

SCHOOL DISTRICT OF SOUTH HARRISON TOWNSHIP

SOUTH HARRISON BOARD OF EDUCATION

Harrisonville, New Jersey

County of Gloucester

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT

HARRISONVILLE, NEW JERESY

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Prepared by

**Jason Schimpf, School Business Administrator/
Board Secretary**

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South Harrison Township

Dr. James J. Lavender
Superintendent of Schools



Elementary School District

Jason Schimpf
School Business Administrator

February 4, 2022

Honorable President and
Members of the Board of Education
South Harrison Township School District
County of Gloucester
Harrisonville, New Jersey

Dear Board Members:

The comprehensive annual financial report of the South Harrison Township School District (District) for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (“Board”). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections; introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the requirements of the Uniform Guidance and New Jersey OMB's Circular 15-08. 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, are included in the single audit section of this report.

Reporting Entity

South Harrison Township Elementary School District is an independent entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The South Harrison Township Board of Education and all its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels kindergarten through sixth grade.

School District Organization

The South Harrison Township Elementary School District is one of twenty-nine (29) public school districts within Gloucester County. The district serves students in pre-Kindergarten through sixth grade. For seventh through twelfth grades, South Harrison public school students are educated by the Kingsway Regional School District. An elected nine-member Board of Education (“Board”) serves as the policy making entity for the District. Geographically, the District is situated in a predominantly rural area, with nearly 3,200 people residing within its 16 square mile border. South Harrison is bordered by the townships of Woolwich, Harrison and Elk.

The District completed the 2020-2021 fiscal year with an average daily enrollment of 318.6 students. The following details the changes in the student enrollment of the District over the last five years:

Average Daily Enrollment

| <u>Fiscal Year</u> | <u>Student Enrollment</u> | <u>Percent Change</u> |
|--------------------|---------------------------|-----------------------|
| 2020-2021 | 318.6 | (4.05)% |
| 2019-2020 | 332.0 | (7.49)% |
| 2018-2019 | 358.9 | (2.79) % |
| 2017-2018 | 369.2 | (4.72) % |
| 2016-2017 | 387.5 | >1.00% |

Economic Condition and Outlook

The South Harrison Township Board of Education has worked outside the confines of traditional program planning in an effort to ensure that its small PK – Grade 6 elementary school provides appropriate, efficient and effective resources necessary to meet the needs of every student, faculty member and employee. As a result, South Harrison has become the consummate partner to a variety of stakeholders in its quest to provide an excellent educational program for every child. Through a combination of school choice election, school funding advocacy, and shared administrative services, South Harrison has generated an efficient and effective means to deliver the thorough and efficient educational program every child rightfully deserves.

Participating in the school choice program, South Harrison generates approximately \$250,000 annually in school choice aid. Additionally, by partnering with the Kingsway Regional School District, South Harrison saves approximately \$165,000 in annual administrative costs, while improving service quality, program alignment and administrative direction. The savings generated through shared service continues to be redirected back to the classroom to support our instructional program.

The South Harrison Township Elementary School District’s Board of Education entered into an agreement with the New Jersey School Board Association in the winter of 2018 to facilitate a new three-year strategic plan. The goal of the Board of Education was to conduct a strategic planning process for defining the decisions and actions that will shape and guide the future direction of the district over the next several years. The planning process will include targeted and prioritized action steps to move the district forward. The Board of Education developed goals throughout the process and the administration has been tasked with defining action steps that will assist in the successful obtainment of each goal.

Educational Program & Initiatives

The South Harrison Elementary School District maintains a strong commitment to providing students a curriculum that is aligned to grade-level standards and challenges students to think critically while meeting the needs of diverse learners. This involves effective instructional planning, implementation, and assessment on the part of the teacher with the support of the district. South Harrison's teachers are provided the opportunity to take an active part in curriculum development. Additionally, the district employs a standard curriculum revision cycle to help ensure all disciplines remain relevant. Well-designed curricula provides teachers with a framework to design powerful learning opportunities with the goal of improved learning outcomes and increased academic confidence.

The shared curriculum service with Kingsway Regional School District serves to provide a support for South Harrison's administration, teachers, and additional support staff with a focus on articulation of curriculum and its related resources. Standards-based curriculum, performance-based learning and assessment, and G.R.E.A.T. Instruction that supports students are the goals of this shared service.

Math (New Jersey Student Learning Standards)

Ongoing curriculum development to ensure up-to-date standards alignment will continue to be completed within teacher PLTs. Next year, SH will be adopting a 5-year Go Math program for K-5 as a result of a yearlong pilot with teachers this year. Big Ideas will be extended to a 4-year adoption to align with Kingsway Middle School. PD will also be delivered as we work to utilize this program together with shifts in pedagogy. Reflex math, Math in Practice, and math centers resources will continue to be used to supplement the curriculum and will be incorporated with the daily enrichment period. This will also include the purchasing of Chromebooks to deliver the interactive resources.

Science (New Jersey Student Learning Standards)

SH implements a locally developed science curriculum, which is aligned to the NJSLs. To deliver this curriculum in a manner that is true to the NJSLs, the district will be using STEMscopes in grades 3-6. Additionally, various resources will be purchased to supplement the daily science enrichment instructional period with a focus on STEM-based projects. The district will also be using Gizmos 3-6 to supplement instruction. PLTW will be incorporated within the Library/media time with students in grades K-2. This will also include the purchasing of Chromebooks to deliver the interactive resources.

English/Language Arts (New Jersey Student Learning Standards)

Ongoing curriculum development to ensure up-to-date standards alignment will continue to be completed within teacher PLTs. Next year, SH will continue to implement the following resources to support/enhance instruction in the classroom: Schoolwide Literacy Program, Lucy Calkins Writing Program, Newsela, Wilson-Fundations, MyPerspective (grade 6), classroom libraries (varied levels), Phonological Awareness resources (K-3), and Scholastic supplemental subscriptions. The district will continue to utilize the support of the reading coach who will assist teachers in the classroom in the use of Tier I instructional strategies as well as focus on ELA interventions for students.

Social Studies (New Jersey Student Learning Standards)

SH implements a locally developed Social Studies curriculum, which is aligned to the NJSL. Next year, SH will continue to use Pearson's MyWorld Interactive Social Studies Social Studies program to supplement instruction and will begin to integrate into grade 3.

21st Century Life and Careers (New Jersey Student Learning Standards)

The 21st Century Life and Careers Skills addressed by the NJSL are embedded throughout the curricula at SH. Additionally, through the integration of these skills into the curriculum, students will continue to be exposed to increased critical thinking skills, self-management, interpersonal communication, and consumer and life skills. Students are further exposed to these standards through structured enrichment cycles that occur within the daily schedule. The district's standards based report cards in grades K-4 reflect student growth on NJSL 21st century life and careers.

Visual and Performing Arts (New Jersey Student Learning Standards)

SH implements a locally developed music and arts curricula, which is aligned to the NJSL. Students at SH receive both music and art in grades K-6 throughout the year. Various supplemental resources, including but not limited to the following, will continue to be purchased: Play Music digital text, plank road music K-8, 3-pc recorders, and lap boards.

Comprehensive Health & P.E. (New Jersey Student Learning Standards)

SH implements a locally developed PE & Health curricula, which is aligned to the NJSL. Students at SH receive 150 minutes of health and PE instruction in grades K-6 throughout the year. Next year, SH will continue to integrate Sanford Harmony to facilitate the delivery of SEL components to assist with supporting students' social and emotional health as per the PE & Health NJSL. This resources extends into other classes as well.

World Language (New Jersey Student Learning Standards)

SH implements a locally developed music and arts curricula, which is aligned to the NJSL. Next year, SH will continue to infuse a World Cultures program supported through the use of Middlebury Interactive Languages Program in grades K-6. This program not only infuses acquisition of the language as outlined in the NJSL but also exposes students to various cultures.

Technology & Media Studies (New Jersey Student Learning Standards)

The Library/Media curricula is currently aligned to the NJSL, and all students receive exposure to technology through a library/media elective K-6. The district will continue to purchase the PLTW Launch curriculum for K-2 and provide an after school STEM enrichment program to students in the upper grades. Keyboarding without Tears is also infused in grades K-2. Additionally, as we continue to work to integrate technology effectively and through a blended approach to instruction, there continues to be a focus on technology integration into all curricula and instruction through the use of the SAMR method. We believe this helps to reinforce the NJSL technology standards effectively and in a responsible manner.

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 is 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 requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District is also 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.

Budgetary Controls

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2021.

Accounting System and Reports

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

Management's Discussion and Analysis

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in connection with it. The District's MD&A can be found immediately following the report of the independent auditors.

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, automobile liability, and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

Other Information

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holt McNally & Associates, Inc., 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

Acknowledgements

We would like to express our appreciation to the members of the South Harrison Township Elementary School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the 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,



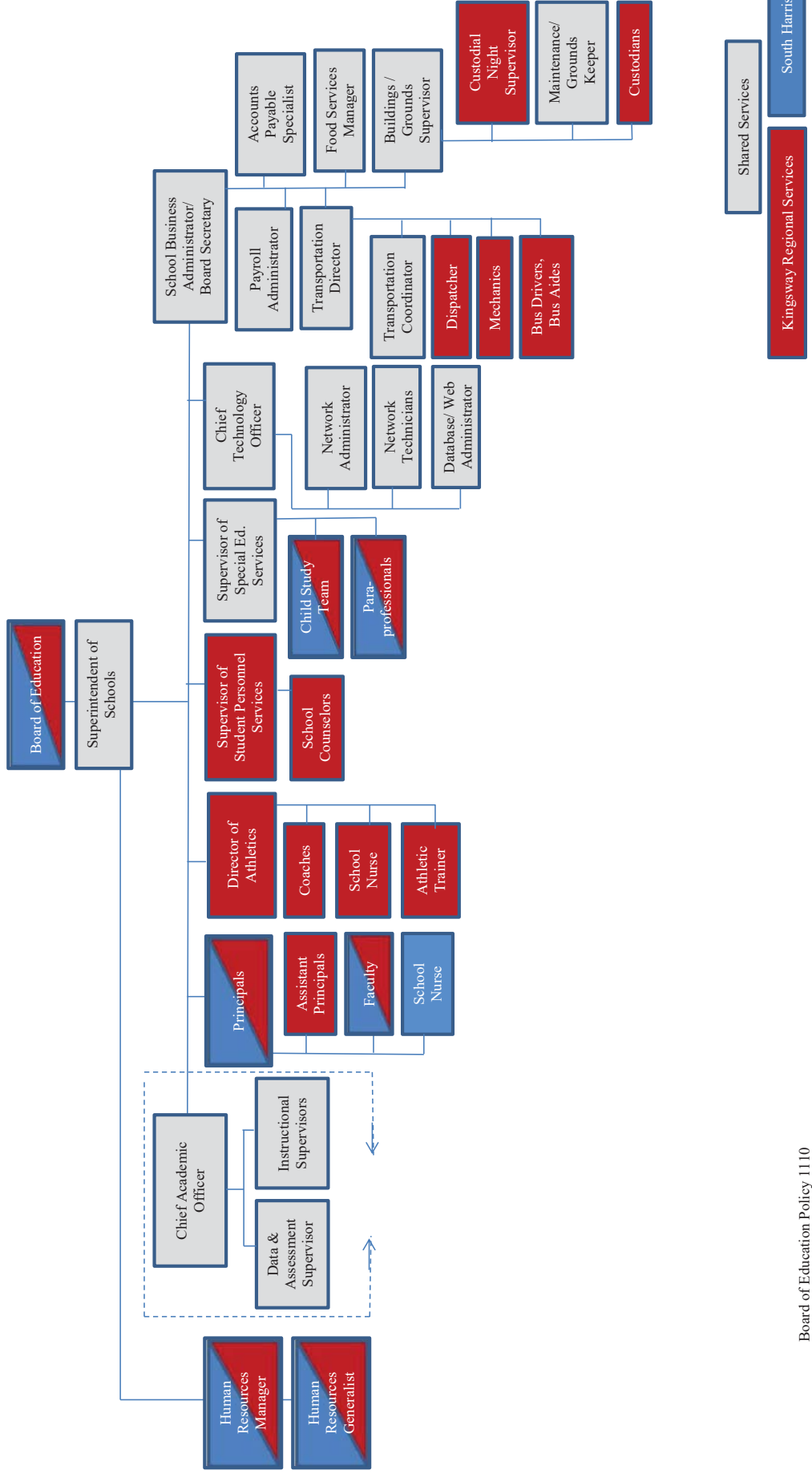
Dr. James J. Lavender
Superintendent of Schools



