)	210,710

See accompanying notes to financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position (continued)
For the Fiscal Year Ended June 30, 2021

	Food Service Fund
Change in net position	\$ (34,356)
Net position, beginning	<u>170,553</u>
Net position, ending	<u><u>\$ 136,197</u></u>

See accompanying notes to financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021

	Food Service Fund
Cash flows from operating activities	
Receipts from customers	\$ 4,529
Payments to Food Service Management Co.	(212,440)
Payments to vendors (net)	(2,812)
Net cash provided by (used for) operating activities	(210,723)
Cash flows from non-capital financing activities	
State sources	5,881
Federal sources	168,951
Interfund receipts	(11,062)
Net cash provided by (used for) non-capital financing activities	163,770
Cash flows from capital financing activities	
Acquisition of equipment	(2,215)
Net cash provided by (used for) capital financing activities	(2,215)
Cash flows from investing activities	
Interest earned on investments	35
Net cash provided by (used for) investing activities	35
Net increase (decrease) in cash and cash equivalents	(49,133)
Cash and cash equivalents, beginning	66,136
Cash and cash equivalents, ending	\$ 17,003
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (245,066)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	14,770
Federal food donation program	10,644
Increase (decrease) in accounts payable	1,248
(Increase) decrease in inventory	1,639
Increase (decrease) in deferred revenue	6,042
Net cash provided by (used for) operating activities	\$ (210,723)

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

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

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

A. Reporting entity

The District is a Type II District located in the County of Hunterdon, State of New Jersey. As a Type II District, the school district functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the District is to educate students in Grades PreK-12. The District serves the communities of the Borough of Stockton, City of Lambertville and Township of West Amwell. The District had an approximate enrollment at June 30, 2021 of 885 students.

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

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

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

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

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

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

During the year ended June 30, 2021, the District implemented the provisions detailed in GASB Statement No. 84, *Fiduciary Activities*. Based on a review of the financial records, the District has no funds that meet the criteria of a fiduciary fund.

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

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for unemployment claims and payroll withholdings for employee salary deductions are included in the general fund. Amounts maintained for unemployment claims are used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the Benefit Reimbursement Method.

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes in the special revenue fund. As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for student activities and private purpose scholarships are included in the special revenue fund. The amounts are considered to be restricted and available to use for specific expenditures. Amounts maintained for student activities are derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities. Amounts maintained for private purpose scholarship accounts are utilized for scholarship awards to qualifying students.

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

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

Additionally, the District reports the following fund types:

Proprietary fund types

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

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

Equipment	12 - 20 Years
-----------	---------------

Fiduciary fund types

As stated in Note 1 (B), the district does not have funds that meet the criteria of a fiduciary fund as defined by GASB Statement No 84, *Fiduciary Activities*.

D. Budgets/budgetary control

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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

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

E. Encumbrances

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

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

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

F. Tuition receivable

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

G. Tuition payable

Tuition charges for the fiscal year 2020-2021 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable and payables

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2021.

J. Capital assets

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

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

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

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

K. Compensated absences

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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

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

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

L. Unearned revenue

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

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

M. Long-term obligations

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Net position

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

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

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

O. Fund balances - governmental funds

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

- Non-spendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned - includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

- Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the general fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When expenditure is incurred for purposes which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

P. Use of estimates

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

Q. Allocation of indirect expenses

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

R. Deferred outflows/inflows of resources

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

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

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

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

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

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

Note 3 - Deposits and cash equivalents and investments

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

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

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

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of Governmental Units. The statute requires that no Governmental Unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured.

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

As of June 30, 2021, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	4,038,692
Total bank balances	\$ 4,288,692

Deposits at June 30, 2021 appear in the financial statements as summarized below:

Cash		\$ 3,918,399
Unrestricted cash		
Governmental funds, Balance Sheet	<u>Ref.</u> B-1	\$ 1,236,637
Enterprise funds, Statement of Net Position	B-4	17,003
Restricted cash		
Governmental funds, Balance Sheet	B-1	2,664,759
Total cash		\$ 3,918,399

Investments

As of June 30, 2021, the District had one annuity with a cash value of \$28,430 and a surrender value of \$28,430. These funds were uninsured and uncollateralized.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2021 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 498,143	\$ -	\$ -	\$ 498,143
Construction in progress	1,244,838	1,152,827	2,269,636	128,029
Total	<u>1,742,981</u>	<u>1,152,827</u>	<u>2,269,636</u>	<u>626,172</u>
Capital assets, being depreciated				
Building & improvements	28,992,372	2,596,468	-	31,588,840
Furniture & equipment	1,735,287	141,583	-	1,876,870
Vehicles	1,261,455	-	-	1,261,455
Total	<u>31,989,114</u>	<u>2,738,051</u>	<u>-</u>	<u>34,727,165</u>
Accumulated depreciation				
Building & improvements	9,743,404	708,167	-	10,451,571
Furniture & equipment	1,094,767	85,965	-	1,180,732
Vehicles	785,888	91,390	-	877,278
Total	<u>11,624,059</u>	<u>885,522</u>	<u>-</u>	<u>12,509,581</u>
Total capital assets, being depreciated, net	<u>20,365,055</u>	<u>1,852,529</u>	<u>-</u>	<u>22,217,584</u>
Transfers	-	(2,269,636)	(2,269,636)	-
Governmental activities capital assets, net	<u>\$ 22,108,036</u>	<u>\$ 735,720</u>	<u>\$ -</u>	<u>\$ 22,843,756</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 247,087	\$ 2,215	\$ -	\$ 249,302
Less: accumulated depreciation	128,380	14,770	-	143,150
Business type activities capital assets, net	<u>\$ 118,707</u>	<u>\$ (12,555)</u>	<u>\$ -</u>	<u>\$ 106,152</u>

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

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

Instruction		
Regular	\$	353,075
Special education		119,926
Other special instruction		40,961
Other instruction		33,411
Support services		
Student & instruction		146,180
General & business administration		42,041
School administration		44,947
Plant maintenance		13,591
Transportation		91,390
Total depreciation expense, governmental activities	<u>\$</u>	<u>885,522</u>

Note 5 - Long-term debt

Long-term liability activity for the fiscal year ended June 30, 2021 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 8,771,161	\$ -	\$ 1,426,161	\$ 7,345,000	\$ 1,445,000
Compensated absences payable	199,502	44,326	-	243,828	31,860
Capital leases payable	65,065	-	65,065	-	-
PERS net pension liability	5,808,006	-	578,595	5,229,411	-
Bond premium	599,054	-	99,843	499,211	99,843
Total governmental activities long-term liabilities	<u>\$ 15,442,788</u>	<u>\$ 44,326</u>	<u>\$ 2,169,664</u>	<u>\$ 13,317,450</u>	<u>\$ 1,576,703</u>

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

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2021, including interest payments are listed as follows:

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,445,000	\$ 253,058	\$ 1,698,058
2023	1,490,000	204,135	1,694,135
2024	1,435,000	154,663	1,589,663
2025	1,490,000	104,385	1,594,385
2026	1,485,000	52,185	1,537,185
Total	<u>\$ 7,345,000</u>	<u>\$ 768,426</u>	<u>\$ 8,113,426</u>

General Obligation Bonds - General obligation school building bonds payable at June 30, 2021, with their outstanding balances are comprised of the following individual issues:

\$835,000 - 2014 refunding school bonds, interest at 2.20%, due in annual installments beginning July 1, 2015 to July 1, 2022.	\$ 225,000
\$9,600,000 - 2014 refunding school bonds, interest at 4.00%, due in annual installments beginning February 15, 2017 to February 15, 2026.	5,205,000
\$3,375,000 - 2015 refunding school bonds, interest at 2.15%, due in annual installments beginning February 15, 2015 to February 15, 2026.	<u>1,915,000</u>
Total	<u>\$ 7,345,000</u>

The general obligation bonded debt of the District is limited by state law to 4% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2021 is \$56,662,877. General obligation debt at June 30, 2021 is \$7,345,000, resulting in a legal debt margin of \$49,317,877.

Note 6 - Pension plans

Description of systems

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS)

Plan description

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

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

The following represents the membership tiers for PERS:

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

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

Allocation methodology and reconciliation to financial statements

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Allocation methodology and reconciliation to financial statements (continued)

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedule of pension amounts by employer and nonemployer. The allocation percentages for each group as of June 30, 2020 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2020 measurement date.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2019 through June 30, 2020. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For State fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Contributions (continued)

The District's contractually required contribution rate for the year ended June 30, 2021 was 14.31% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

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

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of the measurement date of June 30, 2020:

Net pension liability	\$	5,229,411
Proportionate share		0.0320677490%

Plan fiduciary net position as a percentage of the total pension liability	58.32%
--	--------

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases (based on years of service)	
Through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%
Investment rate of return	7.00%

Preretirement mortality rates were based on the Pub-10 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 generational basis. Mortality improvement is based on Scale MP-2020.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Collective net pension liability and actuarial information (continued)

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the collective net pension liability of the District as of June 30, 2020, measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (7.00%)	\$	5,229,411
At a 1% lower rate (6.00%)		6,634,721
At a 1% higher rate (8.00%)		4,112,981

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2020 measurement date, 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	\$ 95,219	\$ 18,493
Changes of assumptions	169,648	2,189,604
Net difference between projected and actual earnings on pension plan investments	178,745	-
Changes in proportion and differences between district contributions and proportionate share of contributions	2,033,774	1,766,054
District contributions subsequent to the measurement date	350,805	-
Total	<u>\$ 2,828,191</u>	<u>\$ 3,974,151</u>

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e., for the school year ended June 30, 2021, the plan measurement date is June 30, 2020) of \$350,805 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2020 measurement date:

	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 104,246	\$ (9,027)	\$ 95,219
Changes of assumptions	579,951	(410,303)	169,648
Differences between expected and actual experience	-	178,745	178,745
Deferred inflows of resources			
Differences between expected and actual experience	(25,657)	7,164	(18,493)
Changes of assumptions	(2,015,941)	(173,663)	(2,189,604)
Difference between projected and actual earnings on pension plan investments	(91,682)	91,682	-
Net of deferred outflows	<u>\$ (1,449,083)</u>	<u>\$ (315,402)</u>	<u>\$ (1,764,485)</u>

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

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

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

Fiscal Year Ended June 30,

2021	\$ (656,196)
2022	(598,251)
2023	(341,885)
2024	(138,253)
2025	(29,900)
Total	<u>\$ (1,764,485)</u>

Pension expense

For the fiscal year ended June 30, 2021, the District recognized net pension expense of \$311,325, which represents the District's proportionate share of allocable plan pension expense of \$124,953, plus the net amortization of deferred amounts from changes in proportion of \$223,639, and less other adjustments to the net pension liability of \$37,267. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2020 measurement date are as follows:

Service cost	\$ 247,042
Interest on total pension liability	804,941
Benefit changes	(5,518)
Member contributions	(175,597)
Administrative expense	4,201
Expected investment return net of investment expense	(473,855)
Pension expense related to specific liabilities of individual employers	(2,200)
Recognition (amortization) of deferred inflows/outflows of resources	
Differences between projected and actual experience	56,752
Changes of assumptions	(418,050)
Difference between projected and actual investment earnings on pension plan investments	87,237
Pension expense	<u>\$ 124,953</u>

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Plan description

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

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

The following represents the membership tiers for TPAF:

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Contributions

The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the State fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

Special funding situation

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

During the State fiscal year ended June 30, 2020, the State of New Jersey contributed \$1,903,190 to the TPAF for normal pension benefits on behalf of the District.

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

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2020 measurement date is as follows:

District proportionate share of net pension liability	\$ 73,347,310
Less: State proportionate share of net pension liability	18,042,266
Net pension liability	\$ 55,305,044
 Proportionate share	 0.0839879345%
 Plan fiduciary net position as a percentage of the total pension liability	 24.60%

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Actuarial assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

Discount rate

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020 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 78% 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

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

The following presents the collective net pension liability of the District as of June 30, 2020 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (5.40%)	\$ 55,305,044
At a 1% lower rate (4.40%)	64,962,252
At a 1% higher rate (6.40%)	47,286,355

Pension expense

The components of allocable pension expense, which exclude amounts related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2020 measurement date are as follows:

Service cost	\$ 1,377,651
Interest on total pension liability	3,922,806
Benefit changes	(14,027)
Member contributions	(726,610)
Administrative expense	11,323
Expected investment return net of investment expense	(1,278,318)
Pension expense related to specific liabilities of individual employers	3,981
Recognition (amortization) of deferred inflows/outflows of resources	
Differences between projected and actual experience	148,460
Changes of assumptions	(330,846)
Difference between projected and actual investment earnings on pension plan investments	324,683
Pension expense	<u>\$ 3,439,103</u>

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,400 in 2021) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcprp.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

C. Defined contribution retirement program (continued)

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ended 2021 was \$7,726.

D. Other pension plan information

During the fiscal year ended June 30, 2021, the State of New Jersey contributed \$790,143 to the TPAF for postretirement medical benefits, \$47,076 for non-contributory insurance premiums, \$1,700 for long-term disability insurance, and \$2,474,245 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$747,459 during the year ended June 30, 2021 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement No. 68.

Note 7 - Postretirement benefits

The State of New Jersey provides post-retirement (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In fiscal year 2020, the State paid PRM benefits for 143,053 State and local retirees.

The State funds postretirement medical benefits on a pay-as-you-go basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For fiscal year 2020, the State contributed \$1.578 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's pay-as-you-go contributions have decreased from fiscal year 2019 amounts. Reductions are attributable to various cost savings initiatives implemented by the State including Medicare Advantage contracts. The State has appropriated \$1.775 billion in fiscal year 2021 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 2020 total State OPEB liability to provide these benefits is \$65.5 billion, a decrease of \$10.5 billion or 13.8 percent from the \$76 billion liability recorded in fiscal year 2019.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Total OPEB liability

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

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

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2020 measurement date is as follows:

State's proportionate share of the OPEB liability	\$ 67,809,962,608
District's proportionate share of the State's OPEB liability	56,010,415
Employer OPEB expense and related revenue	3,399,155
Allocable proportionate percentage	0.0825990944%

Changes in the total OPEB liability

	Total OPEB Liability
Total OPEB liability at June 30, 2019	\$ 33,620,783
Service cost	1,528,114
Interest cost	1,213,806
Change of benefit terms	-
Differences between expected and actual experiences	10,362,075
Changes of assumptions	10,231,179
Member contributions	29,555
Gross benefit payments	(975,097)
Total OPEB liability at June 30, 2020	<u>\$ 56,010,415</u>

There were no changes of the benefit terms from June 30, 2019 to June 30, 2020.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% as of the June 30, 2019 plan measurement date to 2.21% as of the June 30, 2020 plan measurement date.