Jason Schimpf
School Business Administrator



KINGSWAY REGIONAL AND SOUTH HARRISON SCHOOL DISTRICTS



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SOUTH HARRISON TOWNSHIP BOARD OF EDUCATION
904 Mullica Hill Road
Harrisonville, New Jersey 08039

ROSTER OF OFFICIALS

JUNE 30, 2021

| MEMBERS OF THE BOARD OF EDUCATION | TERM EXPIRES |
|--|---------------------|
| Dr. Laura Bruno, President | 2021 |
| Janet Brown, Vice President | 2023 |
| David Asis | 2021 |
| Debbie Cunningham | 2022 |
| Janice Huggins | 2022 |
| Joan Pino-Talbot | 2023 |
| Carrie Selb | 2022 |
| Joseph Talbot | 2021 |
| Carole English | 2023 |

OTHER OFFICIALS

Dr. James J. Lavender, Superintendent of Schools

Jason Schimpf, Business Administrator

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SOUTH HARRISON TOWNSHIP BOARD OF EDUCATION
Harrisonville, New Jersey

CONSULTANTS AND ADVISORS

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BB&T Bank
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ARCHITECT

Brooks W. Garrison, RA
Garrison Architects
713 Creek Road
Bellmawr, New Jersey 08031

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
South Harrison Township School District
County of Gloucester
Harrisonville, 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 Harrison Township School District, County of Gloucester, State of New Jersey, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the South Harrison Township School District, County of Gloucester, State of New Jersey, 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2021 the District adopted new accounting guidance, *GASB Statement No. 84, Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Prior Period Restatement

Due to the implementation of GASB Statement No. 84, fund balance as of June 30, 2020 on the statement of activities and the statement of revenues, expenditures, and changes in fund balances has been restated, as discussed in Note 20 to the financial statements. 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 information and the schedules related to accounting and reporting for pensions and reporting for pensions and other post-employment benefits, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Harrison Township School District's basic financial statements. The introductory

section, combining and individual fund statements long-term debt schedules and statistical section, are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, 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 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 accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2022 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants & Advisors

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Medford, New Jersey
February 4, 2022

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

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SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

As management of the South Harrison Township School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

- 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets plus deferred outflows or resources and liabilities plus deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities reflect the Food Service Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with financial-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into two categories: *governmental funds* and *proprietary funds*.

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Continued)

Overview of the Basic Financial Statements (continued)

Fund Financial Statements (continued)

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financial requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Proprietary funds are used to present the same functions as the business-type activities presented in the government-wide financial statements. The School District maintains one type of proprietary fund – the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the government-wide financial statements, only in more detail.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis of the School District as a Whole

Recall that the Statement of Net Position provides the perspective of the school district as a whole (governmental and business-type activities). Net position may serve over time as a useful indicator of a government’s financial position.

The School District’s financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt and other long-term liabilities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

As described in Note 1 to the financial statements “Adopted Accounting Pronouncements”, the district has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, for the year ended June 30, 2021. The adoption of this principle resulted in a restatement of the District’s opening net position as of July 1, 2020 in the amount of \$69,214, as indicated in Note 20 to the Financial Statements. Prior years’ balances reflected in the MD&A have been updated to reflect this change.

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Continued)

Table 1 provides a summary of the School Districts net position for the fiscal years 2021 compared to fiscal year 2020.

Table 1
Summary of Net Position

| | June 30, <u>2021</u> | June 30, <u>2020</u> | Increase/ <u>(Decrease)</u> | Percentage <u>Change</u> |
|----------------------------------|-------------------------|-------------------------|--------------------------------|-----------------------------|
| Current & Other Assets | \$ 1,239,094 | \$ 776,147 | \$ 462,947 | 59.6% |
| Capital Assets, Net | 10,398,417 | 10,923,062 | (524,645) | -4.8% |
| Total Assets | <u>11,637,511</u> | <u>11,699,209</u> | <u>(61,698)</u> | -0.5% |
| Deferred Outflow of Resources | <u>310,751</u> | <u>350,018</u> | <u>(39,267)</u> | -11.2% |
| Current and other Liabilities | 228,220 | 218,754 | 9,466 | 4.3% |
| Noncurrent Liabilities | 8,365,526 | 9,072,101 | (706,575) | -7.8% |
| Total Liabilities | <u>8,593,746</u> | <u>9,290,855</u> | <u>(697,109)</u> | -7.5% |
| Deferred Inflow of Resources | <u>231,864</u> | <u>315,020</u> | <u>(83,156)</u> | -26.4% |
| Net Position: | | | | |
| Net Investment in Capital Assets | 2,656,742 | 2,577,718 | 79,024 | 3.1% |
| Restricted | 1,053,417 | 589,659 | 463,758 | 78.6% |
| Unrestricted (Deficit) | (587,507) | (724,025) | 136,518 | -18.9% |
| Total Net Position | <u>\$ 3,122,652</u> | <u>\$ 2,443,352</u> | <u>\$ 679,300</u> | 27.8% |

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Continued)

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

Table 2
Summary of Changes in Net Position

| | June 30, <u>2021</u> | June 30, <u>2020</u> | Increase/ <u>(Decrease)</u> | Percentage <u>Change</u> |
|--|-------------------------|-------------------------|--------------------------------|-----------------------------|
| Revenues: | | | | |
| Program Revenues: | | | | |
| Operating Grants & Contributions | \$ 1,765,308 | \$ 1,111,135 | \$ 654,173 | 58.9% |
| General Revenues: | | | | |
| Property Taxes | 4,146,121 | 4,075,704 | 70,417 | 1.7% |
| Federal & State Aid | 1,813,144 | 1,879,740 | (66,596) | -3.5% |
| Other General Revenues | 21,329 | 29,208 | (7,879) | -27.0% |
| Total Revenues | <u>7,745,902</u> | <u>7,095,787</u> | <u>650,115</u> | <u>9.2%</u> |
| Function/Program Expenditures: | | | | |
| Regular Instruction | 1,825,567 | 1,931,833 | (106,266) | -5.5% |
| Special Education Instruction | 291,233 | 334,260 | (43,027) | -12.9% |
| Other Instruction | 3,999 | 12,067 | (8,068) | -66.9% |
| Tuition | - | 25,260 | (25,260) | -100.0% |
| Student & Instruction Related Services | 607,960 | 621,013 | (13,053) | -2.1% |
| General Administrative | 95,184 | 117,643 | (22,459) | -19.1% |
| School Administrative Services | 227,024 | 220,362 | 6,662 | 3.0% |
| Central Services | 100,210 | 113,609 | (13,399) | -11.8% |
| Plant Operations & Maintenance | 519,064 | 506,114 | 12,950 | 2.6% |
| Pupil Transportation | 384,347 | 319,931 | 64,416 | 20.1% |
| Unallocated Benefits | 2,224,452 | 1,614,896 | 609,556 | 37.7% |
| Transfer to Charter Schools | 46,485 | 85,008 | (38,523) | 100.0% |
| Interest & Other Charges | 272,631 | 294,239 | (21,608) | -7.3% |
| Unallocated Depreciation | 537,660 | 541,649 | (3,989) | -0.7% |
| Food Service | - | 1,458 | (1,458) | -100.0% |
| Total Expenditures | <u>7,135,816</u> | <u>6,739,342</u> | <u>396,474</u> | <u>5.9%</u> |
| Change In Net Position | 610,086 | 356,445 | 253,641 | 71.2% |
| Net Position - Beginning, as restated | <u>2,512,566</u> | <u>2,086,907</u> | <u>425,659</u> | <u>20.4%</u> |
| Net Position - Ending | <u>\$ 3,122,652</u> | <u>\$ 2,443,352</u> | <u>\$ 610,086</u> | <u>25.0%</u> |

Governmental Activities

During the fiscal year 2021, the net position of governmental activities increased by \$610,086 or 24.2%. The primary reason for the increase was current year depreciation expense exceeding current year capital additions and an overall decrease in operating expenditures during the year.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$3,122,652, with an unrestricted deficit balance of \$(587,507). The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, GASB 68 net pension liability, and the last two state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Continued)

The School District’s governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

Table 3
GASB 68 Effect on Unrestricted Net Position

| | | |
|--|----|-----------|
| Unrestricted Net Position (With GASB 68) | \$ | (587,507) |
| Add back: PERS Pension Liability | | 281,338 |
| Less: Deferred Outflows related to pensions | | (48,974) |
| Add back: Deferred Inflows related to pensions | | 231,864 |
| Unrestricted Net Position (Without GASB 68) | \$ | (123,279) |

General Fund Budgeting Highlights

Final budgeted revenues were \$5,088,761, which was equal to the original budget. Excluding nonbudgeted revenues, the School District’s actual revenues exceeded budgeted revenues by \$2,839.

Final budgeted appropriations were \$5,326,526 which was an increase of \$46,373 from the original budget. The increase is due to prior year reserve for encumbrances, which increase the budget appropriations in the subsequent fiscal year’s budget. Excluding nonbudgeted expenditures, the School District’s budget appropriations exceeded actual expenditures by \$262,458.

The School District’s general fund balance – budgetary basis (Exhibit C-1) was \$1,257,574 at June 30, 2021, an increase of \$364,002 from the prior year.

Governmental Funds

At the end of the current fiscal year, the School District’s governmental funds reported a combined ending fund balance of \$1,165,711, an increase of \$373,106 from the prior year.

General fund - During the current fiscal year, the fund balance of the School District’s general fund increased by \$371,996 to \$1,095,387 at June 30, 2021, compared to an increase of \$156,992 in fund balance in the prior fiscal year.