The total non-employer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate		2.50%
	TPAF	PERS
	(based on years of service)	(based on years of service)
Salary increases	1.55% - 4.45%	2.00% - 6.00%
Through 2026	1.55% - 4.45%	3.00% - 7.00%
Thereafter		

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-2020. 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-2020. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2013 - June 30, 2018 for TPAF and PERS, respectively.

Health care trend assumptions

For Pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Discount rate

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

The following presents the total non-employer OPEB liability as of June 30, 2020 measurement date, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB Liability (school retirees)

At current discount rate (2.21%)	\$ 56,010,415
At a 1% lower rate (1.21%)	67,523,446
At a 1% higher rate (3.21%)	47,008,333

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

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

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$ 56,010,415
At a 1% lower rate (1% decrease)	45,213,496
At a 1% higher rate (1% increase)	68,867,146

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

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$3,399,155 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 8 - Deferred compensation

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

Equitable
 Lincoln Investment Planning

Note 9 - Inventory

Inventory in the food service fund as of June 30, 2021 consisted of the following:

Food	\$	3,151
Supplies		8,667
Total		11,818

Note 10 - Operating lease

At June 30, 2021, the District had operating lease agreements in effect for computers, copy machines and digital mailing system. The present value of the future minimum rental payment under the operating lease agreements are as follows:

2022	\$	105,627
2023		1,416
2024		1,180
Total		108,223

Note 11 - Contingent liabilities

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

Note 12 - 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.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 12 - Risk management (continued)

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

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

<u>Fiscal Year</u>	<u>Other</u>	<u>Interest Earnings</u>	<u>Employee Contrib.</u>	<u>Amount Reimbursed</u>	<u>Ending Balance Available for Claims</u>
2020 - 2021	\$ 18,094	\$ 311	\$ 22,977	\$ -	\$ 263,215
2019 - 2020	-	2,274	22,451	45,116	221,833
2018 - 2019	-	3,120	22,015	14,369	242,224

Note 13 - Reserve accounts

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 13 - Reserve accounts (continued)

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

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 2,620,172	\$ -	\$ 2,153	\$ 141,000	\$ 1,288,001	\$1,475,324
Maintenance	474,986	-	482	-	146,853	328,615
Total	<u>\$ 3,095,158</u>	<u>\$ -</u>	<u>\$ 2,635</u>	<u>\$ -</u>	<u>\$ 1,293,854</u>	<u>\$1,803,939</u>

Note 14 - Fund balances

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2021 is as follows:

Restricted

Excess surplus - Designated for subsequent year's expenditures. Amount appropriated in the succeeding year's budget to reduce tax requirements.	\$ 300,705
Excess surplus - Represents amount in excess of allowable percentage of expenditures. In accordance with State statute, the excess surplus is designated for utilization in succeeding year's budgets.	136,109
Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	1,475,324
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	328,615
Unemployment - Represents funds accumulated for future unemployment claims.	240,238

Committed

Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	183,742
---	---------

Unassigned

Undesignated - Represents fund balance which has not been restricted or designated.	1,096,234
Total fund balance - Budgetary basis (Exhibit C-1)	<u>3,760,967</u>
Last state aid payments not recognized on GAAP basis	(223,713)
Total fund balance - GAAP basis (Exhibit B-1)	<u>\$ 3,537,254</u>

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2021 is \$136,109.

Note 16 - Interfund receivables and payables

The composition of interfund balances as of June 30, 2021 is as follows:

	Receivable	Payable
General fund	\$ 52,136	\$ 16,032
Special revenue fund	-	52,136
Food service fund	16,032	-
Total	\$ 68,168	\$ 68,168

As of June 30, 2021, the following interfund balances were on the District's records. The general fund had an interfund payable to the food service fund of \$16,032 for funds not yet transferred at year end. The balance due from the special revenue fund to the general fund represents a loan from the general fund of \$52,136 due to cash flow issues relating to the delayed receipt of grant revenues.

Note 17 - Restatement of prior year net position

During the fiscal year ended June 30, 2021, the District restated net position for governmental activities as of June 30, 2020 as a result of the implementation of GASB Statement No. 84:

	Governmental Activities
Net position, June 30, 2020	\$ 10,760,426
Additions	
Reserved fund balance - unemployment fund	221,833
Reserved fund balance - scholarship fund	51,287
Reserved fund balance - student activity fund	142,812
Net position, June 30, 2020, as restated	\$ 11,176,358

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 18 - Restatement of prior year fund balance
 During the fiscal year ended June 30, 2021, the District restated fund balance for the general fund and special revenue fund as of June 30, 2020 as a result of the implementation of GASB Statement No. 84:

	General Fund	Special Revenue Fund
Fund balance June 30, 2020	\$ 4,034,016	\$ -
Additions		
Reserved fund balance - unemployment fund	221,833	-
Reserved fund balance - scholarship fund	-	51,287
Reserved fund balance - student activity fund	-	142,812
Fund balance, June 30, 2020 as restated	\$ 4,255,849	\$ 194,099

Note 19 - Recent accounting pronouncements not yet effective
 The following is of recent accounting pronouncements which are not yet effective as of the year-end date of this report.

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

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

Note 20 - Deficit balance in unrestricted net position
 The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2021 of (\$5,222,112) on Schedule A-1 Statement of Net Position. The deficit balance is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State’s net pension liability for PERS to each contributing entity throughout the state.

Note 21 - Risks and uncertainties
 On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (The “COVID-19 outbreak”) and the risks to the international community as a virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 22 - Subsequent events

The District has evaluated subsequent events through March 2, 2022, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenue					
Local sources					
Local tax levy	\$18,841,727	\$ -	\$18,841,727	\$18,841,727	\$ -
Tuition from individuals	-	-	-	21,075	21,075
Transportation fees from other LEAs	-	-	-	41,643	41,643
Rents and royalties	-	-	-	112,500	112,500
Unrestricted miscellaneous revenues	181,000	-	181,000	60,903	(120,097)
Interest earned on maintenance reserve	100	-	100	482	382
Interest earned on capital reserve funds	1,000	-	1,000	2,153	1,153
Other restricted miscellaneous revenues	-	-	-	18,405	18,405
Total	19,023,827	-	19,023,827	19,098,888	75,061
State sources					
School choice aid	1,394,939	-	1,394,939	1,394,939	-
Categorical transportation aid	314,641	-	314,641	314,641	-
Extraordinary aid	-	-	-	193,373	193,373
Categorical special education aid	675,695	-	675,695	616,799	(58,896)
Categorical security aid	125,891	-	125,891	125,891	-
Other state aid	-	-	-	11,310	11,310
TPAF Pension (on-behalf)	-	-	-	2,521,321	2,521,321
TPAF Social Security (reimbursed)	-	-	-	747,459	747,459
TPAF Postretirement benefits	-	-	-	790,143	790,143
TPAF Long-term disability insurance	-	-	-	1,700	1,700
Total	2,511,166	-	2,511,166	6,717,576	4,206,410
Federal Sources					
Medicaid reimbursement	19,811	-	19,811	25,767	5,956
ARRA/SEMI revenue	-	-	-	22,219	22,219
Total	19,811	-	19,811	47,986	28,175
Total revenues	\$21,554,804	\$ -	\$21,554,804	\$25,864,450	\$ 4,309,646
Expenditures					
Current					
Instruction - regular program					
Salaries of teachers					
Preschool	\$ -	\$ 194,642	\$ 194,642	\$ 194,642	\$ -
Kindergarten	346,834	8,558	355,392	355,392	-
Grades 1-5	1,830,048	(12,024)	1,818,024	1,792,932	25,092
Grades 6-8	1,424,846	84,644	1,509,490	1,484,741	24,749
Grades 9-12	1,929,394	20,847	1,950,241	1,944,890	5,351
General supplies	-	50	50	-	50
Home instruction					
Salaries of teacher	8,000	(3,684)	4,316	1,288	3,028
Purchased professional - educational services	-	2,000	2,000	1,125	875
Regular programs - undistributed instruction					
Purchased technical services	33,307	4,670	37,977	36,545	1,432
Other purchased services	228,707	(77,370)	151,337	148,788	2,549
General supplies	262,253	(1,043)	261,210	236,323	24,887
Textbooks	45,000	(31,362)	13,638	12,398	1,240
Other objects	-	590	590	590	-
Total	6,108,389	190,518	6,298,907	6,209,654	89,253

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Special education					
Learning and/or language disabilities					
Salaries of teachers	\$ 77,650	\$ 580	\$ 78,230	\$ 78,230	\$ -
General supplies	1,400	(1,400)	-	-	-
Total	<u>79,050</u>	<u>(820)</u>	<u>78,230</u>	<u>78,230</u>	<u>-</u>
Multiple disabilities					
Salaries of teachers	138,810	3,655	142,465	142,185	280
General supplies	675	-	675	-	675
Total	<u>139,485</u>	<u>3,655</u>	<u>143,140</u>	<u>142,185</u>	<u>955</u>
Resource room/resource center					
Salaries of teachers	1,456,303	24,405	1,480,708	1,480,708	-
Other salaries for instruction	499,483	(42,751)	456,732	456,420	312
General supplies	5,940	(1,693)	4,247	3,745	502
Total	<u>1,961,726</u>	<u>(20,039)</u>	<u>1,941,687</u>	<u>1,940,873</u>	<u>814</u>
Preschool disabilities - full-time					
Salaries of teachers	154,145	(154,145)	-	-	-
Other salaries for instruction	40,435	(40,435)	-	-	-
Total	<u>194,580</u>	<u>(194,580)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total special education	<u>2,374,841</u>	<u>(211,784)</u>	<u>2,163,057</u>	<u>2,161,288</u>	<u>1,769</u>
Basic skills/remedial					
Salaries of teachers	177,539	18,111	195,650	195,650	-
General supplies	-	519	519	519	-
Total	<u>177,539</u>	<u>18,630</u>	<u>196,169</u>	<u>196,169</u>	<u>-</u>
Bilingual education - instruction					
Salaries of teachers	451,016	(17,677)	433,339	433,086	253
General supplies	-	96	96	96	-
Total	<u>451,016</u>	<u>(17,581)</u>	<u>433,435</u>	<u>433,182</u>	<u>253</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	160,000	(43)	159,957	104,994	54,963
Purchased services	-	553	553	553	-
Supplies and materials	5,000	2,102	7,102	7,102	-
Other objects	1,000	(245)	755	755	-
Total	<u>166,000</u>	<u>2,367</u>	<u>168,367</u>	<u>113,404</u>	<u>54,963</u>

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
School-sponsored athletics - instruction					
Salaries	\$ 380,566	\$ 3,106	\$ 383,672	\$ 367,921	\$ 15,751
Purchased services	65,991	(25,238)	40,753	38,391	2,362
Supplies and materials	64,860	(15,155)	49,705	40,733	8,972
Other objects	10,500	(7,030)	3,470	3,470	-
Total	<u>521,917</u>	<u>(44,317)</u>	<u>477,600</u>	<u>450,515</u>	<u>27,085</u>
Summer school - instruction					
Salaries of teachers	40,372	-	40,372	38,583	1,789
Total	<u>40,372</u>	<u>-</u>	<u>40,372</u>	<u>38,583</u>	<u>1,789</u>
Total summer school	<u>40,372</u>	<u>-</u>	<u>40,372</u>	<u>38,583</u>	<u>1,789</u>
Total instruction regular	<u>\$ 9,840,074</u>	<u>\$ (62,167)</u>	<u>\$ 9,777,907</u>	<u>\$ 9,602,795</u>	<u>\$ 175,112</u>
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - regular	\$ 19,000	\$ (2,100)	\$ 16,900	\$ 16,900	\$ -
Tuition to other LEAs within the state - special	23,932	8,562	32,494	31,763	731
Tuition to county vocational school district - regular	73,240	68,655	141,895	141,895	-
Tuition to county vocational school district - special	50,820	(4,620)	46,200	46,200	-
Tuition to cssd & regional day schools	175,912	(97,445)	78,467	67,171	11,296
Tuition to priv. school for the disabled w/i state	858,337	105,114	963,451	905,065	58,386
Tuition to priv. sch. disabled & other LEAs-spl, o/s state	31,120	(3,953)	27,167	26,282	885
Tuition - other	116,074	(2,962)	113,112	113,112	-
Total	<u>1,348,435</u>	<u>71,251</u>	<u>1,419,686</u>	<u>1,348,388</u>	<u>71,298</u>
Undistributed expenditures - attendance & social work					
Salaries	99,777	(4,532)	95,245	95,243	2
Total	<u>99,777</u>	<u>(4,532)</u>	<u>95,245</u>	<u>95,243</u>	<u>2</u>
Undistributed expenditures - health services					
Salaries	206,930	(5,285)	201,645	201,644	1
Purchased professional and technical services	5,000	-	5,000	5,000	-
Other purchased services	2,000	2,024	4,024	3,683	341
Supplies and materials	8,000	3,304	11,304	10,000	1,304
Total	<u>221,930</u>	<u>43</u>	<u>221,973</u>	<u>220,327</u>	<u>1,646</u>
Undistributed expenditures - speech, ot, pt & related services					
Salaries	216,460	(14,713)	201,747	193,718	8,029
Purchased professional - educational services	59,400	(3,235)	56,165	53,100	3,065
Supplies and materials	1,600	3,059	4,659	4,645	14
Other objects	-	225	225	225	-
Total	<u>277,460</u>	<u>(14,664)</u>	<u>262,796</u>	<u>251,688</u>	<u>11,108</u>
Undistributed expenditures - other supp. service stds. - extra service					
Salaries	10,083	-	10,083	9,982	101
Total	<u>10,083</u>	<u>-</u>	<u>10,083</u>	<u>9,982</u>	<u>101</u>

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - guidance					
Salaries of other professional staff	\$ 482,385	\$ 3,013	\$ 485,398	\$ 483,398	\$ 2,000
Salaries of secretarial and clerical assistants	96,059	2,590	98,649	98,648	1
Purchased professional - educational services	2,000	5,648	7,648	7,648	-
Other purchased professional & technical services	21,252	3,716	24,968	20,858	4,110
Other purchased services	3,649	(2,925)	724	724	-
Supplies and materials	3,900	(3,230)	670	133	537
Other objects	800	(392)	408	150	258
Total	610,045	8,420	618,465	611,559	6,906
Undistributed expenditures - child study teams					
Salaries of other professional staff	370,818	13,418	384,236	384,236	-
Salaries of secretarial and clerical assistants	94,482	6	94,488	94,482	6
Purchased professional - educational services	27,000	(10,304)	16,696	10,014	6,682
Other purchased professional & technical services	7,298	25,270	32,568	28,449	4,119
Other purchased services	2,000	(1,408)	592	592	-
Supplies and materials	5,400	(50)	5,350	5,240	110
Other objects	-	1,665	1,665	1,665	-
Total	506,998	28,597	535,595	524,678	10,917
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	318,288	492	318,780	318,780	-
Salaries of other professional staff	10,000	-	10,000	2,706	7,294
Salaries of secretarial & clerical assist	94,659	-	94,659	94,659	-
Other purchased professional & technical services	-	300	300	300	-
Other purchased services	4,100	(3,806)	294	50	244
Supplies and materials	1,800	3,015	4,815	4,065	750
Other objects	2,100	(1,166)	934	934	-
Total	430,947	(1,165)	429,782	421,494	8,288
Undistributed expenditures - edu. media service/sch. library					
Salaries	239,950	(2,864)	237,086	237,086	-
Salaries of technology coordinators	-	7,915	7,915	7,915	-
Other purchased services	3,500	(1,527)	1,973	1,973	-
Supplies and materials	14,040	(3,404)	10,636	10,536	100
Total	257,490	120	257,610	257,510	100
Undistributed expenditures - instructional staff training services					
Salaries of supervisor of instruction	4,000	1,046	5,046	5,046	-
Purchased professional - educational services	14,100	(8,800)	5,300	3,300	2,000
Other purchased professional & technical services	6,275	(5,000)	1,275	1,275	-
Other purchased services	12,349	(2,867)	9,482	6,334	3,148
Supplies and materials	2,500	(2,500)	-	-	-
Other objects	275	1,963	2,238	2,238	-
Total	39,499	(16,158)	23,341	18,193	5,148

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expend. - support service - general admin.					
Salaries	\$ 254,119	\$ 1,001	\$ 255,120	\$ 255,120	\$ -
Legal services	33,500	12,991	46,491	46,491	-
Audit fees	25,000	(2,900)	22,100	22,100	-
Architectural/engineering services	5,000	8,486	13,486	1,076	12,410
Other purchased professional services	23,797	(19,957)	3,840	3,840	-
Communications/telephone	61,818	(12,669)	49,149	33,505	15,644
BOE other purchased services	150	-	150	150	-
Miscellaneous purch services	47,649	4,028	51,677	50,370	1,307
General supplies	900	4,195	5,095	5,095	-
Miscellaneous expenditures	3,000	4,856	7,856	7,856	-
BOE membership dues and fees	15,000	(3,595)	11,405	11,405	-
Total	469,933	(3,564)	466,369	437,008	29,361
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	374,618	-	374,618	374,618	-
Salaries of secretarial and clerical assistants	168,870	1,894	170,764	170,763	1
Purchased professional and technical services	1,298	1,630	2,928	2,928	-
Other purchased services	1,900	(1,900)	-	-	-
Supplies and materials	6,300	7,256	13,556	13,306	250
Other objects	5,000	(1,306)	3,694	3,694	-
Total	557,986	7,574	565,560	565,309	251
Undistributed expenditures - central services					
Salaries	283,538	-	283,538	279,127	4,411
Purchased professional services	7,500	-	7,500	7,244	256
Purchased technical services	44,500	(6,622)	37,878	30,165	7,713
Miscellaneous purchased services	1,900	15	1,915	700	1,215
Supplies and materials	1,800	859	2,659	2,644	15
Other objects	1,000	235	1,235	1,235	-
Total	340,238	(5,513)	334,725	321,115	13,610
Undistributed expenditures - admin. info. technology					
Salaries	250,946	(5,727)	245,219	245,219	-
Total	250,946	(5,727)	245,219	245,219	-
Undistributed expenditures - required maint. for school facilities					
Salaries	269,936	(16,756)	253,180	252,728	452
Cleaning, repair, and maintenance services	274,375	(69,004)	205,371	195,389	9,982
General supplies	67,902	(37,546)	30,356	30,289	67
Other objects	500	320	820	820	-
Total	612,713	(122,986)	489,727	479,226	10,501

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - custodial services					
Salaries	\$ 492,370	\$ 1,832	\$ 494,202	\$ 493,238	\$ 964
Salaries of non-instructional aides	999	(999)	-	-	-
Purchased professional and technical services	27,195	(3,215)	23,980	23,590	390
Cleaning, repair, and maintenance service	10,000	16,989	26,989	26,650	339
Other purchased property services	7,000	(519)	6,481	6,421	60
Insurance	63,000	(3,221)	59,779	59,779	-
General supplies	92,580	141,407	233,987	187,438	46,549
Energy (natural gas)	20,000	(1,998)	18,002	17,218	784
Energy (electricity)	226,000	(28,726)	197,274	192,379	4,895
Energy (oil)	92,600	(31,472)	61,128	61,128	-
Total	1,031,744	90,078	1,121,822	1,067,841	53,981
Undistributed expenditures - security					
Salaries	160,000	(160,000)	-	-	-
Purchased professional and technical services	-	142,600	142,600	101,364	41,236
Total	160,000	(17,400)	142,600	101,364	41,236
Undistributed expenditures - student transportation service					
Salaries of non-instructional aides	-	625	625	625	-
Salaries for pupil trans. (between home & school) - reg.	370,546	9,454	380,000	375,756	4,244
Salaries for pupil trans. (between home & school) - sp. ed.	164,260	(9,309)	154,951	108,478	46,473
Salaries for pupil trans. (other than between home & school)	20,615	-	20,615	11,828	8,787
Management fee - esc & ctsa trans. program	7,800	(2,085)	5,715	4,035	1,680
Other purchased professional and technical service	3,500	-	3,500	-	3,500
Cleaning, repair, & maint. services	76,000	693	76,693	76,693	-
Lease purchase payments - school buses	67,739	(5,202)	62,537	32,537	30,000
Contract service - aid in lieu pymts. - non-public schools	57,000	(27,065)	29,935	25,442	4,493
Contract services (between home & school) - vendors	28,500	(28,500)	-	-	-
Contract service (between home & school) - joint agreements	46,616	(27,329)	19,287	19,287	-
Contract service (sp. ed. stds.) - vendors	81,699	(8,306)	73,393	73,393	-
Contract service (sp ed stds) - joint agreements	-	46,145	46,145	46,145	-
Miscellaneous purchased services - transportation	31,225	(6,761)	24,464	23,143	1,321
General supplies	900	-	900	-	900
Transportation supplies	71,000	(13,527)	57,473	57,473	-
Total	1,027,400	(71,167)	956,233	854,835	101,398
Unallocated benefits - employee benefits					
Social Security contributions	300,000	-	300,000	260,437	39,563
Other retirement contributions - PERS	340,000	10,805	350,805	350,802	3
Other retirement contributions - ERIP	8,000	(1,800)	6,200	5,965	235
Workmen's compensation	130,000	3,736	133,736	133,736	-
Health benefits	2,719,747	(28,262)	2,691,485	2,588,637	102,848
Tuition reimbursement	75,398	(1,787)	73,611	59,088	14,523
Other employee benefits	176,000	16,965	192,965	192,965	-
Unused sick payment to terminated/retired staff	15,000	38,099	53,099	22,117	30,982
Total	3,764,145	37,756	3,801,901	3,613,747	188,154

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
On-behalf TPAF Pension contribution	\$ -	\$ -	\$ -	\$ 2,521,321	\$ (2,521,321)
On-behalf TPAF Postretirement medical benefits	-	-	-	790,143	(790,143)
On-behalf TPAF Long-term disability insurance	-	-	-	1,700	(1,700)
Reimbursed TPAF Social Security contribution	-	-	-	747,459	(747,459)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,060,623</u>	<u>(4,060,623)</u>
 Total undistributed expenditures	 <u>\$12,017,769</u>	 <u>\$ (19,037)</u>	 <u>\$11,998,732</u>	 <u>\$15,505,349</u>	 <u>\$ (3,506,617)</u>
 Total current	 <u>\$21,857,843</u>	 <u>\$ (81,204)</u>	 <u>\$21,776,639</u>	 <u>\$25,108,144</u>	 <u>\$ (3,331,505)</u>
Capital outlay					
Equipment					
Grades 9-12	\$ -	\$ 11,607	\$ 11,607	\$ 11,607	\$ -
Vocational programs					
School-sponsored and other instructional programs	-	3,000	3,000	3,000	-
Undistributed					
Undistributed expenditures - custodial services	-	70,204	70,204	70,204	-
Total equipment	<u>-</u>	<u>84,811</u>	<u>84,811</u>	<u>84,811</u>	<u>-</u>
 Facilities acquisition and construction service					
Architectural/engineering services	185,210	29,565	214,775	77,445	137,330
Other purchased professional and technology services	7,794	(7,794)	-	-	-
Construction services	1,257,000	(14,918)	1,242,082	-	1,242,082
Assessment for debt service on SDA funding	13,746	-	13,746	13,746	-
Total facilities acquisition and construction service	<u>1,463,750</u>	<u>6,853</u>	<u>1,470,603</u>	<u>91,191</u>	<u>1,379,412</u>
 Total capital outlay	 <u>\$ 1,463,750</u>	 <u>\$ 91,664</u>	 <u>\$ 1,555,414</u>	 <u>\$ 176,002</u>	 <u>\$ 1,379,412</u>
 Total expenditures	 <u>\$23,321,593</u>	 <u>\$ 10,460</u>	 <u>\$23,332,053</u>	 <u>\$25,284,146</u>	 <u>\$ (1,952,093)</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>\$ (1,766,789)</u>	 <u>\$ (10,460)</u>	 <u>\$ (1,777,249)</u>	 <u>\$ 580,304</u>	 <u>\$ 2,357,553</u>
 Other financing sources (uses)					
Operating transfer out					
Transfer to food service fund - board contribution	-	(5,000)	(5,000)	(5,000)	-
Capital reserve - transfer to capital projects fund	-	-	-	(1,288,001)	(1,288,001)
Total other financing sources (uses)	<u>-</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>(1,293,001)</u>	<u>(1,288,001)</u>
 Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	 (1,766,789)	 (15,460)	 (1,782,249)	 (712,697)	 1,069,552
 Fund balances, July 1 (as restated)	 4,473,664	 -	 4,473,664	 4,473,664	 -
Fund balances, June 30	<u>\$ 2,706,875</u>	<u>\$ (15,460)</u>	<u>\$ 2,691,415</u>	<u>\$ 3,760,967</u>	<u>\$ 1,069,552</u>

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (42,355)	\$ -	\$ (42,355)	\$ (42,355)	\$ -
Increase in capital reserve	-	141,000	141,000	141,000	-
Interest deposit to capital reserve	1,000	-	1,000	2,153	1,153
Withdrawal from capital reserve	(1,142,210)	(145,791)	(1,288,001)	(1,288,001)	-
Interest earned on maintenance reserve	100	-	100	482	382
Withdrawal from maintenance reserve	(300,000)	153,147	(146,853)	(146,853)	-
Increase in unemployment compensation	10,000	(9,608)	392	18,094	17,702
Interest earned on unemployment compensation	-	-	-	311	311
Budgeted fund balance	(293,324)	(154,208)	(447,532)	602,472	1,050,004
	<u>\$ (1,766,789)</u>	<u>\$ (15,460)</u>	<u>\$ (1,782,249)</u>	<u>\$ (712,697)</u>	<u>\$ 1,069,552</u>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 300,705	
Excess surplus - current year				136,109	
Capital reserve				1,475,324	
Maintenance reserve				328,615	
Unemployment compensation				240,238	
Committed fund balance					
Year-end encumbrances				183,742	
Unassigned fund balance				<u>1,096,234</u>	
Fund balance per budgetary basis				3,760,967	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(223,713)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 3,537,254</u>	

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Federal sources	\$ 1,198,485	\$ -	\$ 1,198,485	\$ 727,524	\$ (470,961)
Local sources	78,955	119,738	198,693	181,323	(17,370)
Total revenues	\$ 1,277,440	\$ 119,738	\$ 1,397,178	\$ 908,847	\$ (488,331)
Expenditures					
Instruction					
Salaries	\$ 242,091	\$ (89,016)	\$ 153,075	\$ 129,327	\$ 23,748
Purchased professional & technical services	2,978	-	2,978	2,978	-
Supplies	374,271	(1,485)	372,786	193,418	179,368
Total	619,340	(90,501)	528,839	325,723	203,116
Support services					
Salaries	19,080	13,856	32,936	-	32,936
Tuition	224,423	-	224,423	224,423	-
Employee benefits	38,166	-	38,166	38,107	59
Purchased professional & technical services	13,085	3,260	16,345	13,420	2,925
Other purchased services	160,193	(9,179)	151,014	12,326	138,688
Supplies	35,500	82,564	118,064	114,953	3,111
Scholarships awarded	-	1,250	1,250	1,250	-
Student activities	-	99,975	99,975	99,975	-
Total	490,447	191,726	682,173	504,454	177,719
Capital outlay					
Equipment	167,653	-	167,653	60,157	107,496
Total expenditures	\$ 1,277,440	\$ 101,225	\$ 1,378,665	\$ 890,334	\$ 488,331
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 18,513	\$ 18,513	\$ 18,513	\$ -
Fund balances, July 1 (as restated)	194,099	-	194,099	194,099	-
Fund balances, June 30	\$ 194,099	\$ 18,513	\$ 212,612	\$ 212,612	\$ -
Recapitulation of fund balance					
Restricted fund balance					
Student activities				\$ 161,982	
Scholarships				50,630	
Fund balance per budgetary basis				<u>\$ 212,612</u>	

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2021

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

Sources/Inflows of Resources	General Fund	Special Revenue Fund
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 25,864,450	\$ 908,847
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances prior year	-	7,514
Outstanding encumbrances - prior year canceled	-	(2,216)
Outstanding encumbrances current year	-	(116,656)
Difference - Budget to GAAP		
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State aid receivable prior year	217,815	-
State aid receivable current year	(223,713)	-
Total revenues (GAAP basis)	\$ 25,858,552	\$ 797,489
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 25,284,146	\$ 890,334
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances prior year	-	7,514
Outstanding encumbrances - prior year canceled	-	(2,216)
Outstanding encumbrances current year	-	(116,656)
Total expenditures (GAAP basis)	\$ 25,284,146	\$ 778,976

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset) - percentage	N/A	0.0320677490%	0.0313538000%	0.0311568500%	0.0313398241%	0.0291500635%	0.0272854859%	0.0261730678%	0.025348854%	N/A
District's proportion of the net pension liability (asset) - value	\$ -	\$ 5,229,411	\$ 5,808,006	\$ 6,134,629	\$ 7,295,410	\$ 8,633,414	\$ 6,125,045	\$ 4,900,314	\$ 4,843,719	N/A
District's covered employee payroll	2,451,169	2,390,716	2,254,639	2,298,715	2,155,498	2,064,720	1,952,858	1,812,411	1,781,209	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	218.74%	257.60%	266.87%	338.46%	418.14%	313.65%	270.38%	271.93%	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%	N/A