Special revenue fund – During the current fiscal year, the fund balance of the School District’s special revenue fund increased by \$1,110 to \$70,324 at June 30, 2021. There was no fund balance as of June 30, 2020. The beginning balance was restated as of July 1, 2020 to \$69,214 to accommodate for GASB 84 implementation.

Capital projects fund – During the current fiscal year, the fund balance of the School District’s capital projects fund remained \$0 at June 30, 2021.

Proprietary Funds

Food service fund - During the current fiscal year, the net position of the School District’s food service fund had no activity during the year ended June 30, 2021, compared to a decrease of \$1,458 in fund balance in the prior fiscal year.

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Continued)

Capital Assets

The School District’s capital assets for its governmental and business-type activities as of June 30, 2021, totaled \$10,398,417(net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements and equipment. There was a net decrease in the School District’s investment in capital assets for the current fiscal year in the amount of \$524,645. This decrease is primarily due to the current year depreciation of capital assets. Table 4 shows fiscal 2021 balances compared to 2020.

Table 4
Summary of Capital Assets

| <u>Capital Asset (Net of Depreciation):</u> | <u>June 30,</u> <u>2021</u> | <u>June 30,</u> <u>2020</u> | <u>Increase/</u> <u>(Decrease)</u> | <u>Percentage</u> <u>Change</u> |
|---|--------------------------------|--------------------------------|---------------------------------------|------------------------------------|
| Land | \$ 18,937 | \$ 18,937 | \$ - | 0.0% |
| Construction in Progress | 17,098 | 17,098 | - | 100.0% |
| Building and Improvements | 10,012,384 | 10,490,572 | (478,188) | -4.6% |
| Equipment | 349,998 | 396,455 | (46,457) | -11.7% |
| | <u>\$ 10,398,417</u> | <u>\$ 10,923,062</u> | <u>\$ (524,645)</u> | <u>-4.8%</u> |

Depreciation expense for the year was \$537,660. Additional information on the School District’s capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

Debt Administration

Long-term debt – At the end of the current fiscal year, the School District had total bonded debt outstanding of \$7,325,000, which is a decrease of \$560,000 from the prior year.

Additional information on the School District’s long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

Factors on the School District’s Future

The South Harrison Township Elementary School District continues to remain committed to providing students with programs that prepare them effectively for college and career readiness at an early age. The District provides a full range of educational services appropriate to grade levels pre-Kindergarten through sixth. In doing so, the District continues to prioritize a standard-based approach to educational programming that infuses the New Jersey Student Learning Standards (NJSLS) and other valuable life skills into its curriculum and programs.

The South Harrison Elementary School District maintains a strong commitment to providing students a curriculum that is aligned to grade-level standards and challenges students to think critically while meeting the needs of diverse learners. This involves effective instructional planning, implementation, and assessment on the part of the teacher with the support of the district.

South Harrison's teachers are provided the opportunity to take an active part in curriculum development. Additionally, the district employs a standard curriculum revision cycle to help ensure all disciplines remain relevant. Well-designed curricula provides teachers with a framework to design powerful learning opportunities with the goal of improved learning outcomes and increased academic confidence.

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Continued)

Contacting the School Districts Financial Management

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Dr. Scott J. Hogan, Chief School Administrator, South Harrison Township School District, 904 Mullica Hill Road, Harrisonville, NJ 08039, or by e-mail at hogans@shsd.us.

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BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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SOUTH HARRISON SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
|---|----------------------------|-----------------------------|---------------------|
| ASSETS: | | | |
| Cash & Cash Equivalents | \$ 856,833 | \$ - | \$ 856,833 |
| Receivables, Net (Note 4) | 29,581 | - | 29,581 |
| Restricted Cash & Cash Equivalents | 352,680 | - | 352,680 |
| Capital Assets, Net (Note 5) | | | |
| Non-depreciable | 36,035 | - | 36,035 |
| Depreciable | 10,362,382 | - | 10,362,382 |
| Total Assets | 11,637,511 | - | 11,637,511 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| Related to Pensions (Note 8) | 48,974 | - | 48,974 |
| Related to Loss on Debt Refunding | 261,777 | - | 261,777 |
| Total Deferred Outflow of Resources | 310,751 | - | 310,751 |
| Total Assets & Deferred Outflow of Resources | 11,948,262 | - | 11,948,262 |
| LIABILITIES: | | | |
| Accounts Payable | 59,365 | - | 59,365 |
| Due to Other Governments | 20,668 | - | 20,668 |
| Unearned Revenue | 4,619 | - | 4,619 |
| Payroll Deductions and Withholdings | 9,276 | - | 9,276 |
| Accrued Interest | 134,292 | - | 134,292 |
| Noncurrent Liabilities (Note 7): | | | |
| Due within one year | 666,104 | - | 666,104 |
| Due in more than one year | 7,699,422 | - | 7,699,422 |
| Total Liabilities | 8,593,746 | - | 8,593,746 |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Related to Pensions (Note 8) | 231,864 | - | 231,864 |
| Total Deferred Inflow of Resources | 231,864 | - | 231,864 |
| NET POSITION: | | | |
| Net Investment in Capital Assets | 2,656,742 | - | 2,656,742 |
| Restricted for: | | | |
| Capital Projects | 352,680 | - | 352,680 |
| Excess Surplus | 630,413 | - | 630,413 |
| Student Activities | 70,324 | - | 70,324 |
| Unrestricted (Deficit) | (587,507) | - | (587,507) |
| Total Net Position | \$ 3,122,652 | \$ - | \$ 3,122,652 |

The accompanying Notes to Financial Statements are an integral part of this statement.

**SOUTH HARRISON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| FUNCTIONS/PROGRAMS | PROGRAM REVENUES | | | NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION | | |
|---|------------------|----------------------|----------------------------------|---|-------------------------|----------------|
| | EXPENSES | CHARGES FOR SERVICES | OPERATING GRANTS & CONTRIBUTIONS | CAPITAL GRANTS & CONTRIBUTIONS | GOVERNMENTAL ACTIVITIES | TOTAL |
| Governmental Activities: | | | | | | |
| Instruction: | | | | | | |
| Regular Instruction | \$ 1,825,567 | \$ - | 122,205 | \$ - | (1,703,362) | \$ (1,703,362) |
| Special Education Instruction | 291,233 | - | - | - | (291,233) | (291,233) |
| Other Instruction | 3,999 | - | - | - | (3,999) | (3,999) |
| Support Services: | | | | | | |
| Student & Instruction Related Services | 607,960 | - | 7,339 | - | (600,621) | (600,621) |
| General Administrative | 95,184 | - | - | - | (95,184) | (95,184) |
| School Administrative Services | 227,024 | - | - | - | (227,024) | (227,024) |
| Central Services | 100,210 | - | - | - | (100,210) | (100,210) |
| Plant Operations & Maintenance | 519,064 | - | - | - | (519,064) | (519,064) |
| Pupil Transportation | 384,347 | - | - | - | (384,347) | (384,347) |
| Unallocated Benefits | 2,224,452 | - | 1,635,764 | - | (588,688) | (588,688) |
| Transfer to Charter Schools | 46,485 | - | - | - | (46,485) | (46,485) |
| Interest & Other Charges | 272,631 | - | - | - | (272,631) | (272,631) |
| Unallocated Depreciation | 537,660 | - | - | - | (537,660) | (537,660) |
| Total Governmental Activities | 7,135,816 | - | 1,765,308 | - | (5,370,508) | (5,370,508) |
| Total Primary Government | \$ 7,135,816 | \$ - | 1,765,308 | \$ - | (5,370,508) | (5,370,508) |
| General Revenues: | | | | | | |
| Taxes: | | | | | | |
| Property Taxes, Levied for General Purposes | | | | | 3,434,761 | 3,434,761 |
| Property Taxes, Levied for Debt Service | | | | | 711,360 | 711,360 |
| Federal & State Aid Restricted | | | | | 169,640 | 169,640 |
| Federal & State Aid Not Restricted | | | | | 1,643,504 | 1,643,504 |
| Tuition Charges | | | | | 11,210 | 11,210 |
| Miscellaneous | | | | | 10,119 | 10,119 |
| Total General Revenues | | | | | 5,980,594 | 5,980,594 |
| Change In Net Position | | | | | 610,086 | 610,086 |
| Net Position - Beginning, as re-stated | | | | | 2,512,566 | 2,512,566 |
| Net Position - Ending | | | | | \$ 3,122,652 | \$ 3,122,652 |

B. Fund Financial Statements

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Governmental Funds

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021**

| | GENERAL FUND | SPECIAL REVENUE FUND | TOTALS |
|---|---------------------|----------------------------|-------------------------|
| Assets: | | | |
| Cash & Cash Equivalents | \$ 795,464 | \$ 61,369 | \$ 856,833 |
| Receivables, Net: | | | |
| Interfund Receivable | 2,491 | - | 2,491 |
| Due from Other Governments: | | | |
| State | 12,904 | - | 12,904 |
| Federal | - | 13,177 | 13,177 |
| Other Accounts Receivable | - | 3,500 | 3,500 |
| Restricted Cash & Cash Equivalents | 352,680 | - | 352,680 |
| Total Assets | <u>\$ 1,163,539</u> | <u>\$ 78,046</u> | <u>\$ 1,241,585</u> |
| Liabilities & Fund Balances: | | | |
| Liabilities: | | | |
| Accounts Payable | \$ 58,876 | \$ 489 | \$ 59,365 |
| Unearned Revenue | - | 4,619 | 4,619 |
| Payroll Deductions and Withholdings | 9,276 | - | 9,276 |
| Due to Federal Government | - | 123 | 123 |
| Interfunds Payable | - | 2,491 | 2,491 |
| Total Liabilities | <u>68,152</u> | <u>7,722</u> | <u>75,874</u> |
| Fund Balances: | | | |
| Restricted for: | | | |
| Capital Reserve Account | 352,680 | - | 352,680 |
| Excess Surplus - Current Year | 327,286 | - | 327,286 |
| Excess Surplus Designated for Subsequent Year's Expenditures | 303,127 | - | 303,127 |
| Student Activities | - | 70,324 | 70,324 |
| Assigned: | | | |
| Other Purposes | 18,971 | - | 18,971 |
| Unassigned Fund Balance: | | | |
| General Fund | 93,323 | - | 93,323 |
| Total Fund Balances | <u>1,095,387</u> | <u>70,324</u> | <u>1,165,711</u> |
| Total Liabilities & Fund Balances | <u>\$ 1,163,539</u> | <u>\$ 78,046</u> | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$19,467,079 and the accumulated depreciation is \$9,068,662. | | | 10,398,417 |
| Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds. | | | |
| Deferred Outflows related to pensions | | | 48,974 |
| Deferred Inflows related to pensions | | | (231,864) |
| Deferred Outflow related to the loss on bond refunding of debt | | | 261,777 |
| Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds. | | | (134,292) |
| Accrued pension contributions for the June 30, 2021 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position. | | | (20,545) |
| Long-term liabilities, including net pension liability and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. | | | (8,365,526) |
| Net Position of Governmental Activities | | | <u><u>3,122,652</u></u> |