N/A = Information Not Available

See independent auditors' report.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 350,805	\$ 313,538	\$ 309,910	\$ 295,818	\$ 260,260	\$ 258,965	\$ 234,582	\$ 215,767	N/A	N/A
Contributions in relation to the contractually required contribution	(350,805)	(313,538)	(309,910)	(295,818)	(260,260)	(258,965)	(234,582)	N/A	N/A	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,767</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 2,451,169	\$ 2,390,716	\$ 2,254,639	\$ 2,298,715	\$ 2,155,498	\$ 2,064,720	\$ 1,952,858	\$ 1,812,411	N/A	N/A
Contributions as a percentage of covered employee payroll	14.31%	13.11%	13.75%	12.87%	12.07%	12.54%	12.01%	11.90%	N/A	N/A

N/A = Information Not Available

See independent auditors' report.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ -	55,305,044	51,537,530	51,897,307	-	-	-	-	-	-
Total	\$ -	\$ -	\$ 51,537,530	\$ 51,897,307	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 10,287,516	\$ 9,508,755	\$ 9,161,360	N/A	\$ 8,709,653	\$ 8,039,439	\$ 7,739,908	\$ 7,825,831	\$ 7,379,913	\$ -
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%	N/A

N/A = Information Not Available

See independent auditors' report.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 1,903,190	\$ 1,688,479	\$ 1,686,199	\$ 1,201,336	\$ 841,051	\$ 574,414	\$ 406,863	\$ 158,792	\$ 245,467	N/A
Contributions in relation to the contractually required contribution	(1,903,190)	(1,688,479)	(1,686,199)	(1,201,336)	(841,051)	(574,414)	(406,863)	(158,792)	(245,467)	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 10,287,516	\$ 9,508,755	\$ 9,161,360	N/A	\$ 8,709,653	\$ 8,039,439	\$ 7,739,908	\$ 7,825,831	\$ 7,379,913	N/A
Contributions as a percentage of covered employee payroll	18.50%	17.76%	18.41%	N/A	9.66%	7.14%	5.26%	2.03%	3.33%	N/A

N/A = Information Not Available

See independent auditors' report.

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

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportionate share of the other postemployment employee benefits liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the other postemployment employee benefits liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the other postemployment employee benefits liability (asset) associated with the District	N/A	56,010,415	33,620,783	36,196,560	39,447,139	N/A	N/A	N/A	N/A	N/A
Total	\$ -	\$ 56,010,415	\$ 33,620,783	\$ 36,196,560	\$ 39,447,139	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	N/A	\$ 11,899,471	\$ 11,415,999	N/A	\$ 10,865,151	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the other postemployment employee liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total other post employment employee benefits liability	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A

N/A = Information Not Available

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2021

- Note 1 - Special funding situation - TPAF and other postretirement benefits
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF
The discount rate was 5.60% in State fiscal year 2019 and 5.40% in State fiscal year 2020. The inflation rate was 2.75% in State fiscal year 2019 and 2.75% in State fiscal year 2020.
- Note 3 - Changes in assumptions - PERS
The discount rate was 6.28% in State fiscal year 2019 and 7.00% in State fiscal year 2020. The inflation rate was 2.75% for State fiscal year 2019 and 2.75% for State fiscal year 2020.
- Note 4 - Changes in assumptions - other postretirement employee benefits
The other postretirement employee benefits discount rate decreased from 3.50% in State fiscal year 2019 to 2.21% in State fiscal year 2020. The inflation rate was 2.50% for State fiscal year 2019 and 2020.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits
For Pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.
- Note 6 - Changes in benefit term assumptions - other postretirement employee benefits
There were no changes of the benefit terms from June 30, 2019 to June 30, 2020.

SPECIAL REVENUE FUND

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2021

	IDEA Basic	IDEA Preschool	ESSA Title IA	ESSA Title IIA	ESSA Title III	ESSA Title III Immigrant	ESSA Title IV	CARES Emergency Act	Coronavirus Relief Fund	CRRSA ESSER II	Local	Scholarships	Student Activity Fund	Total
Revenues														
Federal sources	\$224,423	\$ 1,707	\$148,446	\$ 10,935	\$ 22,180	\$ 1,564	\$ 10,832	\$ 122,733	\$ 47,320	\$ 137,384	\$ -	\$ -	\$ -	\$ 727,524
Local sources	-	-	-	-	-	-	-	-	-	-	61,585	593	119,145	181,323
Total revenues	<u>\$224,423</u>	<u>\$ 1,707</u>	<u>\$148,446</u>	<u>\$ 10,935</u>	<u>\$ 22,180</u>	<u>\$ 1,564</u>	<u>\$ 10,832</u>	<u>\$ 122,733</u>	<u>\$ 47,320</u>	<u>\$ 137,384</u>	<u>\$ 61,585</u>	<u>\$ 593</u>	<u>\$ 119,145</u>	<u>\$ 908,847</u>
Expenditures														
Instruction														
Salaries	\$ -	\$ -	\$104,785	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 409	\$ 24,133	\$ -	\$ -	\$ 129,327
Purchased professional & technical services	-	-	-	-	-	-	2,978	-	-	-	-	-	-	2,978
Supplies	-	1,307	4,504	-	16,986	1,564	7,854	-	47,320	79,127	34,756	-	-	193,418
Total	<u>-</u>	<u>1,307</u>	<u>109,289</u>	<u>-</u>	<u>16,986</u>	<u>1,564</u>	<u>10,832</u>	<u>-</u>	<u>47,320</u>	<u>79,536</u>	<u>58,889</u>	<u>-</u>	<u>-</u>	<u>325,723</u>
Support services														
Tuition	224,423	-	-	-	-	-	-	-	-	-	-	-	-	224,423
Employee benefits	-	-	38,107	-	-	-	-	-	-	-	-	-	-	38,107
Purchased professional & technical services	-	400	-	2,126	3,114	-	-	7,780	-	-	-	-	-	13,420
Other Purchased services	-	-	1,050	8,809	2,080	-	-	-	-	387	-	-	-	12,326
Supplies	-	-	-	-	-	-	-	114,953	-	-	-	-	-	114,953
Scholarships awarded	-	-	-	-	-	-	-	-	-	-	-	1,250	-	1,250
Student activities	-	-	-	-	-	-	-	-	-	-	-	-	99,975	99,975
Total	<u>224,423</u>	<u>400</u>	<u>39,157</u>	<u>10,935</u>	<u>5,194</u>	<u>-</u>	<u>-</u>	<u>122,733</u>	<u>-</u>	<u>387</u>	<u>-</u>	<u>1,250</u>	<u>99,975</u>	<u>504,454</u>
Capital outlay														
Equipment	-	-	-	-	-	-	-	-	-	57,461	2,696	-	-	60,157
Total expenditures	<u>\$224,423</u>	<u>\$ 1,707</u>	<u>\$148,446</u>	<u>\$ 10,935</u>	<u>\$ 22,180</u>	<u>\$ 1,564</u>	<u>\$ 10,832</u>	<u>\$ 122,733</u>	<u>\$ 47,320</u>	<u>\$ 137,384</u>	<u>\$ 61,585</u>	<u>\$ 1,250</u>	<u>\$ 99,975</u>	<u>\$ 890,334</u>

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2021

	IDEA Basic	IDEA Preschool	ESSA Title IA	ESSA Title IIA	ESSA Title III	ESSA Title III Immigrant	ESSA Title IV	CARES Emergency Act	Coronavirus Relief Fund	CRRSA ESSER II	Local	Scholarships	Student Activity Fund	Total
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (657)	\$ 19,170	\$ 18,513
Fund balances, July 1 (as restated)	-	-	-	-	-	-	-	-	-	-	-	51,287	142,812	194,099
Fund balances, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,630	\$ 161,982	\$ 212,612

See independent auditors' report.

CAPITAL PROJECTS FUND

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2021

Description	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/21
			Prior Years	Current Year	
High school track	2019	\$ 1,415,775	\$ 1,228,681	\$ 187,094	\$ -
Well room renovation	2019	210,972	206,585	-	4,387
ASPIRE Informacast System	2020	327,781	283,970	30,375	13,436
Soccer field and irrigation	2021	827,201	-	760,323	66,878
Parking lot	2021	373,605	-	373,345	260
Security vestibule	2021	87,195	-	84,608	2,587
		<u>\$ 3,242,529</u>	<u>\$ 1,719,236</u>	<u>\$ 1,435,745</u>	<u>\$ 87,548</u>

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Basis
For the Fiscal Year Ended June 30, 2021

Revenues	
Local sources	
Transfer from capital reserve	\$ 1,288,001
Total revenues	<u>1,288,001</u>
Expenditures and other financing uses	
Purchased professional & technical services	159,692
Construction	1,245,678
Supplies	<u>30,375</u>
Total expenditures	<u>1,435,745</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures & other financing uses	(147,744)
Fund balance - beginning	<u>235,292</u>
Fund balance - ending	<u><u>\$ 87,548</u></u>

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
High School Track
For the Fiscal Year Ended June 30, 2021

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Transfers in from capital reserve	\$ 1,415,775	\$ -	\$ 1,415,775	\$ 1,415,775
Total revenues	<u>1,415,775</u>	<u>-</u>	<u>1,415,775</u>	<u>1,415,775</u>
Expenditures and other financing uses				
Purchased professional & technical services	107,311	4,464	111,775	116,241
Construction	<u>1,121,370</u>	<u>182,630</u>	<u>1,304,000</u>	<u>1,299,534</u>
Total expenditures	<u>1,228,681</u>	<u>187,094</u>	<u>1,415,775</u>	<u>1,415,775</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 187,094</u>	<u>\$ (187,094)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information

Project number	N/A
Authorization date	2019
Bond authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 1,383,300
Additional authorized cost	32,475
Revised authorized cost	1,415,775
Percentage completion	100.00%

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Well Room Renovation
For the Fiscal Year Ended June 30, 2021

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

Additional Project Information

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

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
ASPIRE Informacast System
For the Fiscal Year Ended June 30, 2021

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Transfers in from capital reserve	\$ 327,781	\$ -	\$ 327,781	\$ 327,781
Total revenues	<u>327,781</u>	<u>-</u>	<u>327,781</u>	<u>327,781</u>
Expenditures and other financing uses				
Supplies	283,970	30,375	314,345	327,781
Total expenditures	<u>283,970</u>	<u>30,375</u>	<u>314,345</u>	<u>327,781</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 43,811</u>	<u>\$ (30,375)</u>	<u>\$ 13,436</u>	<u>\$ -</u>

Additional Project Information

Project number	N/A
Authorization date	2020
Bond authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 327,781
Additional authorized cost	-
Revised authorized cost	327,781
Percentage completion	95.90%

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Soccer Field & Irrigation
For the Fiscal Year Ended June 30, 2021

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Transfers in from capital reserve	\$ -	\$ 827,201	\$ 827,201	\$ 827,201
Total revenues	<u>-</u>	<u>827,201</u>	<u>827,201</u>	<u>827,201</u>
Expenditures and other financing uses				
Purchased professional & technical services	-	65,475	65,475	65,475
Construction	-	694,848	694,848	761,726
Total expenditures	<u>-</u>	<u>760,323</u>	<u>760,323</u>	<u>827,201</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 66,878</u>	<u>\$ 66,878</u>	<u>\$ -</u>

Additional Project Information

Project number	N/A
Authorization date	2021
Bond authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 825,800
Additional authorized cost	1,401
Revised authorized cost	827,201
Percentage completion	91.92%

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Parking Lot
For the Fiscal Year Ended June 30, 2021

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Transfers in from capital reserve	\$ -	\$ 373,605	\$ 373,605	\$ 373,605
Total revenues	<u>-</u>	<u>373,605</u>	<u>373,605</u>	<u>373,605</u>
Expenditures and other financing uses				
Purchased professional & technical services	-	48,340	48,340	48,340
Construction	-	325,005	325,005	325,265
Total expenditures	<u>-</u>	<u>373,345</u>	<u>373,345</u>	<u>373,605</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 260</u>	<u>\$ 260</u>	<u>\$ -</u>

Additional Project Information

Project number	N/A
Authorization date	2021
Bond authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 530,000
Additional authorized cost	(156,395)
Revised authorized cost	373,605
Percentage completion	99.93%

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Security Vestibule
For the Fiscal Year Ended June 30, 2021

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Transfers in from capital reserve	\$ -	\$ 87,195	\$ 87,195	\$ 87,195
Total revenues	-	87,195	87,195	87,195
Expenditures and other financing uses				
Purchased professional & technical services	-	41,413	41,413	41,413
Construction	-	43,195	43,195	45,782
Total expenditures	-	84,608	84,608	87,195
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 2,587	\$ 2,587	\$ -

Additional Project Information

Project number	N/A
Authorization date	2021
Bond authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 86,410
Additional authorized cost	785
Revised authorized cost	87,195
Percentage completion	97.03%

See independent auditors' report.

PROPRIETARY FUND

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

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

FIDUCIARY FUNDS

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

(NOT APPLICABLE TO THIS REPORT)

LONG-TERM DEBT SCHEDULES

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
June 30, 2021

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/20	Issued	Retired	Balance 06/30/21
			Date	Amount					
Refunding school bonds of 2015	09/03/15	\$ 3,375,000	02/15/22	\$ 365,000	2.15%	\$ 2,280,000	\$ -	\$ 365,000	\$ 1,915,000
			02/15/23	375,000	2.15%	-	-	-	-
			02/15/24	385,000	2.15%	-	-	-	-
			02/15/25	400,000	2.15%	-	-	-	-
			02/15/26	390,000	2.15%	-	-	-	-
Refunding school bonds of 2014	06/12/14	9,600,000	02/15/22	965,000	4.00%	6,125,000	-	920,000	5,205,000
			02/15/23	1,005,000	4.00%	-	-	-	-
			02/15/24	1,050,000	4.00%	-	-	-	-
			02/15/25	1,090,000	4.00%	-	-	-	-
			02/15/26	1,095,000	4.00%	-	-	-	-
Refunding school bonds of 2014	11/06/14	835,000	07/01/21	115,000	2.20%	335,000	-	110,000	225,000
			07/01/22	110,000	2.20%	-	-	-	-
Stockon School Bonds	12/07/09	290,000			2.20%	31,161	-	31,161	-
						<u>\$ 8,771,161</u>	<u>\$ -</u>	<u>\$ 1,426,161</u>	<u>\$ 7,345,000</u>

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2021

Description	Interest Rate	Amount of Original Issue	Balance 07/01/20	Issued	Retired	Balance 06/30/21
2019 International passenger bus	3.50%	\$ 94,200	\$ 31,437	\$ -	\$ 31,437	\$ -
2020 International passenger bus	4.68%	100,956	<u>33,628</u>	<u>-</u>	<u>33,628</u>	<u>-</u>
			<u>\$ 65,065</u>	<u>\$ -</u>	<u>\$ 65,065</u>	<u>\$ -</u>

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 1,369,165	\$ -	\$ 1,369,165	\$ 1,369,165	\$ -
State sources					
Debt service aid	357,783	-	357,783	357,783	-
Total revenues	<u>1,726,948</u>	<u>-</u>	<u>1,726,948</u>	<u>1,726,948</u>	<u>-</u>
Expenditures					
Regular debt service					
Interest on bonds	300,787	-	300,787	300,713	74
Redemption of principal	1,426,161	-	1,426,161	1,426,161	-
Total expenditures	<u>1,726,948</u>	<u>-</u>	<u>1,726,948</u>	<u>1,726,874</u>	<u>74</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	74	(74)
Fund balance, July 1	<u>3</u>	<u>-</u>	<u>3</u>	<u>3</u>	<u>-</u>
Fund balance, June 30	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 77</u>	<u>\$ (74)</u>

See independent auditors' report.

STATISTICAL SECTION

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Statistical Section J Series

Contents	Page
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	J-1 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules are derived from the Annual Comprehensive Financial Reports (ACFR) for the relevant year.	
The District implemented GASB Statement No. 84 in the fiscal year ending June 30, 2021. Schedules presenting information relating to the implementation of GASB Statement No. 84 include information beginning in that year.	

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Government activities										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ 4,102,393	\$ 5,699,633	\$ 7,900,283	\$ 9,384,469	\$ 10,891,792	\$ 13,220,018	\$ 15,455,596
Restricted	-	-	-	4,680,534	5,043,129	5,433,049	5,652,000	4,480,684	3,746,385	2,344,414
Unrestricted	-	-	-	(4,394,286)	(5,011,789)	(5,647,241)	(5,935,160)	(5,316,515)	(5,790,045)	(5,222,112)
Total governmental activities	\$ -	\$ -	\$ -	\$ 4,388,640	\$ 5,730,973	\$ 7,686,091	\$ 9,101,309	\$ 10,055,961	\$ 11,176,358	\$ 12,577,898
Business-type activities										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ 198,764	\$ 228,544	\$ 89,856	\$ 77,775	\$ 77,226	\$ 118,707	\$ 106,152
Unrestricted	-	-	-	166,122	162,212	89,311	114,514	116,072	51,846	30,045
Total business-type activities	\$ -	\$ -	\$ -	\$ 364,886	\$ 390,756	\$ 179,167	\$ 192,289	\$ 193,298	\$ 170,553	\$ 136,197
District-wide										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ 4,301,157	\$ 5,928,177	\$ 7,990,139	\$ 9,462,244	\$ 10,969,018	\$ 13,338,725	\$ 15,561,748
Restricted	-	-	-	4,680,534	5,043,129	5,433,049	5,652,000	4,480,684	3,746,385	2,344,414
Unrestricted	-	-	-	(4,228,164)	(4,849,577)	(5,557,930)	(5,820,646)	(5,200,443)	(5,738,199)	(5,192,067)
Total district-wide	\$ -	\$ -	\$ -	\$ 4,753,526	\$ 6,121,729	\$ 7,865,258	\$ 9,293,598	\$ 10,249,259	\$ 11,346,911	\$ 12,714,095
	*	*	*						**	

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

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

** as restated

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
Instruction										
Regular	\$ -	\$ -	\$ -	\$ 9,304,431	\$ 9,696,253	\$ 10,154,438	\$ 10,532,416	\$ 11,754,926	\$ 11,326,376	\$ 13,615,495
Special education	-	-	-	2,949,443	3,462,066	3,936,546	4,456,762	4,534,366	4,334,615	4,686,367
Other special education	-	-	-	-	-	-	-	1,225,662	1,350,238	1,738,154
Other instruction	-	-	-	1,227,505	1,334,209	1,532,487	1,854,495	689,687	1,204,941	844,894
Support services										
Tuition	-	-	-	773,455	985,888	1,030,917	1,146,656	1,408,860	1,490,348	1,572,811
Student & instruction related services	-	-	-	3,247,647	3,471,679	3,753,130	4,071,068	4,339,269	4,421,506	5,022,300
General & business administrative services	-	-	-	1,144,315	1,210,935	1,347,999	1,314,495	1,716,121	1,594,351	1,898,954
School administration	-	-	-	382,848	760,615	769,596	930,533	860,577	857,511	856,294
Plant operations & maintenance	-	-	-	1,594,246	1,732,483	1,979,654	1,867,435	2,035,753	2,157,943	2,070,850
Pupil transportation	-	-	-	957,575	1,038,097	1,200,066	1,191,612	1,325,485	1,244,432	1,221,320
Transfer to charter schools	-	-	-	17,172	33,798	-	-	-	-	-
Interest on long-term debt	-	-	-	450,536	517,218	463,027	435,944	280,145	334,612	287,268
Total governmental activities expenses	-	-	-	22,049,173	24,243,241	26,167,860	27,801,416	30,170,851	30,316,873	33,814,707
Business-type activities										
Food services	-	-	-	310,955	325,706	305,033	326,911	335,489	306,787	247,462
Transportation	-	-	-	73,900	27,575	-	-	-	-	-
Total business-type activities	-	-	-	384,855	353,281	305,033	326,911	335,489	306,787	247,462
Total district expenses	\$ -	\$ -	\$ -	\$ 22,434,028	\$ 24,596,522	\$ 26,472,893	\$ 28,128,327	\$ 30,506,340	\$ 30,623,660	\$ 34,062,169
	*	*	*							

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

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Program revenues										
Governmental activities										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 179,969	\$ 61,012	\$ 294,363
Operating grants & contributions	-	-	-	4,150,667	5,937,536	6,807,157	8,604,750	460,092	510,470	677,751
Total governmental activities	-	-	-	4,150,667	5,937,536	6,807,157	8,604,750	640,061	571,482	972,114
Business-type activities										
Charges for services										
Food service	-	-	-	205,330	192,980	191,245	203,828	193,487	144,077	2,396
Operating grants & contributions	-	-	-	107,714	122,596	118,773	135,001	138,403	153,836	205,675
Total business-type activities	-	-	-	313,044	315,575	310,018	338,829	331,890	297,913	208,071
Total district-wide program revenues	\$ -	\$ -	\$ -	\$ 4,463,711	\$ 6,253,111	\$ 7,117,174	\$ 8,943,579	\$ 971,951	\$ 869,395	\$ 1,180,185
Net (expense) revenues										
Governmental activities	\$ -	\$ -	\$ -	\$ (17,898,506)	\$ (18,305,705)	\$ (19,360,703)	\$ (19,196,666)	\$ (29,530,790)	\$ (29,745,391)	\$ (32,842,593)
Business-type activities	-	-	-	(71,811)	(37,706)	4,985	11,918	(3,599)	(8,874)	(39,391)
Total district-wide net expenses	\$ -	\$ -	\$ -	\$ (17,970,317)	\$ (18,343,411)	\$ (19,355,718)	\$ (19,184,748)	\$ (29,534,389)	\$ (29,754,265)	\$ (32,881,984)
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes	\$ -	\$ -	\$ -	\$ 16,412,071	\$ 16,740,311	\$ 17,075,119	\$ 17,416,621	\$ 17,912,309	\$ 18,398,914	\$ 18,841,727
Taxes levied for debt service	-	-	-	1,350,922	1,323,054	1,329,896	1,327,799	1,354,794	1,325,040	1,369,165
Unrestricted grants & contributions	-	-	-	2,433,749	1,568,399	1,477,160	1,516,778	10,935,459	10,490,631	13,955,705
Disposal of capital assets	-	-	-	-	-	(21,028)	-	-	(5,331)	-
Investment earnings	-	-	-	-	-	-	-	101,070	55,769	6,993
Miscellaneous income	-	-	-	119,254	80,106	564,250	350,686	48,605	184,833	75,543
Transfers in (out)	-	-	-	-	(63,828)	265,138	-	-	-	(5,000)
Total governmental activities	-	-	-	20,315,996	19,648,042	20,690,535	20,611,884	30,352,237	30,449,856	34,244,133
	*	*	*							

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

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General revenues & other changes in net position (cont'd)										
Business-type activities										
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,325	\$ 801	\$ 35
Miscellaneous income	-	-	-	125	189	392	1,204	3,283	9,896	-
Transfer in (out)	-	-	-	-	63,828	(265,138)	-	-	-	5,000
Disposal of capital assets	-	-	-	-	-	-	-	-	(24,568)	-
Prior year receivables canceled	-	-	-	(5,500)	(442)	-	-	-	-	-
Total business-type activities	-	-	-	(5,375)	63,575	(264,746)	1,204	4,608	(13,871)	5,035
Total district-wide	\$ -	\$ -	\$ -	\$ 20,310,621	\$ 19,711,617	\$ 20,425,789	\$ 20,613,088	\$ 30,356,845	\$ 30,435,985	\$ 34,249,168
Change in net position										
Governmental activities	\$ -	\$ -	\$ -	\$ 2,417,490	\$ 1,342,337	\$ 1,329,832	\$ 1,415,218	\$ 821,447	\$ 704,465	\$ 1,401,540
Business-type activities	-	-	-	(77,186)	25,870	(259,761)	13,122	1,009	(22,745)	(34,356)
Total district	\$ -	\$ -	\$ -	\$ 2,340,304	\$ 1,368,207	\$ 1,070,071	\$ 1,428,340	\$ 822,456	\$ 681,720	\$ 1,367,184
	*	*	*							

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

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Restricted	\$ -	\$ -	\$ -	\$ 4,178,789	\$ 4,624,371	\$ 5,577,737	\$ 5,614,701	\$ 3,786,126	\$ 3,911,020	\$ 2,480,991
Committed	-	-	-	172,050	106,340	-	35,343	130,152	42,355	183,742
Assigned	-	-	-	505,616	223,067	125,828	195,296	69,416	-	-
Unassigned	-	-	-	219,481	200,383	270,045	290,636	329,275	302,474	872,521
Total general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,075,936</u>	<u>\$ 5,154,161</u>	<u>\$ 5,973,610</u>	<u>\$ 6,135,976</u>	<u>\$ 4,314,969</u>	<u>\$ 4,255,849</u>	<u>\$ 3,537,254</u>
									**	
All other governmental funds										
Restricted										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 194,099	\$ 212,612
Capital projects fund	-	-	-	304,210	262,204	-	-	-	235,292	87,548
Debt service fund	-	-	-	27,021	15,644	5,722	40,001	-	-	-
Committed	-	-	-	4	27,021	15,644	5,722	1,322,902	-	-
Assigned										
Debt service fund	-	-	-	197,534	113,889	-	141,174	40,001	3	77
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 528,769</u>	<u>\$ 418,758</u>	<u>\$ 21,366</u>	<u>\$ 186,897</u>	<u>\$ 1,362,903</u>	<u>\$ 429,394</u>	<u>\$ 300,237</u>
	*	*	*						**	

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

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

** as restated

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax levy	\$ -	\$ -	\$ -	\$ 17,762,993	\$ 18,063,365	\$ 18,405,015	\$ 18,744,420	\$ 19,267,103	\$ 19,723,954	\$ 20,210,892
Tuition charges	-	-	-	28,873	21,300	-	27,590	30,000	16,900	21,075
Transportation fees from other LEA's	-	-	-	-	-	63,775	47,934	-	44,112	41,643
Interest earnings	-	-	-	24,033	30,900	45,000	129,603	101,070	55,769	6,993
Rents and royalties	-	-	-	-	-	91,667	112,500	149,969	156,244	112,500
Sale of property	-	-	-	-	-	328,320	2,629	-	-	-
Miscellaneous	-	-	-	116,074	130,327	77,682	132,933	118,954	95,513	246,401
State sources	-	-	-	4,437,723	4,676,131	4,917,092	5,415,018	5,906,308	6,101,091	7,069,461
Federal sources	-	-	-	327,821	426,128	442,940	440,853	414,049	466,020	674,024
Total revenues	-	-	-	22,697,517	23,348,151	24,371,491	25,053,480	25,987,453	26,659,603	28,382,989
Expenditures										
Instruction										
Regular instruction	-	-	-	5,811,159	5,893,559	5,947,624	5,652,852	5,667,066	5,902,496	6,209,654
Special education instruction	-	-	-	1,909,026	2,239,113	2,376,641	2,507,368	2,263,954	2,147,893	2,161,288
Other special instruction	-	-	-	-	-	-	-	438,858	504,322	629,351
Other instruction	-	-	-	777,916	818,743	909,913	993,861	651,048	706,909	602,502
Support services										
Tuition	-	-	-	773,456	985,888	1,030,917	1,146,656	1,199,617	1,276,601	1,348,388
Student & instructional related services	-	-	-	2,082,378	2,191,242	2,265,777	2,206,356	2,293,723	2,369,773	2,410,674
General administration	-	-	-	517,966	539,378	424,811	426,596	421,815	423,998	437,009
School administration services	-	-	-	236,241	456,282	435,919	484,208	568,918	542,663	565,309
Central services	-	-	-	270,136	263,918	284,723	293,657	317,098	312,784	321,114
Administration info technology	-	-	-	139,736	142,326	176,057	201,869	241,254	247,681	245,219
Plant operations & maintenance	-	-	-	1,342,020	1,344,713	1,455,377	1,449,138	1,616,403	1,792,344	1,648,431
Pupil transportation	-	-	-	809,795	834,069	766,956	843,017	1,053,145	957,585	854,835
Employee benefits	-	-	-	4,547,842	4,883,736	5,332,263	5,939,932	3,634,751	3,634,333	3,613,747
On-behalf TPAF Pension & Social Security contributions	-	-	-	-	-	-	-	3,110,811	3,280,835	4,060,623
Capital outlay	-	-	-	765,616	1,175,432	918,881	872,368	250,108	95,001	162,256
Charter school	-	-	-	17,172	33,798	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	909,285	1,626,363	1,435,745
Special revenue funds	-	-	-	-	-	-	-	460,092	510,470	778,976
Debt service										
Principal	-	-	-	1,254,784	1,165,748	1,226,750	1,272,790	1,323,871	1,374,994	1,426,161
Interest & other charges	-	-	-	488,953	550,750	481,575	434,913	405,793	361,119	314,459
Total expenditures	-	-	-	21,744,196	23,518,695	24,034,184	24,725,581	26,827,610	28,068,164	29,225,741
	*	*	*							