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

| | GENERAL FUND | SPECIAL REVENUE FUND | DEBT SERVICE FUND | TOTALS |
|---|---------------------|----------------------------|-------------------------|---------------------|
| Revenues: | | | | |
| Local Sources: | | | | |
| Local Tax Levy | \$ 3,434,761 | \$ - | \$ 711,360 | \$ 4,146,121 |
| Tuition Charges | 11,210 | - | - | 11,210 |
| Miscellaneous | 10,119 | 13,984 | - | 24,103 |
| Total Local Sources | <u>3,456,090</u> | <u>13,984</u> | <u>711,360</u> | <u>4,181,434</u> |
| State Sources | 2,498,641 | - | 169,640 | 2,668,281 |
| Federal Sources | - | 115,560 | - | 115,560 |
| Total Revenues | <u>5,954,731</u> | <u>129,544</u> | <u>881,000</u> | <u>6,965,275</u> |
| Expenditures: | | | | |
| Instruction: | | | | |
| Regular Instruction | 1,704,472 | 121,095 | - | 1,825,567 |
| Special Education Instruction | 291,233 | - | - | 291,233 |
| Other Special Instruction | 3,999 | - | - | 3,999 |
| Support Services: | | | | |
| Student & Instruction Related Services | 600,621 | 7,339 | - | 607,960 |
| General Administration | 95,184 | - | - | 95,184 |
| School Administrative Services | 227,024 | - | - | 227,024 |
| Central Services | 100,210 | - | - | 100,210 |
| Plant Operations & Maintenance | 519,064 | - | - | 519,064 |
| Pupil Transportation | 384,347 | - | - | 384,347 |
| Unallocated Benefits | 733,811 | - | - | 733,811 |
| On Behalf TPAF Pension and Social Security Contributions | 855,137 | - | - | 855,137 |
| Capital Outlay | 13,015 | - | - | 13,015 |
| Debt Service: | | | | |
| Principal | - | - | 560,000 | 560,000 |
| Interest & Other Charges | 8,133 | - | 321,000 | 329,133 |
| Total Expenditures | <u>5,536,250</u> | <u>128,434</u> | <u>881,000</u> | <u>6,545,684</u> |
| Excess/(Deficiency) of Revenues Over/ (Under) Expenditures | <u>418,481</u> | <u>1,110</u> | <u>-</u> | <u>419,591</u> |
| Other Financing Sources/(Uses): | | | | |
| Transfers to Charter Schools | <u>(46,485)</u> | <u>-</u> | <u>-</u> | <u>(46,485)</u> |
| Total Other Financing Sources & Uses | <u>(46,485)</u> | <u>-</u> | <u>-</u> | <u>(46,485)</u> |
| Net Change in Fund Balances | 371,996 | 1,110 | - | 373,106 |
| Fund Balance - July 1, as restated | <u>723,391</u> | <u>69,214</u> | <u>-</u> | <u>792,605</u> |
| Fund Balance - June 30 | <u>\$ 1,095,387</u> | <u>\$ 70,324</u> | <u>\$ -</u> | <u>\$ 1,165,711</u> |

The accompanying Notes to Financial Statements are an integral part of this statement.

**SOUTH HARRISON SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE, 30, 2020**

| | | |
|---|--|------------|
| Total Net Changes in Fund Balances - Governmental Funds (B-2) | | 373,106 |
| Amounts reported for governmental activities in the statement of activities (A-2) are different because | | |
| Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period | | |
| | Depreciation Expense | (537,660) |
| | Capital Outlays | 13,015 |
| | | (524,645) |
| Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period. | | |
| | | 96,185 |
| Repayment of long-term debt principal and obligation of lease purchase agreements are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. | | |
| | | 560,000 |
| Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these transactions is as follows: | | |
| | Amortization of premium on bonds | 71,104 |
| | Amortization of loss on Bond Refunding | (27,435) |
| | | 43,669 |
| In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation (+). | | |
| | | 12,833 |
| In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). | | |
| | | 48,938 |
| Change in Net Position of Governmental Activities: | | \$ 610,086 |

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Proprietary Funds

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2021**

| | BUSINESS-TYPE ACTIVITIES - | |
|----------------------------------|-------------------------------|-----------|
| ASSETS | FOOD SERVICE | TOTAL |
| Current Assets: | | |
| Cash & Cash Equivalents | \$ - | \$ - |
| Total Current Assets | - | - |
| Noncurrent Assets: | | |
| Furniture, Machinery & Equipment | 100,391 | 100,391 |
| Less: Accumulated Depreciation | (100,391) | (100,391) |
| Total Noncurrent Assets | - | - |
| Total Assets | - | - |
| NET POSITION | | |
| Investment in Capital Assets | - | - |
| Unrestricted | - | - |
| Total Net Position | \$ - | \$ - |

The accompanying Notes to Financial Statements are an integral part of this statement

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SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 1. Summary of Significant Accounting Policies

The financial statements of the Board of Education of South Harrison Township School District (the ‘District’) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounting policies.

Reporting Entity

The South Harrison Township School District (hereafter referred to as the “District”) is a Type II School District located in the County of Gloucester, State of New Jersey. As a Type II School District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The purpose of the School District is to educate students in grades kindergarten through twelfth at its five schools. The School District has an approximate enrollment at June 30, 2021 of 303 students.

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

Component Units

GASB Statement No.14, The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, GASB Statement No. 61, The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34, GASB Statement No. 80, Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14 and GASB Statement No. 90 – Majority Equity Interests – an Amendment of GASB Statements No. 14 & No. 61. The School District had no component units as of for the year ended June 30, 2021.

Government-Wide Financial Statements

The District’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 1. Summary of Significant Accounting Policies (continued):

related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The District’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 1. Summary of Significant Accounting Policies (continued):

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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 in 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

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 year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

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. The principal operating revenues of

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Note 1. Summary of Significant Accounting Policies (continued):

the Food Service Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

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 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, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue 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.

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).

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.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 1. Summary of Significant Accounting Policies (continued):

The District reports the following major proprietary funds:

Food Service Fund – Kingsway Regional School District accounts for the revenues and expenses pertaining to the District’s cafeteria operations, however the District does maintain the capital assets as required by the agreement.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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.

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

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 1. Summary of Significant Accounting Policies (continued):

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

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 assigned 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 a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

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

Cash and Cash Equivalents

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

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

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

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 savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 1. Summary of Significant Accounting Policies (continued):

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2021 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Interfund Receivables/Payables

Interfund receivables/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. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated lives:

| | |
|----------------------|---------------|
| Equipment & Vehicles | 3 – 20 Years |
| Buildings | 30 – 50 Years |
| Improvements | 10 – 50 Years |
| Software | 5 – 7 Years |

Compensated Absences

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

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 1. Summary of Significant Accounting Policies (continued):

funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

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

Accounting Estimates

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

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- **Non-spendable** – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Note 1. Summary of Significant Accounting Policies (continued):

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2021.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Net Position

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

- Net Investment in Capital Assets – This components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for 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 District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 1. Summary of Significant Accounting Policies (continued):

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2021:

GASB Statement No. 84, "*Fiduciary Activities*". The objective GASB Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2019. Management has implemented this Statement in the School District's financial statements for the year ended June 30, 2021 with a prior period restatement to beginning net position. See Note 21 for further details.

Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Statement No. 90 is effective for reporting periods beginning after December 15, 2019.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 15, 2021. Management has not yet determined the potential impact on the School District's financial statements.

Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 1. Summary of Significant Accounting Policies (continued):

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Loss on Refunding Debt

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

Deferred Outflows and Deferred 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.

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 a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions

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

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2021**

Note 2. Cash Deposits and Investments

Cash Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2021, the District’s bank balance of \$1,560,957 was exposed to custodial credit risk as follows:

| | | |
|--------------------------------|-----------|------------------|
| Insured under FDIC and GUDPA | \$ | 1,436,133 |
| Uninsured and Uncollateralized | | 124,824 |
| | \$ | 1,560,957 |

Investments

The School District has no investments at June 30, 2021.

Note 3. Reserve Accounts

A. Capital Reserve

A capital reserve account was established by the School District by inclusion of \$100 on September 26, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A School District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 3. Reserve Accounts (continued):

The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

| | | |
|--|----|---------|
| Beginning Balance, July 1, 2020 | \$ | 102,680 |
| Increased by: | | |
| Deposits approved by Board (June 21, 2021) | | 250,000 |
| Ending Balance, June 30, 2021 | \$ | 352,680 |

The June 30, 2021 balance did not exceed the LRFPP balance of local support costs of uncompleted capital projects.

Note 4. Accounts Receivable

Accounts receivable at June 30, 2021 consisted of accounts and intergovernmental grants. All state and federal receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

| <u>Description</u> | Governmental Funds | | Total Governmental Activities |
|--------------------|-------------------------|-------------------------------------|-------------------------------------|
| | <u>General Fund</u> | <u>Special Revenue Fund</u> | |
| Federal Awards | \$ - | \$ 13,177 | \$ 13,177 |
| State Awards | 12,904 | - | 12,904 |
| Other | - | 3,500 | 3,500 |
| Total | \$ 12,904 | \$ 16,677 | \$ 29,581 |

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2021 was as follows:

| | Balance July 1, <u>2020</u> | <u>Additions</u> | Retirements and Transfers | Balance June 30, <u>2021</u> |
|---|-----------------------------------|---------------------|------------------------------|------------------------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 18,937 | \$ - | \$ - | \$ 18,937 |
| Construction in Progress | 17,098 | - | - | 17,098 |
| Total Capital Assets not being depreciated | 36,035 | - | - | 36,035 |
| Capital Assets being depreciated: | | | | |
| Land Improvements | 123,418 | - | - | 123,418 |
| Buildings and Improvements | 17,851,478 | - | - | 17,851,478 |
| Equipment | 1,443,133 | 13,015 | - | 1,456,148 |
| Total Capital Assets being depreciated | 19,418,029 | 13,015 | - | 19,431,044 |
| Less: Accumulated Depreciation: | | | | |
| Land Improvements | (123,418) | - | - | (123,418) |
| Buildings and Improvements | (7,360,906) | (478,188) | - | (7,839,094) |
| Equipment | (1,046,678) | (59,472) | - | (1,106,150) |
| Total Accumulated Depreciation | (8,531,002) | (537,660) | - | (9,068,662) |
| Total Capital Assets being depreciated, net | 10,887,027 | (524,645) | - | 10,362,382 |
| Total Governmental Activities Capital Assets, net | \$ 10,923,062 | \$ (524,645) | \$ - | \$ 10,398,417 |
| | | | | |
| | Balance July 1, <u>2020</u> | <u>Additions</u> | Retirements and Transfers | Balance June 30, <u>2021</u> |
| Business-Type Activities: | | | | |
| Equipment | \$ 100,391 | \$ - | \$ - | \$ 100,391 |
| | 100,391 | - | - | 100,391 |
| Less: Accumulated Depreciation: | | | | |
| Equipment | (100,391) | - | - | (100,391) |
| | (100,391) | - | - | (100,391) |
| Total Business-Type Activities Capital Assets, net | \$ - | \$ - | \$ - | \$ - |

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2021 are as follows:

| <u>Fund</u> | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|----------------------|----------------------------------|-------------------------------|
| General Fund | \$ 2,491 | \$ - |
| Special Revenue Fund | - | 2,491 |
| | \$ 2,491 | \$ 2,491 |

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2021 the following changes occurred in long-term obligations:

| | <u>Balance July 1, 2020</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance June 30, 2021</u> | <u>Balance Due Within One Year</u> |
|---------------------------|---------------------------------|------------------|-------------------|----------------------------------|--|
| Governmental Activities: | | | | | |
| General Obligation Bonds | \$ 7,885,000 | \$ - | \$ 560,000 | \$ 7,325,000 | \$ 595,000 |
| Unamortized Bond Premiums | 749,557 | - | 71,105 | 678,452 | 71,104 |
| Compensated Absences | 129,674 | - | 48,938 | 80,736 | - |
| Net Pension Liability | 307,870 | - | 26,532 | 281,338 | - |
| | \$ 9,072,101 | \$ - | \$ 706,575 | \$ 8,365,526 | \$ 666,104 |

For governmental activities, the bonds payable are liquidated from the District's debt service fund. Compensated absences and capital leases are liquidated by the general fund.