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

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ 953,321	\$ (170,544)	\$ 337,307	\$ 327,899	\$ (840,157)	\$ (1,408,561)	\$ (842,752)
Other financing sources (uses)										
Capital leases (non-budgeted)	-	-	-	-	202,585	-	-	195,156	-	-
Bond proceeds	-	-	-	10,435,000	3,375,000	-	-	-	-	-
Premium on sale of bonds	-	-	-	976,182	-	-	-	-	-	-
Cost of issuance	-	-	-	(133,515)	(38,465)	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	(11,277,667)	(3,336,535)	-	-	-	-	-
Transfers in (out)	-	-	-	-	(63,828)	84,750	-	-	-	(5,000)
Total other financing sources (uses)	-	-	-	-	138,757	84,750	-	195,156	-	(5,000)
Net change in fund balances	\$ -	\$ -	\$ -	\$ 953,321	\$ (31,787)	\$ 422,057	\$ 327,899	\$ (645,001)	\$ (1,408,561)	\$ (847,752)
	*	*	*							
Debt service as a percentage of non-capital expenditures	0.00%	0.00%	0.00%	9.07%	8.32%	7.98%	7.71%	7.23%	7.05%	6.72%

Source: District Records

Note: 1) Non-capital expenditures are total expenditures less capital outlay.
2) During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Tuition	\$ -	\$ -	\$ -	\$ 28,873	\$ 21,300	\$ -	\$ 27,590	\$ 30,000	\$ 16,900	\$ 21,075
Interest income	-	-	-	18,110	22,569	34,221	87,185	101,070	55,769	6,400
Transportation fees	-	-	-	21,216	-	63,775	47,933	-	44,112	41,643
Rental income	-	-	-	-	-	91,667	112,500	149,969	156,244	112,500
Sales of assets	-	-	-	-	-	328,320	2,629	-	-	-
Student activities fees	-	-	-	20,525	25,955	26,600	23,750	25,000	17,800	12,000
Miscellaneous	-	-	-	25,701	10,281	13,951	49,097	3,952	3,541	28,161
Prior year refunds	-	-	-	-	-	-	-	16,353	7,248	17,288
Old outstanding checks canceled	-	-	-	-	-	-	-	3,300	-	18,094
Annual totals	\$ -	\$ -	\$ -	\$ 114,425	\$ 80,106	\$ 558,534	\$ 350,685	\$ 329,644	\$ 301,614	\$ 257,161
	*	*	*							

Source: District Records

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

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Vacant land	\$ 16,019,400	\$ 13,954,500	\$ 14,379,200	\$ 14,724,683	\$ 14,395,983	\$ 15,823,683	\$ 14,573,083	\$ 14,073,083	\$ 13,771,883	\$ 14,687,857
Residential	981,186,700	976,816,000	984,863,000	996,474,900	1,028,646,200	1,043,534,600	1,058,497,300	1,081,966,200	1,100,790,100	1,126,801,200
Farm regular	79,620,700	81,288,900	82,844,300	84,354,900	82,174,400	78,779,000	83,824,300	85,023,300	87,382,200	92,585,300
Q farm	2,579,462	2,579,663	2,576,662	2,405,051	2,359,006	2,258,906	2,325,706	2,333,906	2,321,416	2,347,416
Commercial	148,730,099	150,256,009	150,168,809	152,328,609	158,567,009	163,363,709	167,596,809	171,705,409	173,726,709	174,926,409
Industrial	23,072,600	24,350,200	23,856,000	25,223,000	25,757,900	26,136,400	26,288,300	26,228,000	26,357,000	27,671,500
Apartment	24,904,400	25,066,600	24,987,800	25,044,100	26,158,193	26,548,493	27,056,193	27,015,093	27,334,493	26,846,193
Total assessed value	1,276,113,361	1,274,311,872	1,283,675,771	1,300,555,243	1,338,058,691	1,356,444,791	1,380,161,691	1,408,344,991	1,431,683,801	1,465,865,875
Public utilities (a)	2,383,750	2,016,439	1,709,968	1,747,874	1,665,517	1,758,566	607,654	610,479	616,155	616,155
Net valuation taxable	\$ 1,278,497,111	\$ 1,276,328,311	\$ 1,285,385,739	\$ 1,302,303,117	\$ 1,339,724,208	\$ 1,358,203,357	\$ 1,380,769,345	\$ 1,408,955,470	\$ 1,432,299,956	\$ 1,466,482,030
Estimated actual county equalized value	\$ 1,373,614,475	\$ 1,334,008,594	\$ 1,299,286,047	\$ 1,325,944,232	\$ 1,342,283,737	\$ 1,362,397,513	\$ 1,380,496,893	\$ 1,396,392,159	\$ 1,416,607,658	\$ 1,450,802,594
Percentage of net valuation to estimated actual equalized value	93.08%	95.68%	98.93%	98.22%	99.81%	99.69%	100.02%	100.90%	101.11%	101.08%

**

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

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

* Revalued/Reassessed

** Merger of Local and Regional School Districts

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Vacant land	\$ 985,200	\$ 904,300	\$ 904,300	\$ 904,300	\$ 904,300	\$ 904,300	\$ 904,300	\$ 904,300	\$ 784,300	\$ 784,300
Residential	77,404,100	77,278,500	77,013,700	76,583,800	76,225,200	75,780,600	75,932,400	76,184,700	76,111,700	75,926,200
Farm regular	845,100	845,100	845,100	845,100	845,100	845,100	845,100	845,100	845,100	845,100
Q farm	20,500	20,500	18,400	18,400	18,400	18,400	18,400	18,400	18,400	18,400
Commercial	13,628,300	13,455,700	13,667,700	13,667,700	13,667,700	13,181,300	13,408,400	13,011,800	12,709,400	12,709,400
Industrial	-	-	-	-	-	-	-	-	-	-
Apartment	1,018,600	1,018,600	1,018,600	1,018,600	1,018,600	1,018,600	1,018,600	1,018,600	1,018,600	1,018,600
Total assessed value	93,901,800	93,522,700	93,467,800	93,037,900	92,679,300	91,748,300	92,127,200	91,982,900	91,487,500	91,302,000
Public utilities (a)	124,161	123,536	94,995	93,730	91,553	90,653	-	-	-	-
Net valuation taxable	\$ 94,025,961	\$ 93,646,236	\$ 93,562,795	\$ 93,131,630	\$ 92,770,853	\$ 91,838,953	\$ 92,127,200	\$ 91,982,900	\$ 91,487,500	\$ 91,302,000
Estimated actual county equalized value	\$ 92,638,250	\$ 93,562,141	\$ 90,743,623	\$ 92,189,754	\$ 93,719,587	\$ 93,563,431	\$ 89,906,509	\$ 90,135,130	\$ 91,232,050	\$ 88,180,413
Percentage of net valuation to estimated actual equalized value	101.50%	100.09%	103.11%	101.02%	98.99%	98.16%	102.47%	102.05%	100.28%	103.54%
Total direct school tax rates (b)	\$ 0.670	\$ 0.690	\$ 1.320	\$ 1.295	\$ 1.291	\$ 1.283	\$ 1.257	\$ 1.235	\$ 1.235	\$ 1.220

**

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

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

* Revalued/Reassessed

** Merger of Local and Regional School Districts

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Vacant land	\$ 5,000,500	\$ 4,803,200	\$ 4,720,600	\$ 5,317,183	\$ 4,564,883	\$ 5,475,183	\$ 4,837,683	\$ 4,440,083	\$ 4,544,283	\$ 4,245,183
Residential	571,053,500	567,122,600	562,452,000	567,428,400	583,301,900	597,964,000	608,592,100	619,195,900	631,429,200	638,712,900
Farm regular	1,343,800	1,343,800	1,343,800	1,355,500	1,492,300	1,494,300	1,495,800	1,503,800	1,523,800	1,678,400
Q farm	128,562	128,562	128,562	3,631	2,206	2,206	2,206	2,206	2,616	2,616
Commercial	107,487,900	107,765,800	107,578,500	108,516,200	113,908,500	118,411,300	119,991,100	119,082,900	121,350,200	122,353,200
Industrial	11,326,900	10,526,900	10,526,900	10,659,000	10,973,700	11,290,500	11,409,700	11,409,700	11,542,000	11,542,000
Apartment	22,634,200	22,817,900	22,792,900	22,797,100	23,878,593	24,229,693	24,720,293	24,646,993	24,945,893	24,389,693
Total assessed value	718,975,362	714,508,762	709,543,262	716,077,014	738,122,082	758,867,182	771,048,882	780,281,582	795,337,992	802,923,992
Public utilities (a)	1,490,108	1,165,786	1,026,564	1,051,057	1,008,113	1,095,622	-	-	-	-
Net valuation taxable	\$ 720,465,470	\$ 715,674,548	\$ 710,569,826	\$ 717,128,071	\$ 739,130,195	\$ 759,962,804	\$ 771,048,882	\$ 780,281,582	\$ 795,337,992	\$ 802,923,992
Estimated actual county equalized value	\$ 732,969,651	\$ 733,607,961	\$ 717,529,865	\$ 721,997,393	\$ 742,874,479	\$ 779,684,765	\$ 787,588,235	\$ 778,413,390	\$ 809,916,489	\$ 818,725,392
Percentage of net valuation to estimated actual equalized value	98.29%	97.56%	99.03%	99.33%	99.50%	97.47%	97.90%	100.24%	98.20%	98.07%
Total direct school tax rates (b)	\$ 0.650	\$ 0.650	\$ 1.210	\$ 1.240	\$ 1.235	\$ 1.262	\$ 1.298	\$ 1.312	\$ 1.315	\$ 1.345

**

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

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

* Revalued/Reassessed

** Merger of Local and Regional School Districts

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Vacant land	\$ 10,033,700	\$ 8,247,000	\$ 8,754,300	\$ 8,503,200	\$ 8,926,800	\$ 9,444,200	\$ 8,831,100	\$ 8,728,700	\$ 8,443,300	\$ 9,658,374
Residential	332,729,100	332,414,900	345,397,300	352,462,700	369,119,100	369,790,000	373,972,800	386,585,600	393,249,200	412,162,100
Farm regular	77,431,800	79,100,000	80,655,400	82,154,300	79,837,000	76,439,600	81,483,400	82,674,400	85,013,300	90,061,800
Q farm	2,430,400	2,430,601	2,429,700	2,383,020	2,338,400	2,238,300	2,305,100	2,313,300	2,300,400	2,326,400
Commercial	27,613,899	29,034,509	28,922,609	30,144,709	30,990,809	31,771,109	34,197,309	39,610,709	39,667,109	39,863,809
Industrial	11,745,700	13,823,300	13,329,100	14,564,000	14,784,200	14,845,900	14,878,600	14,818,300	14,815,000	16,129,500
Apartment	1,251,600	1,230,100	1,176,300	1,228,400	1,261,000	1,300,200	1,317,300	1,349,500	1,370,000	1,437,900
Total assessed value	\$ 463,236,199	\$ 466,280,410	\$ 480,664,709	\$ 491,440,329	\$ 507,257,309	\$ 505,829,309	\$ 516,985,609	\$ 536,080,509	\$ 544,858,309	\$ 571,639,883
Public utilities (a)	769,481	727,117	588,409	603,087	565,851	572,291	607,654	610,479	616,155	616,155
Net valuation taxable	\$ 464,005,680	\$ 467,007,527	\$ 481,253,118	\$ 492,043,416	\$ 507,823,160	\$ 506,401,600	\$ 517,593,263	\$ 536,690,988	\$ 545,474,464	\$ 572,256,038
Estimated actual county equalized value	\$ 548,006,574	\$ 506,838,492	\$ 491,012,559	\$ 511,757,085	\$ 505,689,671	\$ 489,149,317	\$ 503,002,149	\$ 527,843,639	\$ 515,459,119	\$ 543,896,789
Percentage of net valuation to estimated actual equalized value	84.67%	92.14%	98.01%	96.15%	100.42%	103.53%	102.90%	101.68%	105.82%	105.21%
Total direct school tax rates (b)	\$ 0.810	\$ 0.820	\$ 1.210	\$ 1.590	\$ 1.558	\$ 1.541	\$ 1.516	\$ 1.514	\$ 1.537	\$ 1.484
	*	*	**							

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

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

- * Revalued/Reassessed
- ** Merger of Local and Regional School Districts

See independent auditors' report.

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

Assessment Year	School District Direct Rate				Regional School Rate	Overlapping Rates		Fire District	Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)			Municipality	County		
			Total Direct School Tax Rate						
2012	\$ 0.590	\$ 0.080	\$ 0.670	\$ 0.710	\$ 0.350	\$ 0.340	\$ -	\$ 2.070	
2013	0.610	0.080	0.690	0.700	0.370	0.360	-	2.120	
2014	** 1.220	0.100	1.320	-	0.380	0.360	-	2.060	
2015	1.197	0.098	1.295	-	0.402	0.368	-	2.065	
2016	1.196	0.095	1.291	-	0.414	0.376	-	2.081	
2017	1.190	0.093	1.283	-	0.434	0.378	-	2.095	
2018	1.168	0.089	1.257	-	0.452	0.369	-	2.078	
2019	1.148	0.087	1.235	-	0.465	0.370	-	2.070	
2020	1.152	0.083	1.235	-	0.465	0.376	-	2.076	
2021	1.137	0.083	1.220	-	0.518	0.364	-	2.102	

Sources: Municipal Tax Collector

Note: N.J.S.A.18A:7F-5d limits the amount that the District can submit for a general fund tax levy. The levy when added to other components of the District's net budget may not exceed the pre-budget by more than the spending growth limitation calculated as follows: the pre-budget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

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

* Revalued/Reassessed

** Merger of Local and Regional School Districts

See independent auditors' report.

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

Assessment Year	School District Direct Rate				Regional School Rate	Overlapping Rates		Fire District	Total Direct & Overlapping Tax Rate
	Basic	General	(From J-6)	Total Direct		Municipality	County		
	Rate (a)	Obligation Debt Service (b)	School Tax Rate	School Tax Rate					
2012	\$ 0.570	\$ 0.080	\$ 0.650	\$ 0.450	\$ 0.350	\$ 0.330	\$ 0.070	\$ 1.850	
2013	0.570	0.080	0.650	0.490	0.360	0.340	0.070	1.910	
2014	** 1.120	0.090	1.210	-	0.360	0.350	0.070	1.990	
2015	1.146	0.094	1.240	-	0.358	0.344	0.075	2.017	
2016	1.145	0.090	1.235	-	0.349	0.344	0.073	2.001	
2017	1.171	0.091	1.262	-	0.351	0.350	0.078	2.041	
2018	1.206	0.092	1.298	-	0.350	0.354	0.083	2.085	
2019	1.220	0.092	1.312	-	0.375	0.347	0.083	2.117	
2020	1.227	0.088	1.315	-	0.404	0.353	0.149	2.221	
2021	1.254	0.091	1.345	-	0.419	0.353	0.151	2.268	

Sources: Municipal Tax Collector

Note: N.J.S.A.18A:7F-5d limits the amount that the District can submit for a general fund tax levy. The levy when added to other components of the District's net budget may not exceed the pre-budget by more than the spending growth limitation calculated as follows: the pre-budget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

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

* Revalued/Reassessed

** Merger of Local and Regional School Districts

See independent auditors' report.