A. Bonds Payable:

On April 21, 2015, the School District issued \$9,980,000 in Refunding Bonds with interest rates ranging from 1.50% to 5.00% to advance refund \$8,185,000 of outstanding 2005 General Obligation Bonds with interest rates ranging from 4.125% to 4.250% and \$2,365,000 of outstanding 2006 General Obligation Bonds with interest rates ranging from 4.30% to 4.35%. As a result of the Refunding Bonds, the District had a net present value savings of \$978,765 based on the yield for the Refunding Bonds.

Principal and Interest due on the outstanding bonds is as follows:

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 7. Long-Term Obligations (continued):

| Fiscal Year Ending <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------------|---------------------|---------------------|---------------------|
| 2022 | \$ 595,000 | \$ 293,000 | \$ 888,000 |
| 2023 | 615,000 | 269,200 | 884,200 |
| 2024 | 650,000 | 244,600 | 894,600 |
| 2025 | 675,000 | 218,600 | 893,600 |
| 2026 | 710,000 | 191,600 | 901,600 |
| 2027-2031 | 4,080,000 | 504,600 | 4,584,600 |
| | <u>\$ 7,325,000</u> | <u>\$ 1,721,600</u> | <u>\$ 9,046,600</u> |

Bonds Authorized But Not Issued:

As of June 30, 2021, the District had no authorized but not issued bonds.

Note 8. Pension Plans

A. Public Employees' Retirement System (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 ten years of service.

The following represents the membership tiers for PERS:

| <u>Tier</u> | <u>Definition</u> |
|-------------|--|
| 1 | Members who were enrolled prior to July 1, 2007 |
| 2 | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3 | Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010 |
| 4 | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011 |
| 5 | Members who were eligible to enroll on or after June 28, 2011 |

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 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

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

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.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 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 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, P.L. 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.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2021, the School District reported a liability of \$281,338 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2019, to the measurement date of June 30, 2020. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The School District's proportion measured as of June 30, 2020, was 0.00173%, which was an increase of 0.00002% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized full accrual pension expense of \$(77,314) in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2020 measurement date. At June 30, 2021 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between Expected and Actual Experience | \$ 5,123 | \$ 995 |
| Changes of Assumptions | 9,127 | 117,799 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 9,616 | - |
| Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions | 4,563 | 113,070 |
| School District Contributions Subsequent to Measurement Date | 20,545 | |
| | \$ 48,974 | \$ 231,864 |

\$20,545 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is based on the amount payable to the State due April 1, 2022 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending Dec 31, | Amount |
|--------------------------------|---------------|
| 2021 | \$ (97,940) |
| 2022 | (73,359) |
| 2023 | (30,656) |
| 2024 | (8,079) |
| 2025 | 6,599 |
| | \$ (203,435) |

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

| | Deferred Outflow of <u>Resources</u> | Deferred Inflow of <u>Resources</u> |
|--|---|--|
| Differences between Expected and Actual Experience | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | - | - |
| June 30, 2015 | 5.72 | - |
| June 30, 2016 | 5.57 | - |
| June 30, 2017 | 5.48 | - |
| June 30, 2018 | 5.63 | - |
| June 30, 2019 | 5.21 | - |
| June 30, 2020 | 5.16 | - |
| Changes of Assumptions | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | 6.44 | - |
| June 30, 2015 | 5.72 | - |
| June 30, 2016 | 5.57 | - |
| June 30, 2017 | - | 5.48 |
| June 30, 2018 | - | 5.63 |
| June 30, 2019 | - | 5.21 |
| June 30, 2020 | - | 5.16 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | - | 5.00 |
| June 30, 2015 | - | 5.00 |
| June 30, 2016 | 5.00 | - |
| June 30, 2017 | 5.00 | - |
| June 30, 2018 | 5.00 | - |
| June 30, 2019 | 5.00 | - |
| June 30, 2020 | 5.00 | - |
| Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | 6.44 | 6.44 |
| June 30, 2015 | 5.72 | 5.72 |
| June 30, 2016 | 5.57 | 5.57 |
| June 30, 2017 | 5.48 | 5.48 |
| June 30, 2018 | 5.63 | 5.63 |
| June 30, 2019 | 5.21 | 5.21 |
| June 30, 2020 | 5.16 | 5.16 |

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

Actuarial Assumptions – The collective 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 assumptions:

| | |
|---|--|
| Inflation | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through 2026 | 2.00 - 6.00% Based on Years of Service |
| Thereafter | 3.00 - 7.00% Based on Years of Service |
| Investment Rate of Return | 7.00% |
| Mortality Rate Table | Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020 |
| Period of Actuarial Experience | |
| Study upon which Actuarial Assumptions were Based | July 1, 2014 - June 30, 2018 |

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

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

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

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------------|--------------------------|---|
| Risk Mitigation Strategies | 3.00% | 3.40% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 1.94% |
| Investment Grade Credit | 8.00% | 2.67% |
| High Yield | 2.00% | 5.95% |
| Private Credit | 8.00% | 7.59% |
| Real Assets | 3.00% | 9.73% |
| Real Estate | 8.00% | 9.56% |
| 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% |

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2020, calculated using the discount rate of 7.00% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|--|------------------------------------|--|------------------------------------|
| District's Proportionate Share of the Net Pension Liability | <u>\$ 356,942</u> | <u>\$ 281,338</u> | <u>\$ 221,275</u> |

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2021 and 2020:

Balances at June 30, 2021 and June 30, 2020

| | <u>6/30/2021</u> | <u>6/29/2020</u> |
|--|------------------|------------------|
| Actuarial valuation date (including roll forward) | June 30, 2020 | June 30, 2019 |
| Collective Deferred Outflows of Resources | \$ 2,347,583,337 | \$ 3,149,522,616 |
| Collective Deferred Inflows of Resources | 7,849,949,467 | 7,645,087,574 |
| Collective Net Pension Liability | 16,435,616,426 | 18,143,832,135 |
| | | |
| District's portion of the Plan's total Net Pension Liability | 0.00173% | 0.00171% |

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.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, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

| <u>Tier</u> | <u>Definition</u> |
|-------------|--|
| 1 | Members who were enrolled prior to July 1, 2007 |
| 2 | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3 | Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010 |
| 4 | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011 |
| 5 | Members who were eligible to enroll on or after June 28, 2011 |

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

years of service credit, and tier 5 before age 65 with 30 or more years 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.

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* 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. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, 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, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the School District does 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.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2020 was \$12,958,667. The School District's proportionate share was \$-0-.

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The State's proportionate share of the net pension liability associated with the School District was based on projection of the State's long-term contributions to the pension plan associated with the School District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2020, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.01968%, which was an increase of 0.00050% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the School District recognized \$805,825 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2020 measurement date.

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:

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

| | | |
|---------------------------|--------------|---------------------------|
| Inflation | | |
| Price | 2.75% | |
| Wage | 3.25% | |
| | | |
| Salary Increases: | | |
| Through 2026 | 1.55 - 4.45% | Based on Years of Service |
| Thereafter | 2.75 - 5.65% | Based on Years of Service |
| | | |
| 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.

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

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------------|--------------------------|---|
| Risk Mitigation Strategies | 3.00% | 3.40% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 1.94% |
| Investment Grade Credit | 8.00% | 2.67% |
| High Yield | 2.00% | 5.95% |
| Private Credit | 8.00% | 7.59% |
| Real Assets | 3.00% | 9.73% |
| Real Estate | 8.00% | 9.56% |
| 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% |

Discount Rate - The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. The single blended discount rate was based on 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 municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 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.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 5.40% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

| | 1% Decrease <u>(4.40%)</u> | Current Discount Rate <u>(5.40%)</u> | 1% Increase <u>(6.40%)</u> |
|--|---|---|---|
| South Harrison Township Emelentary School's Proportionate Share of the Net Pension Liability | \$ - | \$ - | \$ - |
| State of New Jersey's Proportionate Share of Net Pension Liability associated with the South Harrison Township Elementary School | <u>15,221,470</u> | <u>12,958,667</u> | <u>11,079,787</u> |
| | <u>\$ 15,221,470</u> | <u>\$ 12,958,667</u> | <u>\$ 11,079,787</u> |

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

Additional Information – The following is a summary of the collective balances of the local group at June 30, 2020 and 2019:

Balances at June 30, 2021 and June 30, 2020

| | <u>6/30/2020</u> | <u>6/30/2019</u> |
|--|------------------|-------------------|
| Collective Deferred Outflows of Resources | \$ 9,626,548,228 | \$ 10,129,162,237 |
| Collective Deferred Inflows of Resources | 14,591,988,841 | 17,736,240,054 |
| Collective Net Pension Liability | 65,993,498,688 | 61,519,112,443 |
| District's portion of the Plan's total Net Pension Liability | 0.01968% | 0.01918% |

C. Defined Contribution Plan (DCRP)

Plan Description - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- 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 established "maximum compensation" limits;

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued)

C. Defined Contribution Plan (DCRP) (continued)

- Employees enrolled in the Police and Firemen’s Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established “maximum compensation” limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2020 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees

Contributions - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2021, employee contributions totaled \$0, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$0.

Note 9. Other Post-Retirement Benefits

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 9. Other Post-Retirement Benefits (continued)

General Information about the OPEB Plan

coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits is the responsibility of the individual local education employers.

Basis of Presentation

The Schedule presents the State of New Jersey’s obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles.

Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Total Nonemployer OPEB Liability

The total nonemployer 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.

Total Nonemployer OPEB Liability: \$ 67,809,962,608

Inflation Rate: 2.5%

| | TPAF/ABP | PERS | PFRS |
|-------------------|--|--|---|
| Salary Increases: | | | |
| Through 2026 | 1.55 - 4.45% based on years of service | 2.00 - 6.00% based on years of service | 3.25 - 15.25% based on years of service |
| Thereafter | 1.55 - 4.45% based on years of service | 3.00 - 7.00% based on years of service | Applied to all future years |

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 9. Other Post-Retirement Benefits (continued)

Total Nonemployer OPEB Liability

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, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

OPEB Obligation and OPEB Expense - The State's proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2020 was \$14,911,200. The School District's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2020, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The State's proportionate share of the OPEB Obligation associated with the District was based on projection of the State's long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2020, the State proportionate share of the OPEB Obligation attributable to the School District was 0.02199%, which was an increase of 0.0001% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the State of New Jersey recognized an OPEB expense in the amount of \$675,933 for the State's proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2020 measurement date.

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. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 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%.

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 Total Nonemployer OPEB Liability to changes in discount rate

The following presents the total nonemployer OPEB liability as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 9. Other Post-Retirement Benefits (continued)

Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate Plan

| | June 30, 2020 | | |
|--|---------------------------|-----------------------------|---------------------------|
| | At 1% Decrease (1.21%) | At Discount Rate (2.21%) | At 1% Increase (3.21%) |
| State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District | \$ 17,976,221 | \$ 14,911,200 | \$ 12,514,649 |
| State of New Jersey's Total Non- employer Liability | \$ 81,748,410,002 | \$ 67,809,962,608 | \$ 56,911,439,160 |

The following presents the total nonemployer OPEB liability as of June 30, 2020, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

| | June 30, 2020 | | |
|--|----------------------|---------------------------------|-------------------|
| | 1% Decrease | Healthcare Cost Trend Rate * | 1% Increase |
| State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District | \$ 12,036,823 | \$ 14,911,200 | \$ 18,333,944 |
| State of New Jersey's Total Nonemployer OPEB Liability | \$ 54,738,488,540 | \$ 67,809,962,608 | \$ 83,375,182,975 |

* See Healthcare Cost Trend Assumptions for details of rates.

Additional Information

Collective balances of the Local Group at June 30, 2020 are as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Change in Proportion Differences between Expected & Actual Experience | \$ 10,295,318,750 | \$ (9,170,703,615) |
| Change in Assumptions | - | - |
| Contributions Made in Fiscal Year Year Ending 2020 After June 30, 2019 Measurement Date ** | 11,534,251,250 | (7,737,500,827) |
| | TBD | - |
| | <u>\$ 21,829,570,000</u> | <u>\$ (16,908,204,442)</u> |

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 9. Other Post-Retirement Benefits (continued)

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate

** Employer Contributions made after June 30, 2020 are reported as a deferred outflow of resources, but are not amortized in expense.

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

| Fiscal Year Ending June 30, | |
|--------------------------------|------------------|
| 2021 | \$ 43,440,417 |
| 2022 | 43,440,417 |
| 2023 | 43,440,417 |
| 2024 | 43,440,417 |
| 2025 | 43,440,417 |
| Thereafter | 4,704,163,473 |
| | \$ 4,921,365,558 |

Plan Membership

At June 30, 2019, the Program membership consisted of the following:

| | June 30, 2019 |
|--|---------------|
| Active Plan Members | 216,804 |
| Inactive Plan Members or Beneficiaries | |
| Currently Receiving Benefits | 149,304 |
| | 366,108 |

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2021 (measurement date June 30, 2020) is as follows:

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 9. Other Post-Retirement Benefits (continued)

Changes in the Total OPEB Liability

Total OPEB Liability

| | |
|---|--------------------------|
| Service Cost | \$ 1,790,973,822 |
| Interest Cost | 1,503,341,357 |
| Difference Between Expected & Actual Experience | 11,544,750,637 |
| Changes of Assumptions | 12,386,549,981 |
| Contributions: Member | 35,781,384 |
| Gross Benefit Payments | <u>(1,180,515,618)</u> |
| Net Change in Total OPEB Liability | 26,080,881,563 |
| Total OPEB Liability (Beginning) | <u>41,729,081,045</u> |
| Total OPEB Liability (Ending) | <u>\$ 67,809,962,608</u> |
| Total Covered Employee Payroll | \$ 14,267,738,658 |
| Net OPEB Liability as a Percentage of Payroll | 475% |

Note 10. On-Behalf Payments for Fringe Benefits and Salaries

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2021, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$533,835, \$146,339, \$167,296 and \$273, respectively.

Note 11. Risk Management

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

Property and Liability Insurance – The School District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

Joint Insurance Pool – The School District also participates in the Gloucester, Cumberland, Salem School Districts Insurance Fund and, public entity risk pool. The Pool provides its members with the following coverage:

| | |
|---------------------------------------|--------------------------------|
| Property – Blanket Building & Grounds | General & Automobile Liability |
| Environmental Impairment Liability | Workers' Compensation |
| School Board Legal Liability | Excess Liability |
| Employers Liability | Comprehensive Crime Coverage |

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 12. Contingencies

State and Federal Grantor Agencies - The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Pending Litigation – The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the District.

Note 13. Economic Dependency

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the District’s programs and activities.

Note 14. Deferred Compensation

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Lincoln Investment Planning
Travelers

Note 15. Compensated Absences

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

District employees are granted varying amount of vacation and sick leave in accordance with the District's personnel policies. The District 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 Districts’ agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2021 is \$80,736.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 16. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

Note 17. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund 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 was \$327,286.

Note 18. Fund Balance

General Fund – Of the \$1,095,387 General Fund fund balance at June 30, 2021, \$352,680 has been reserved in the Capital Reserve Account; \$327,286 is restricted for current year excess surplus; \$303,127 is restricted for excess surplus – designated for subsequent year's expenditures; \$18,971 has been reserved for encumbrances; and \$93,323 is unassigned.

Note 19. Deficit in Net Position

Unrestricted Net Position – The School District's governmental activities had a deficit in unrestricted net position in the amount of \$587,507. The primary causes of the deficit are the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employees' Retirement System (PERS) as of June 30, 2021. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 20. Prior Period Adjustment

As discussed in Note 1, the School District has implemented GASB Statement No. 84 – *Fiduciary Activities* in the School District’s financial statements for the year ended June 30, 2021. As a result, net position and fund balances as of July 1, 2020 has been restated as follows:

Governmental Activities (Exhibit A-2):

| | |
|--|--------------|
| Net Position as previously reported at June 30, 2020 | \$ 2,443,352 |
| Prior Period Adjustment: | |
| Student Activities Fund | 69,214 |
| Total Prior Period Adjustment | 69,214 |
| Net Position as restated, July 1, 2020 | \$ 2,512,566 |

Special Revenue Fund (Exhibit B-2):

| | |
|--|-----------|
| Fund Balance as previously reported at June 30, 2020 | \$ - |
| Prior Period Adjustment: | |
| Student Activities Fund | 69,214 |
| Total Prior Period Adjustment | 69,214 |
| Fund Balance as restated, July 1, 2020 | \$ 69,214 |

Note 21. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2021 and February 4, 2022, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items other than the below have come to the attention of the School District that would require disclosure.

The COVID-19 pandemic is ongoing. Because of the evolving nature of the outbreak and federal, state and local responses, it cannot be predicted how the outbreak will impact the financial condition or operations of the District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. To date the School District has not been materially and adversely affected financially due to the virus.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| | ACCOUNT NUMBERS | JUNE 30, 2021 | | | | VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE) |
|---|-----------------|------------------|------------------|------------------|------------------|---|
| | | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | ACTUAL | |
| Revenues: | | | | | | |
| Local Sources: | | | | | | |
| Local Tax Levy | 10-1210 | \$ 3,434,761 | \$ - | \$ 3,434,761 | \$ 3,434,761 | \$ - |
| Tuition from Individuals | 10-1310 | 14,000 | - | 14,000 | 11,210 | (2,790) |
| Rents and Royalties | 10-1910 | - | - | - | 2,000 | 2,000 |
| Interest Earned on Capital Reserve | 10-1000 | 100 | - | 100 | - | (100) |
| Miscellaneous | 10-1000 | 9,900 | - | 9,900 | 8,119 | (1,781) |
| Total Local Sources | | 3,458,761 | - | 3,458,761 | 3,456,090 | (2,671) |
| State Sources: | | | | | | |
| School Choice Aid | 10-3116 | 274,118 | - | 274,118 | 274,118 | - |
| Categorical Special Education Aid | 10-3132 | 302,902 | - | 302,902 | 302,902 | - |
| Equalization Aid | 10-3176 | 877,917 | - | 877,917 | 877,917 | - |
| Categorical Security Aid | 10-3177 | 34,238 | - | 34,238 | 34,238 | - |
| Categorical Transportation Aid | 10-3121 | 140,825 | - | 140,825 | 140,825 | - |
| Other Unrestricted State Aid | 10-3190 | - | - | - | 5,510 | 5,510 |
| Nonbudgeted: | | | | | | |
| On-Behalf TPAF Pension Contributions | | - | - | - | 533,835 | 533,835 |
| On-Behalf TPAF Post Retirement Medical | | - | - | - | 167,296 | 167,296 |
| On-Behalf TPAF Long Term Disability | | - | - | - | 273 | 273 |
| Reimbursed TPAF Social Security Contributions | | - | - | - | 153,733 | 153,733 |
| Total State Sources | | 1,630,000 | - | 1,630,000 | 2,490,647 | 860,647 |
| Total Revenues | | 5,088,761 | - | 5,088,761 | 5,946,737 | 857,976 |
| Expenditures: | | | | | | |
| Current Expense: | | | | | | |
| Instruction - Regular Programs: | | | | | | |
| Salaries of Teachers: | | | | | | |
| Preschool | 11-105-100-101 | 68,500 | 1,000 | 69,500 | 69,010 | 490 |
| Kindergarten | 11-110-100-101 | 114,000 | - | 114,000 | 110,370 | 3,630 |
| Grades 1 - 5 | 11-120-100-101 | 973,977 | 62,999 | 1,036,976 | 1,024,434 | 12,542 |
| Grades 6 - 8 | 11-130-100-101 | 217,700 | (17,000) | 200,700 | 189,438 | 11,262 |
| Instruction - Regular Programs: | | | | | | |
| Home Instruction: | | | | | | |
| Salaries of Teachers | 11-150-100-101 | 1,000 | - | 1,000 | - | 1,000 |
| Regular Programs - Undistributed Instruction: | | | | | | |
| Purchased Professional Educational Services | 11-190-100-320 | 22,785 | - | 22,785 | 18,944 | 3,841 |
| Purchased Technical Services | 11-190-100-340 | 17,707 | 7,810 | 25,517 | 24,007 | 1,470 |
| Other Purchased Services | 11-190-100-500 | 379,600 | (76,200) | 303,400 | 163,778 | 139,622 |
| General Supplies | 11-190-100-610 | 77,032 | 10,350 | 87,382 | 64,473 | 22,909 |
| Textbooks | 11-190-100-640 | 49,080 | (2,500) | 46,580 | 39,978 | 6,602 |
| Total Regular Programs - Instruction | | 1,921,381 | (13,541) | 1,907,840 | 1,704,472 | 203,368 |
| Resource Room/Resource Center | | | | | | |
| Salaries of Teachers | 11-213-100-101 | 290,000 | 1,500 | 291,500 | 291,173 | 327 |
| Total Resource Room/Resource Center | | 290,000 | 1,500 | 291,500 | 291,173 | 327 |
| Home Instruction: | | | | | | |
| Purchased Professional Education Service | 11-219-100-320 | 1,000 | - | 1,000 | 60 | 940 |
| Total Home Instruction | | 1,000 | - | 1,000 | 60 | 940 |
| Total Special Education | | 291,000 | 1,500 | 292,500 | 291,233 | 1,267 |
| School Sponsored Cocurricular Activities: | | | | | | |
| Salaries | 11-401-100-100 | 15,066 | - | 15,066 | 3,999 | 11,067 |
| Supplies and Materials | 11-401-100-600 | 2,186 | - | 2,186 | - | 2,186 |
| Total School Sponsored Cocurricular Activities | | 17,252 | - | 17,252 | 3,999 | 13,253 |
| Total Instruction | | 2,229,633 | (12,041) | 2,217,592 | 1,999,704 | 217,888 |
| Attendance & Social Work Services: | | | | | | |
| Salaries of Teachers | 11-000-211-100 | 8,000 | 229 | 8,229 | 7,900 | 329 |
| Purchased Professional & Technical Services | 11-000-211-300 | 4,000 | (4,000) | - | - | - |
| Total Attendance & Social Work Services | | 12,000 | (3,771) | 8,229 | 7,900 | 329 |