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

Assessment Year	School District Direct Rate				Regional School Rate	Overlapping Rates		Fire District	Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)			Municipality	County		
			Total Direct School Tax Rate						
2012	* \$ 0.710	\$ 0.100	\$ 0.810		\$ 0.820	\$ 0.320	\$ 0.530	\$ -	\$ 2.480
2013	* 0.720	0.100	0.820		0.830	0.320	0.390	-	2.360
2014	** 1.120	0.090	1.210		-	0.310	0.380	-	1.900
2015	1.469	0.121	1.590		-	0.320	0.386	-	2.296
2016	1.444	0.114	1.558		-	0.329	0.371	-	2.258
2017	1.430	0.111	1.541		-	0.340	0.359	-	2.240
2018	1.409	0.107	1.516		-	0.353	0.367	-	2.236
2019	1.408	0.106	1.514		-	0.360	0.370	-	2.244
2020	1.434	0.103	1.537		-	0.376	0.357	-	2.270
2021	1.383	0.101	1.484		-	0.382	0.359	-	2.225

Sources: Municipal Tax Collector

Note: N.J.S.A.18A:7F-5d limits the amount that the District can submit for a general fund tax levy. The levy when added to other components of the District's net budget may not exceed the pre-budget by more than the spending growth limitation calculated as follows: the pre-budget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

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

* Revalued/Reassessed

** Merger of Local and Regional School Districts

See independent auditors' report.

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

	2021			2012		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
	Deamicis Hospitality Group Inc.	\$ 2,154,400	1	2.36%	\$ -	
Millett Properties LLC	2,010,000	2	2.20%	1,836,300	2	1.95%
Stockton Holdings	1,322,700	3	1.45%	-		-
Individual Property Owner	1,032,400	4	1.13%	1,867,100	1	1.99%
Nobalistick II, LLC	977,300	5	1.07%	-		-
Nobilis, LLC	905,800	6	0.99%	-		-
Individual Property Owner	792,900	7	0.87%	1,230,200	5	1.31%
Individual Property Owner	773,800	8	0.85%	1,065,900	6	1.13%
The Hemenway Group LLC	749,000	9	0.82%	-		-
JRC Realty LLC	747,400	10	0.82%	-		-
Harverstick Properties	-		-	1,444,200	3	1.54%
Finale Partners LLC	-		-	1,278,100	4	1.36%
Individual Property Owner	-		-	914,900	7	0.97%
Individual Property Owner	-		-	905,800	8	0.96%
Individual Property Owner	-		-	792,900	10	0.84%
Individual Property Owner	-		-	890,300	9	0.95%
	<u>\$ 11,465,700</u>		<u>12.56%</u>	<u>\$ 12,225,700</u>		<u>13.00%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

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

	2021			2012		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Heritage Village at Lambertville	\$ 10,155,400	1	1.26%	\$ 9,953,000	1	1.38%
Swan Creek Holding Company	5,972,200	2	0.74%	4,002,500	4	0.56%
Woodrose Properties LLC	5,630,900	3	0.70%	2,680,800	8	0.37%
LV Hotel Property LLC	4,898,700	4	0.61%	-		-
Fedway Associates	3,189,900	5	0.40%	-		-
North Union Street LLC	3,127,000	6	0.39%	-		-
Maurice U Family Trust	2,985,500	7	0.37%	-		-
Hart Ventre Group LLC	2,955,100	8	0.37%	3,142,100	5	0.44%
Promar Development Co LLC	2,888,800	9	0.36%	-		-
Econotech Development Company	2,819,800	10	0.35%	4,862,500	2	0.67%
Delcampo LLC	-		-	4,700,000	3	0.65%
BC Property Management	-		-	2,987,400	6	0.41%
Individual Property Owner	-		-	2,968,400	7	0.41%
Allied Village Square	-		-	2,596,800	9	0.36%
DeMarco Investment	-		-	2,574,400	10	0.36%
	<u>\$ 44,623,300</u>		<u>5.56%</u>	<u>\$ 40,467,900</u>		<u>5.62%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

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

	2021			2012		
	Taxable Assessed	Rank	% of Total District Net Assessed Value	Taxable Assessed	Rank	% of Total District Net Assessed Value
	Value			Value		
Texas Eastern Transmission Corp	\$ 7,100,000	1	1.24%	5,491,900	1	1.18%
OFN Properties LLC	5,374,200	2	0.94%	-		-
JMJ Farm Holdings LLC	3,154,300	3	0.55%	3,027,100	3	0.65%
Texas Eastern Transmission Corp	3,100,000	4	0.54%	-		-
Barry Road Properties LLC	2,384,500	5	0.42%	2,501,000	4	0.54%
LBC1 REO LLC	2,346,600	6	0.41%	-		-
Investment Group LLC	2,229,700	7	0.39%	-		-
Breen Real Estate LLC	2,094,900	8	0.37%	1,648,500	7	0.36%
Affordable Self Storage Inc	1,976,800	9	0.35%	1,725,800	6	0.37%
Individual Property Owner	1,840,500	10	0.32%	4,578,300	2	0.99%
Algonquin Gas Transmission	-		-	1,851,400	5	0.40%
Individual Property Owner	-		-	1,552,300	8	0.33%
Individual Property Owner	-		-	1,549,100	9	0.33%
Individual Property Owner	-		-	1,510,000	10	0.33%
	<u>\$ 31,601,500</u>		<u>5.52%</u>	<u>\$ 25,435,400</u>		<u>5.48%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

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

Fiscal Year Ending June 30,	Taxes Levied for the Year				Collected within the Year of the Levy (a)	
	Borough of Stockton	City of Lambertville	Township of West Amwell	Regional High School	Total Amount	Percentage of Levy
2012	\$ 658,039	\$ 3,079,716	\$ 3,718,078	\$ 9,105,164	\$ 16,560,997	100.00%
2013	657,787	3,688,272	3,791,804	9,066,407	17,204,270	100.00%
2014	657,774	3,688,071	3,866,729	9,240,692	17,453,266	100.00%
2015	** 1,203,248	8,868,570	7,691,175	-	17,762,993	100.00%
2016	1,206,785	8,902,418	7,954,162	-	18,063,365	100.00%
2017	1,189,850	9,353,217	7,861,948	-	18,405,015	100.00%
2018	1,166,739	9,828,979	7,748,702	-	18,744,420	100.00%
2019	1,148,935	10,178,116	7,940,052	-	19,267,103	100.00%
2020	1,122,678	10,299,598	8,301,678	-	19,723,954	100.00%
2021	1,136,069	10,606,502	8,468,321	-	20,210,892	100.00%

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

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

** Merger of Local and Regional School Districts

See independent auditors' report.

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

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2012	*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2013	*	-	-	-	-	-	-	0.00%	-
2014	*	-	-	-	-	-	-	0.00%	-
2015		14,930,314	-	94,373	-	63,828	15,088,515	2.68%	2,104
2016		13,969,566	-	193,184	-	-	14,162,750	2.45%	1,983
2017		12,742,816	-	96,580	-	-	12,839,396	2.16%	1,805
2018		11,470,026	-	-	-	-	11,470,026	1.90%	1,614
2019		10,146,155	-	127,563	-	-	10,273,718	1.64%	1,451
2020		8,771,161	-	65,065	-	-	8,836,226	1.36%	1,251
2021		7,345,000	-	-	-	-	7,345,000	N/A	1,044

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

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

N/A Information is not available

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

See independent auditors' report.

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

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	* \$ -	\$ -	\$ -	-	\$ -
2013	* -	-	-	-	-
2014	* -	-	-	-	-
2015	14,930,314	-	14,930,314	1.15%	2,082
2016	13,969,566	-	13,969,566	1.04%	1,956
2017	12,742,816	-	12,742,816	0.94%	1,791
2018	11,470,026	-	11,470,026	0.83%	1,614
2019	10,146,155	-	10,146,155	0.72%	1,433
2020	8,771,161	-	8,771,161	0.61%	1,242
2021	7,345,000	-	7,345,000	0.50%	1,044

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

(a) See Exhibit J-6 for property tax data.

(b) Population data can be found in Exhibit J-14.

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

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2020

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Debt</u>
Debt repaid with property taxes			
Municipality			
Borough of Stockton	\$ 801,807	100.00%	\$ 801,807
City of Lambertville	12,820,759	100.00%	12,820,759
Township of West Amwell	3,345,892	100.00%	3,345,892
County general obligation debt	90,647,955	6.51%	<u>5,901,165</u>
Subtotal, overlapping debt			<u>22,869,623</u>
Regional High School			
Borough of Stockton	8,630,000	6.36%	549,031
City of Lambertville	8,630,000	56.56%	4,881,251
Township of West Amwell	8,630,000	37.08%	<u>3,199,718</u>
School District direct debt			<u>8,630,000</u>
Total direct and overlapping debt			<u><u>\$ 40,129,623</u></u>

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

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

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

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2021

		Equalized Valuation Basis
	2020	\$ 1,447,870,211
	2019	1,412,908,874
	2018	1,388,936,659
		\$ 4,249,715,744
Average equalized valuation of taxable property		\$ 1,416,571,915
Debt limit (4.0% of average equalization value)	(a)	\$ 56,662,877
Total net debt applicable to limit		7,345,000
Legal debt margin		\$ 49,317,877

	Fiscal Year				
	2017	2018	2019	2020	2021
Debt limit	\$ 53,571,851	\$ 54,357,623	\$ 55,051,999	\$ 55,710,751	\$ 56,662,877
Total net debt applicable	12,742,816	11,470,026	10,146,155	8,771,161	7,345,000
Legal debt margin	\$ 40,829,035	\$ 42,887,597	\$ 44,905,844	\$ 46,939,590	\$ 49,317,877
Total net debt applicable to the limit as a percentage of debt limit	23.79%	21.10%	18.43%	15.74%	12.96%

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt limit	\$ -	\$ -	\$ -	\$ 52,666,494	\$ 52,958,717
Total net debt applicable	-	-	-	14,930,314	13,969,566
Legal debt margin	\$ -	\$ -	\$ -	\$ 37,736,180	\$ 38,989,151
	*	*	*		
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	28.35%	26.38%

Source: Equalized Valuation Basis obtained from the annual report of the State of New Jersey Department of Treasury, Division of Taxation.

(a) Limit set by N.J.S.A. 18A:24-19.

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

See independent auditors' report.

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

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2012	534	\$ 38,413,824	\$ 71,936	N/A
2013	530	39,876,670	75,239	7.3%
2014	528	39,629,040	75,055	3.2%
2015	526	41,330,450	78,575	3.6%
2016	523	42,374,506	81,022	3.0%
2017	520	43,545,320	83,741	3.0%
2018	519	44,131,608	85,032	2.3%
2019	515	45,610,975	88,565	2.6%
2020	513	47,345,283	92,291	7.3%
2021	N/A	N/A	N/A	N/A

Sources:

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

See independent auditors' report.

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

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2012	3,905	\$ 280,910,080	\$ 71,936	7.9%
2013	3,873	291,400,647	75,239	3.0%
2014	3,866	290,162,630	75,055	3.8%
2015	3,856	302,985,200	78,575	3.1%
2016	3,841	311,205,502	81,022	2.9%
2017	3,824	320,225,584	83,741	2.9%
2018	3,822	324,992,304	85,032	2.5%
2019	3,815	337,875,475	88,565	2.1%
2020	3,808	351,444,128	92,291	5.7%
2021	N/A	N/A	N/A	N/A

Sources:

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

See independent auditors' report.

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

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2012	2,825	\$ 203,219,200	\$ 71,936	6.1%
2013	2,801	210,744,439	75,239	3.2%
2014	2,795	209,778,725	75,055	5.0%
2015	2,788	219,067,100	78,575	3.9%
2016	2,777	224,998,094	81,022	3.7%
2017	2,770	231,962,570	83,741	3.4%
2018	2,764	235,028,448	85,032	3.2%
2019	2,749	243,465,185	88,565	2.8%
2020	2,743	253,154,213	92,291	7.2%
2021	N/A	N/A	N/A	N/A

Sources:

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

See independent auditors' report.

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

2021

Employer	Employees	Rank	Percentage of Total Municipal Employment
----------	-----------	------	--

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2012

Employer	Employees	Rank	Percentage of Total Municipal Employment
----------	-----------	------	--

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction										
Regular	-	-	-	73.0	76.0	72.5	70.6	72.5	73.2	74.3
Special education	-	-	-	23.9	26.5	28.0	32.0	33.7	32.9	32.5
Other instruction - aides	-	-	-	19.3	18.8	21.5	26.0	26.0	25.5	25.0
Support services										
Student and instruction related services	-	-	-	17.8	23.8	27.9	28.1	26.5	29.7	30.0
General administration	-	-	-	2.5	2.5	2.0	2.0	2.0	2.0	2.0
School administration services	-	-	-	9.5	6.0	6.0	6.3	7.3	6.4	6.4
Central services	-	-	-	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Administrative information technology	-	-	-	2.0	2.0	3.0	3.0	3.0	3.0	3.0
Plant operations and maintenance	-	-	-	11.3	11.4	11.9	12.4	12.4	12.4	11.8
Pupil transportation	-	-	-	7.0	7.3	7.8	7.7	7.0	6.0	7.5
Other Support Services	-	-	-	2.0	2.0	2.0	1.7	1.7	2.6	2.6
Total	-	-	-	171.8	179.8	186.1	193.3	195.6	197.2	198.6
	*	*	*							

Source: District Personnel Records

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

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	June 30 Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2012	*	-	\$ -	-	-	-	-	-	-	-
2013	*	-	-	-	-	-	-	-	-	-
2014	*	-	-	-	-	-	-	-	-	-
2015	960	19,234,843	20,036	-2.95%	97.9	1 to 9.81	959.9	916.6	2.92%	95.49%
2016	938	20,626,765	21,990	9.75%	102.5	1 to 9.15	938.3	896.2	-2.25%	95.52%
2017	940	21,406,978	22,773	3.56%	102.6	1 to 9.16	940.0	880.7	0.18%	93.69%
2018	943	22,145,510	23,484	3.12%	102.6	1 to 9.19	1,020.8	872.7	8.60%	85.49%
2019	925	23,938,553	25,880	10.20%	106.2	1 to 8.71	904.8	859.4	-11.37%	94.98%
2020	971	24,610,687	25,346	-2.06%	108.0	1 to 8.99	921.2	891.3	1.81%	96.76%
2021	885	25,887,120	29,251	15.41%	108.8	1 to 8.13	883.5	836.5	-4.09%	94.68%

Source: District Records

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

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

See independent auditors' report.

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

District Building	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Elementary										
City of Lambertville (1968)										
Square feet	-	-	-	32,301	32,301	32,301	32,301	32,301	32,301	32,301
Capacity (students)	-	-	-	982	982	982.0	982.0	982.0	982.0	982.0
Enrollment	-	-	-	251	250	246.0	247.0	231.0	235.0	226.0
Borough of Stockton (1872)										
Square feet	-	-	-	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Capacity (students)	-	-	-	67	67	67.0	67.0	67.0	67.0	67.0
Enrollment	-	-	-	55	48	55.0	12.0	-	-	-
Township of West Amwell (1953)										
Square feet	-	-	-	24,578	24,578	24,578	24,578	24,578	24,578	24,578
Capacity (students)	-	-	-	266	266	266.0	266.0	266.0	266.0	266.0
Enrollment	-	-	-	222	211	219.0	234.0	227.0	260.0	215.0
High School										
South Hunterdon Regional High School (1959)										
Square feet	-	-	-	99,000	99,000	99,000	99,000	99,000	99,000	99,500
Capacity (students)	-	-	-	572	572	572.0	572.0	572.0	572.0	572.0
Enrollment	-	-	-	424	441	452.0	450.0	463.0	476.0	444.0
	*	*	*							

Number of schools at June 30, 2021:	
Elementary	3
Middle School	-
High School	1
Other	-

Source: District Facilities Office

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

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

See independent auditors' report.

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

Undistributed Expenditures - Required Maintenance for School Facilities

Fiscal Year Ending	Borough of Stockton	City of Lambertville	High School	Township of West Amwell	District Total
2012	*	\$ -	\$ -	\$ -	\$ -
2013	*	-	-	-	-
2014	*	-	-	-	-
2015		18,793	42,831	198,248	28,768
2016		20,760	38,808	298,916	60,874
2017		44,266	131,520	315,515	89,578
2018		15,850	85,431	331,700	115,991
2019		6,933	91,649	280,273	146,227
2020		27,133	128,462	343,841	149,731
2021		12,381	106,218	283,426	77,201
Total school facilities	\$	<u>146,116</u>	<u>\$ 624,919</u>	<u>\$ 2,051,919</u>	<u>\$ 668,370</u>
					<u>\$ 3,491,324</u>

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

Source: District Records

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

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Insurance Schedule
June 30, 2021
(Unaudited)

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

Source: District Records

See independent auditors' report.

SINGLE AUDIT SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the South Hunterdon Regional School District, County of Hunterdon, the State of New Jersey, (the District), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 2, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



BKC, CPAs, PC



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

March 2, 2022
Flemington, New Jersey



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

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

Report on Compliance for Each Major Federal and State Programs

We have audited the South Hunterdon Regional School District's, (the District), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and New Jersey OMB Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2021. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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



BKC, CPAs, PC



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

March 2, 2022
Flemington, New Jersey

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2021**

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2020		Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2021				
					From	To	(Acct Rec) Def Revenue	Carryover Amount					Accounts Receivable	Deferred Revenue	Due to Grantor		
U.S. Department of Health and Human Services passed through State Department of Education General Fund																	
Medical Assistance Program (SEMI)	93.778	2005NJ5MAP	N/A	\$ 47,986	07/01/20	06/30/21	\$ -	\$ -	\$ 47,986	\$ 47,986	\$ -	\$ -	\$ -	\$ -	\$ -		
U.S. Department of Education passed through State Department of Education Special Revenue Fund																	
Special education cluster (IDEA)																	
IDEA Basic	84.027A	H027A200100	IDEA-1376-21	224,423	07/01/20	06/30/21	-	-	224,423	224,423	-	-	-	-	-		
IDEA Basic	84.027A	H027A190100	IDEA-1376-20	213,747	07/01/19	06/30/20	(16,956)	-	16,956	-	-	-	-	-	-		
IDEA Preschool	84.173A	H173A200114	IDEA-1376-21	7,156	07/01/20	06/30/21	-	-	2,317	1,688	-	-	-	629	-		
IDEA Preschool	84.173A	H173A190114	IDEA-1376-20	7,084	07/01/19	06/30/20	19	-	-	19	-	-	-	-	-		
Total special education cluster (IDEA)							(16,937)	-	243,696	226,130	-	-	-	629	-		
Title I A	84.010A	S010A200030	ESSA-1376-21	156,578	07/01/20	06/30/21	-	-	98,979	148,446	-	-	(49,467)	-	-		
Title I A	84.010A	S010A190030	ESSA-1376-20	155,896	07/01/19	06/30/20	(60,841)	-	60,841	-	-	-	-	-	-		
Title I A	84.010A	S010A180030	ESSA-1376-19	167,449	07/01/18	06/30/19	(35,771)	-	35,771	-	-	-	-	-	-		
Title II A	84.367A	S367A200029	ESSA-1376-21	11,589	07/01/20	06/30/21	-	-	10,789	10,603	-	-	-	186	-		
Title II A	84.367A	S367A190029	ESSA-1376-20	10,483	07/01/19	06/30/20	(1,875)	-	1,940	332	267	-	-	-	-		
Title III	84.365	S365A200030	ESSA-1376-21	22,461	07/01/20	06/30/21	-	-	11,144	22,180	-	-	(11,036)	-	-		
Title III	84.365	S365A190030	ESSA-1376-20	11,286	07/01/19	06/30/20	(1,999)	-	1,850	-	149	-	-	-	-		
Title III Immigrant	84.365	S365A200030	ESSA-1376-21	1,564	07/01/20	06/30/21	-	-	1,564	1,564	-	-	-	-	-		
Title III Immigrant	84.365	S365A190030	ESSA-1376-20	1,486	07/01/19	06/30/20	(379)	-	379	-	-	-	-	-	-		
Title IV	84.424	S424A200031	ESSA-1376-21	13,115	07/01/20	06/30/21	-	-	2,639	10,832	-	-	(8,193)	-	-		
Title IV	84.424	S424A190031	ESSA-1376-20	10,000	07/01/19	06/30/20	(4,092)	-	2,292	-	1,800	-	-	-	-		
Perkins Secondary Reserve	84.048	V048A190030	PERK-1376-20	3,883	07/01/19	06/30/20	(1,318)	-	1,318	-	-	-	-	-	-		
CARES Emergency Relief	84.425	S425D200027	CARES-1376-22	13,115	03/13/20	09/30/22	-	-	120,781	122,733	-	-	(1,952)	-	-		
Coronavirus Relief Fund	84.425	S425D200027	CARES-1376-21	47,320	07/01/20	06/30/21	-	-	47,320	47,320	-	-	-	-	-		
ESSER II	84.425	S425D200027	CRSSA-1376-23	513,215	03/13/20	09/30/23	-	-	-	137,384	-	-	(137,384)	-	-		
Total Special Revenue Fund							(123,212)	-	641,303	727,524	2,216	-	(208,032)	815	-		
U.S. Department of Agriculture passed through State Department of Agriculture Enterprise Fund																	
Child Nutrition Cluster																	
National School Lunch Program																	
Non-Cash Assistance (Commodities)	10.555	211NJ304N1099	N/A	14,554	10/01/20	09/30/21	-	-	14,554	8,656	-	-	-	5,898	-		
National School Lunch Program																	
Non-Cash Assistance (Commodities)	10.555	201NJ304N1099	N/A	19,812	10/01/19	09/30/20	1,988	-	-	1,988	-	-	-	-	-		
National School Lunch Program																	
Cash Assistance	10.555	211NJ304N1099	N/A	131,433	10/01/20	09/30/21	-	-	117,764	131,433	-	-	(13,669)	-	-		
School Breakfast Program	10.553	211NJ304N1099	N/A	56,744	10/01/20	09/30/21	-	-	51,187	56,744	-	-	(5,557)	-	-		
Total Enterprise Fund							1,988	-	183,505	198,821	-	-	(19,226)	5,898	-		
Total Federal Financial Assistance							\$ (121,224)	\$ -	\$ 872,794	\$ 974,331	\$ 2,216	\$ -	\$ (227,258)	\$ 6,713	\$ -		

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2021

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2020		Cash Received	Budgetary Expenditure	Adjustments	Balance June 30, 2021			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General Fund														
Transportation Aid	21-495-034-5120-014	\$ 314,641	07/01/20	06/30/21	\$ -	\$ -	\$ 285,937	\$ 314,641	\$ -	\$ -	\$ -	\$ -	\$ 28,704	\$ 314,641
Special Education Categorical Aid	21-495-034-5120-089	616,799	07/01/20	06/30/21	-	-	560,530	616,799	-	-	-	-	56,269	616,799
School Choice Aid	21-495-034-5120-068	1,394,939	07/01/20	06/30/21	-	-	1,267,684	1,394,939	-	-	-	-	127,255	1,394,939
Equalization Aid	21-495-034-5120-078	125,891	07/01/20	06/30/21	-	-	114,406	125,891	-	-	-	-	11,485	125,891
Extraordinary Special Education Costs Aid	20-495-034-5120-044	100,061	07/01/19	06/30/20	(90,951)	-	100,061	9,110	-	-	-	-	-	100,061
Extraordinary Special Education Costs Aid	21-495-034-5120-044	184,263	07/01/20	06/30/21	-	-	-	184,263	-	(184,263)	-	-	-	184,263
Non-Public Transportation Aid	21-495-034-5120-014	11,310	07/01/20	06/30/21	-	-	-	11,310	-	(11,310)	-	-	-	11,310
Reimbursed TPAF Social Security Contribution	20-495-034-5094-003	708,109	07/01/19	06/30/20	(34,618)	-	34,618	-	-	-	-	-	-	708,109
Reimbursed TPAF Social Security Contribution	21-495-034-5094-003	747,459	07/01/20	06/30/21	-	-	710,467	747,459	-	(36,992)	-	-	-	747,459
On-Behalf TPAF Pension Contribution - Teacher's Pension & Annuity Fund	21-495-034-5094-002	2,488,302	07/01/20	06/30/21	-	-	2,488,302	2,488,302	-	-	-	-	-	2,488,302
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	21-495-034-5094-004	33,019	07/01/20	06/30/21	-	-	33,019	33,019	-	-	-	-	-	33,019
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	21-495-034-5094-004	1,700	07/01/20	06/30/21	-	-	1,700	1,700	-	-	-	-	-	1,700
On-Behalf TPAF Pension Contribution - Post Retirement Medical	21-495-034-5094-001	790,143	07/01/20	06/30/21	-	-	790,143	790,143	-	-	-	-	-	790,143
Total General Fund					<u>(125,569)</u>	<u>-</u>	<u>6,386,867</u>	<u>6,717,576</u>	<u>-</u>	<u>(232,565)</u>	<u>-</u>	<u>-</u>	<u>223,713</u>	<u>7,516,636</u>
Debt Service Fund														
Debt Service Aid - State Support	21-495-034-5120-017	357,783	07/01/20	06/30/21	-	-	357,783	357,783	-	-	-	-	-	357,783
Total Debt Service Fund					<u>-</u>	<u>-</u>	<u>357,783</u>	<u>357,783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>357,783</u>
State Department of Agriculture														
Enterprise Fund														
National School Lunch Program (St share)	21-100-010-3350-023	6,854	07/01/20	06/30/21	-	-	5,881	6,854	-	(973)	-	-	-	6,854
Total Enterprise Fund					<u>-</u>	<u>-</u>	<u>5,881</u>	<u>6,854</u>	<u>-</u>	<u>(973)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,854</u>
Total State Financial Assistance					<u>\$ (125,569)</u>	<u>\$ -</u>	<u>\$ 6,750,531</u>	<u>7,082,213</u>	<u>\$ -</u>	<u>\$ (233,538)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223,713</u>	<u>\$ 7,881,273</u>
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	21-495-034-5094-002							2,488,302						
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	21-495-034-5094-004							33,019						
On-Behalf TPAF Pension Contribution - Postretirement Medical	21-495-034-5094-001							790,143						
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	21-495-034-5094-004							1,700						
Total for State Financial Assistance - Major Program Determination								<u>\$ 3,769,049</u>						

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2021

Note 1 - General

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

Note 2 - Basis of accounting

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

Note 3 - Relationship of financial statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$5,898) for the general fund and (\$111,358) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2021

Note 3 - Relationship of financial statement (continued)

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

	<u>Local</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General fund	\$ -	\$ 47,986	\$ 6,711,678	\$ 6,759,664
Special revenue fund	51,713	626,038	-	677,751
Debt service fund	-	-	357,783	357,783
Food service fund	-	198,821	6,854	205,675
Total awards and financial assistance	<u>\$ 51,713</u>	<u>\$ 872,845</u>	<u>\$ 7,076,315</u>	<u>\$ 8,000,873</u>

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension contributions represents the amount paid by the state on behalf of the District for the fiscal year ended June 30, 2021. TPAF Social Security contribution represents the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the fiscal year ended June 30, 2021.

Note 6 - Indirect Costs

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

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

Noncompliance material to basic financial statements noted?

Yes No

Federal Awards

Internal Control Over Major Programs:

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

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

Unmodified

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a)?

Yes No

Identification of Major Programs:

CFDA Number(s)	FEIN Number(s)	Name of Federal Program or Cluster
<u>84.027A and 84.173</u>	<u>IDEA-1376</u>	<u>IDEA Cluster</u>
<u>10.555 and 10.553</u>	<u>211NJ304N1099</u>	<u>Child Nutrition Cluster</u>

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

\$ 750,000

Did the auditee qualify as a low-risk auditee?

Yes No

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

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

State Awards

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

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

Internal Control Over Major Programs:

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

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

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

Identification of Major Programs:

State Grant/Project Numbers	Name of State Program
<i>21-495-034-5120-089</i>	<i>State Aid Public Cluster:</i>
<i>21-495-034-5120-084</i>	<i>Special Education Categorical Aid</i>
<i>21-495-034-5120-068</i>	<i>Security Aid</i>
	<i>School Choice Aid</i>

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section II - Financial Statement Findings

There were no findings or questioned costs for the year ended June 30, 2021.

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

There were no findings or questioned costs for the year ended June 30, 2021.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2021**

Status of Prior Year Findings

There were no prior year findings or questioned costs.