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| | ACCOUNT NUMBERS | JUNE 30, 2021 | | | | VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE) |
|--|-----------------|-----------------|------------------|----------------|----------------|---|
| | | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | ACTUAL | |
| Health Services: | | | | | | |
| Salaries | 11-000-213-100 | 75,000 | 15,044 | 90,044 | 86,221 | 3,823 |
| Purchased Professional & Technical Services | 11-000-213-300 | 4,750 | 12,540 | 17,290 | 17,290 | - |
| Other Purchased Services | 11-000-213-500 | 475 | 65 | 540 | 226 | 314 |
| Supplies and Materials | 11-000-213-600 | 3,200 | - | 3,200 | 2,943 | 257 |
| Total Health Services | | 83,425 | 27,649 | 111,074 | 106,680 | 4,394 |
| Speech, OT, PT & Related Services: | | | | | | |
| Purchased Professional - Educational Services | 11-000-216-320 | 159,465 | (9,817) | 149,648 | 140,943 | 8,705 |
| Supplies and Materials | 11-000-216-600 | 1,000 | 9 | 1,009 | 361 | 648 |
| Total Speech, OT, PT & Related Services | | 160,465 | (9,808) | 150,657 | 141,304 | 9,353 |
| Special Education - Extraordinary Services: | | | | | | |
| Salaries | 11-000-217-100 | 4,200 | - | 4,200 | 2,730 | 1,470 |
| Purchased Professional - Educational Services | 11-000-217-320 | 75,920 | (5,000) | 70,920 | 58,768 | 12,152 |
| Supplies and Materials | 11-000-217-600 | 3,380 | - | 3,380 | - | 3,380 |
| Total Special Education -Extraordinary Services | | 83,500 | (5,000) | 78,500 | 61,498 | 17,002 |
| Guidance: | | | | | | |
| Salaries of Other Professional Staff | 11-000-218-104 | 23,000 | 697 | 23,697 | 22,828 | 869 |
| Salaries of Secretarial and Clerical Assistant: | 11-000-218-105 | 10,000 | (2,355) | 7,645 | 6,239 | 1,406 |
| Other Purchased Professional & Technical Services | 11-000-218-390 | | 9,100 | 9,100 | 9,096 | 4 |
| Supplies and Materials | 11-000-218-600 | 2,700 | - | 2,700 | - | 2,700 |
| Total Guidance | | 35,700 | 7,442 | 43,142 | 38,163 | 4,979 |
| Child Study Teams: | | | | | | |
| Salaries of Other Professional Staff | 11-000-219-104 | 116,800 | (14,254) | 102,546 | 100,274 | 2,272 |
| Salaries of Secretarial & Clerical Assistant: | 11-000-219-105 | 56,000 | - | 56,000 | 52,514 | 3,486 |
| Purchased Professional - Educational Services | 11-000-219-320 | 3,500 | - | 3,500 | - | 3,500 |
| Purchased Professional & Technical Services: | 11-000-219-390 | 22,500 | 20,130 | 42,630 | 42,630 | - |
| Other Purchased Services | 11-000-219-500 | 10,900 | 1,379 | 12,279 | 10,978 | 1,301 |
| Professional Development | 11-000-219-580 | - | - | - | - | - |
| Supplies and Materials | 11-000-219-600 | 4,150 | - | 4,150 | 3,377 | 773 |
| Total Child Study Teams | | 213,850 | 7,255 | 221,105 | 209,773 | 11,332 |
| Improvement of Instructional Staff | | | | | | |
| Salaries of Other Professional Staff | 11-000-221-104 | 1,230 | 1,000 | 2,230 | 300 | 1,930 |
| Purchased Professional/Educational Services | 11-000-221-320 | 6,835 | (1,800) | 5,035 | 1,705 | 3,330 |
| Purchased Professional & Technical Service: | 11-000-221-390 | 4,000 | - | 4,000 | 3,284 | 716 |
| Other Purchased Services | 11-000-221-500 | 10,300 | (550) | 9,750 | 2,200 | 7,550 |
| Supplies and Materials | 11-000-221-600 | 39,000 | (5,200) | 33,800 | 20,477 | 13,323 |
| Total Improvement of Instructional Staff | | 61,365 | (6,550) | 54,815 | 27,966 | 26,849 |
| Educational Media Services/School Library | | | | | | |
| Salaries | 11-000-222-100 | 71,000 | (71,000) | - | - | - |
| Other Purchased Services | 11-000-222-500 | 2,425 | - | 2,425 | 1,814 | 611 |
| Supplies and Materials | 11-000-222-600 | 569 | - | 569 | - | 569 |
| Total Educational Media Services/School Library | | 73,994 | (71,000) | 2,994 | 1,814 | 1,180 |
| Instructional Staff Training Services | | | | | | |
| Other Purchased Services | 11-000-223-500 | 8,350 | - | 8,350 | 5,523 | 2,827 |
| Total Instructional Staff Training Services | | 8,350 | - | 8,350 | 5,523 | 2,827 |
| Support Services General Administration: | | | | | | |
| Legal Services | 11-000-230-331 | 10,000 | - | 10,000 | 7,628 | 2,372 |
| Audit Fees | 11-000-230-332 | 20,000 | 3,920 | 23,920 | 20,220 | 3,700 |
| Other Purchased Professional Services | 11-000-230-339 | 43,300 | 100 | 43,400 | 43,366 | 34 |
| Purchased Technical Services | 11-000-230-340 | 2,000 | 300 | 2,300 | 2,259 | 41 |
| Communications/Telephone | 11-000-230-530 | 14,000 | 4,530 | 18,530 | 8,327 | 10,203 |
| BOE Other Purchased Services | 11-000-230-585 | 4,500 | (2,068) | 2,432 | 2,199 | 233 |
| Other Purchased Services | 11-000-230-590 | 10,500 | (2,032) | 8,468 | 8,468 | - |
| BOE In-House Training/Meeting Supplies | 11-000-230-630 | 500 | - | 500 | 29 | 471 |
| BOE Membership Dues & Fees | 11-000-230-895 | 2,700 | - | 2,700 | 2,688 | 12 |
| Total Support Services General Administration | | 107,500 | 4,750 | 112,250 | 95,184 | 17,066 |

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| | ACCOUNT NUMBERS | JUNE 30, 2021 | | | | VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE) |
|--|-----------------|------------------|------------------|------------------|------------------|---|
| | | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | ACTUAL | |
| Support Services School Administration: | | | | | | |
| Salaries of Principals | 11-000-240-103 | 113,500 | 11,074 | 124,574 | 124,574 | - |
| Salaries of Secretarial and Clerical | 11-000-240-105 | 31,000 | 3,652 | 34,652 | 34,652 | - |
| Other Purchased Services | 11-000-240-500 | 5,750 | (5,669) | 81 | 81 | - |
| Supplies and Materials | 11-000-240-600 | 1,500 | 1,322 | 2,822 | 2,822 | - |
| Other Objects | 11-000-240-800 | 1,200 | 4,506 | 5,706 | 5,706 | - |
| Total Support Services School Administration | | 152,950 | 14,885 | 167,835 | 167,835 | - |
| Central Services: | | | | | | |
| Salaries | 11-000-251-100 | 45,000 | (41,695) | 3,305 | 3,303 | 2 |
| Purchased Professional Services | 11-000-251-330 | 20,706 | 49,520 | 70,226 | 65,784 | 4,442 |
| Purchased Technical Services | 11-000-251-340 | 19,500 | 8,695 | 28,195 | 28,135 | 60 |
| Miscellaneous Purchased Services | 11-000-251-592 | 3,500 | - | 3,500 | 2,680 | 820 |
| Supplies and Materials | 11-000-251-600 | 1,500 | (1,125) | 375 | 283 | 92 |
| Miscellaneous Expenditures | 11-000-251-890 | - | 25 | 25 | 25 | - |
| Total Central Services | | 90,206 | 15,420 | 105,626 | 100,210 | 5,416 |
| Administrative Information Technology | | | | | | |
| Purchased Technical Services | 11-000-252-340 | 64,995 | - | 64,995 | 59,189 | 5,806 |
| Total Administrative Information Technology | | 64,995 | - | 64,995 | 59,189 | 5,806 |
| Allowable Maintenance for School Facilities | | | | | | |
| Cleaning, Repair & Maintenance Services | 11-000-261-420 | 120,765 | 9,000 | 129,765 | 128,756 | 1,009 |
| General Supplies | 11-000-261-610 | 16,000 | 86 | 16,086 | 10,965 | 5,121 |
| Total Allowable Maintenance for School Facilities | | 136,765 | 9,086 | 145,851 | 139,721 | 6,130 |
| Custodial Services: | | | | | | |
| Salaries | 11-000-262-100 | 16,000 | - | 16,000 | 14,632 | 1,368 |
| Purchased Professional & Technical Services | 11-000-262-300 | 17,250 | 4,018 | 21,268 | 10,312 | 10,956 |
| Cleaning, Repair & Maintenance Services | 11-000-262-420 | 175,000 | - | 175,000 | 169,093 | 5,907 |
| Other Purchased Property Services | 11-000-262-490 | 1,000 | 500 | 1,500 | 1,059 | 441 |
| Insurance | 11-000-262-520 | 13,000 | - | 13,000 | 11,714 | 1,286 |
| General Supplies | 11-000-262-610 | 2,500 | 101 | 2,601 | 5 | 2,596 |
| Energy (Natural Gas) | 11-000-262-621 | 32,000 | 5,000 | 37,000 | 35,785 | 1,215 |
| Energy (Electricity) | 11-000-262-622 | 125,000 | - | 125,000 | 108,865 | 16,135 |
| Total Custodial Services | | 381,750 | 9,619 | 391,369 | 351,465 | 39,904 |
| Care & Upkeep of Grounds: | | | | | | |
| Cleaning, Repair & Maintenance Services | 11-000-263-420 | 32,500 | (2,462) | 30,038 | 26,642 | 3,396 |
| General Supplies | 11-000-263-610 | 2,500 | - | 2,500 | 1,020 | 1,480 |
| Total Care & Upkeep of Grounds | | 35,000 | (2,462) | 32,538 | 27,662 | 4,876 |
| Security: | | | | | | |
| General Supplies | 11-000-266-610 | 4,000 | (3,710) | 290 | 216 | 74 |
| Total Security | | 4,000 | (3,710) | 290 | 216 | 74 |
| Student Transportation Services: | | | | | | |
| Contracted Services - (Aid in Lieu of Payments) | 11-000-270-503 | 30,000 | - | 30,000 | 15,273 | 14,727 |
| Contracted Services (Between Home & School) - Vendors | 11-000-270-511 | 221,000 | 97,584 | 318,584 | 311,340 | 7,244 |
| Contracted Services (Other Than Between Home & School) - Vendors | 11-000-270-512 | 6,500 | - | 6,500 | - | 6,500 |
| Contracted Services (Special Education) - Joint Agreement | 11-000-270-515 | 91,806 | (21,511) | 70,295 | 57,734 | 12,561 |
| Total Student Transportation Services | | 349,306 | 76,073 | 425,379 | 384,347 | 41,032 |
| Unallocated Benefits - Employee Benefits | | | | | | |
| Social Security Contributions | 11-000-291-220 | 29,444 | (1) | 29,443 | 17,981 | 11,462 |
| Other Retirement Contribution - Regular | 11-000-291-241 | 25,277 | - | 25,277 | 18,873 | 6,404 |
| Unemployment Compensation | 11-000-291-250 | 4,900 | 12,070 | 16,970 | 16,821 | 149 |
| Workmen's Compensation | 11-000-291-260 | 17,000 | (2,900) | 14,100 | 14,084 | 16 |
| Health Benefits | 11-000-291-270 | 707,576 | (24,089) | 683,487 | 572,445 | 111,042 |
| Tuition Reimbursements | 11-000-291-280 | 15,000 | 2,055 | 17,055 | 8,220 | 8,835 |
| Other Employee Benefits | 11-000-291-290 | 30,000 | 10,400 | 40,400 | 40,387 | 13 |
| Unused Sick Payment to Terminated/Retired Staff | 11-000-291-299 | 45,000 | - | 45,000 | 45,000 | - |
| Total Unallocated Benefits - Employee Benefits | | 874,197 | (2,465) | 871,732 | 733,811 | 137,921 |
| Nonbudgeted: | | | | | | |
| On-Behalf TPAF Pension Contributions | | - | - | - | 533,835 | (533,835) |
| On-Behalf TPAF Post Retirement Medical | | - | - | - | 167,296 | (167,296) |
| On-Behalf TPAF Long Term Disability | | - | - | - | 273 | (273) |
| Reimbursed TPAF Social Contributions | | - | - | - | 153,733 | (153,733) |
| Total Undistributed Expenditures | | 2,929,318 | 67,413 | 2,996,731 | 3,515,398 | (518,667) |
| Total Expenditures - Current Expense | | 5,158,951 | 55,372 | 5,214,323 | 5,515,102 | (300,779) |

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| | ACCOUNT NUMBERS | JUNE 30, 2021 | | | ACTUAL | VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE) |
|---|-----------------|-----------------|------------------|--------------|--------------|---|
| | | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | | |
| Capital Outlay: | | | | | | |
| Interest Deposit to Capital Reserve | 10-604-000-000 | 100 | - | 100 | - | 100 |
| Equipment: | | | | | | |
| Facilities Acquisition & Construction Services | | | | | | |
| Construction Services | 12-000-400-450 | 20,000 | - | 20,000 | 13,015 | 6,985 |
| Assessment for Debt Service | 12-000-400-896 | 8,133 | - | 8,133 | 8,133 | - |
| Total Capital Outlay | | 28,233 | - | 28,233 | 21,148 | 7,085 |
| Total Expenditures | | 5,187,184 | 55,372 | 5,242,556 | 5,536,250 | (293,694) |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures Before Other Financing Sources/(Uses) | | (98,423) | (55,372) | (153,795) | 410,487 | 564,282 |
| Other Financing Sources/(Uses): | | | | | | |
| Transfer of Funds to Charter Schools | 10-000-100-561 | (92,969) | 8,999 | (83,970) | (46,485) | 37,485 |
| Total Other Financing Sources/(Uses) | | (92,969) | 8,999 | (83,970) | (46,485) | 37,485 |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures After Other Financing Sources/(Uses) | | (191,392) | (46,373) | (237,765) | 364,002 | 601,767 |
| Fund Balances, July 1 | | 893,572 | - | 893,572 | 893,572 | - |
| Fund Balances, June 30 | | \$ 702,180 | \$ (46,373) | \$ 655,807 | \$ 1,257,574 | \$ 601,767 |

RECAPITULATION OF BUDGET TRANSFERS:

| | |
|-------------------------|------------------|
| Prior Year Encumbrances | <u>\$ 46,373</u> |
| Total | <u>\$ 46,373</u> |

RECAPITULATION OF FUND BALANCE

| | |
|---|---------------------|
| Restricted Fund Balance: | |
| Capital Reserve | \$ 352,680 |
| Excess Surplus - Designated for Subsequent Year | 303,127 |
| Excess Surplus | 327,286 |
| Assigned Fund Balance: | |
| Year End Encumbrances | 18,971 |
| Unassigned Fund Balance | <u>255,510</u> |
| Subtotal | <u>1,257,574</u> |
| Reconciliation to Governmental Fund Statements (GAAP) | |
| Last State Aid Payment Not Recognized on GAAP Basis | <u>(162,187)</u> |
| Fund Balance per Governmental Funds (GAAP) | <u>\$ 1,095,387</u> |

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| | JUNE 30, 2021 | | | | VARIANCE POSITIVE/ (NEGATIVE) |
|--|--------------------|---------------------|------------------|------------------|-------------------------------------|
| | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | ACTUAL | FINAL TO ACTUAL |
| REVENUES: | | | | | |
| Federal Sources | \$ 135,000 | \$ 60,608 | \$ 195,608 | \$ 115,560 | \$ (80,048) |
| Local Sources | - | 3,500 | 3,500 | 13,984 | 10,484 |
| Total Revenues | 135,000 | 64,108 | 199,108 | 129,544 | (69,564) |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | 35,000 | (9,240) | 25,760 | 25,760 | - |
| Purchased Professional & Technical Services | 75,000 | (8,129) | 66,871 | 30,576 | 36,295 |
| Other Purchased Services | - | 5,592 | 5,592 | 3,500 | 2,092 |
| General Supplies | 20,000 | 58,712 | 78,712 | 51,885 | 26,827 |
| Student Activities | - | - | - | 9,374 | (9,374) |
| Total Instruction | 130,000 | 46,935 | 176,935 | 121,095 | 55,840 |
| Support Services: | | | | | |
| Employee Benefits | - | 647 | 647 | 489 | 158 |
| Other Purchased Services | 5,000 | 14,229 | 19,229 | 6,625 | 12,604 |
| General Supplies | - | 2,297 | 2,297 | 225 | 2,072 |
| Total Support Services | 5,000 | 17,173 | 22,173 | 7,339 | 14,834 |
| Total Expenditures | 135,000 | 64,108 | 199,108 | 128,434 | 70,674 |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/ (Uses) | | | | | |
| | - | - | - | 1,110 | 1,110 |
| Fund Balance, July 1 | - | - | - | - | - |
| Prior Period Adjustment | 69,214 | - | 69,214 | 69,214 | - |
| Fund Balance, July 1 (Restated) | 69,214 | - | 69,214 | 69,214 | - |
| Fund Balance, June 30 | <u>\$ 69,214</u> | <u>\$ -</u> | <u>\$ 69,214</u> | <u>\$ 70,324</u> | <u>\$ 1,110</u> |

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR FISCAL YEAR ENDED JUNE 30, 2021**

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

| | GENERAL FUND | SPECIAL REVENUE FUND |
|---|-----------------|----------------------------|
| Sources/Inflows of Resources: | | |
| Actual Amounts (Budgetary Basis) "Revenue" | | |
| From the Budgetary Comparison Schedule (C-Series) | \$ 5,946,737 | \$ 129,544 |
| Difference - Budget to GAAP: | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized | - | - |
| State aid payment recognized for budgetary purposes, not recognized for GAAP Statements until the subsequent year | | |
| Prior Year | 170,181 | - |
| Current Year | (162,187) | - |
| | \$ 5,954,731 | \$ 129,544 |
| Total Revenue as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds | | |
| | \$ 5,954,731 | \$ 129,544 |
| Uses/outflows of resources: | | |
| Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule | \$ 5,536,250 | \$ 128,434 |
| Differences - budget to GAAP: | | |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes | - | - |
| | - | - |
| Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2) | | |
| | \$ 5,536,250 | \$ 128,434 |

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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**SOUTH HARRISON SCHOOL DISTRICT
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST EIGHT FISCAL YEARS***

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|
| School District's proportion of the net pension liability | 0.00173% | 0.00171% | 0.00189% | 0.00210% | 0.00321% | 0.00314% | 0.00430% | 0.42000% |
| School District's proportionate share of the net pension liability | \$ 281,338 | \$ 307,870 | \$ 371,906 | \$ 489,292 | \$ 951,837 | \$ 704,251 | \$ 805,746 | \$ 802,319 |
| School District's covered payroll | \$ 119,236 | \$ 128,559 | \$ 115,144 | \$ 121,422 | \$ 145,591 | \$ 200,690 | \$ 219,020 | N/A |
| School District's proportionate share of the net pension liability as a percentage of its covered payroll | 235.95% | 239.48% | 322.99% | 402.97% | 653.77% | 350.91% | 367.89% | N/A |
| Plan fiduciary net position as a percentage of the total pension liability | 58.32% | 56.27% | 53.60% | 48.10% | 40.14% | 56.31% | 62.41% | 58.70% |

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**SOUTH HARRISON SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST EIGHT FISCAL YEARS***

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2015 |
|--|------------|------------|------------|------------|------------|------------|------------|-----------|
| School District's contractually required contribution | \$ 18,873 | \$ 16,620 | \$ 18,788 | \$ 19,472 | \$ 28,551 | \$ 26,972 | \$ 35,478 | \$ 31,631 |
| Contributions in relation to the contractually required contribution | (18,873) | (16,620) | (18,788) | (19,472) | (28,551) | (26,972) | (35,478) | (31,631) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| School District's covered payroll | \$ 119,236 | \$ 128,559 | \$ 115,144 | \$ 121,422 | \$ 132,648 | \$ 145,591 | \$ 200,690 | N/A |
| Contributions as a percentage of covered payroll | 15.83% | 12.93% | 16.32% | 16.04% | 21.52% | 18.53% | 17.68% | N/A |

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

SOUTH HARRISON SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST EIGHT FISCAL YEARS*

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2015 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|
| School District's proportion of the net pension liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| School District's proportionate share of the net pension liability | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State's proportionate share of the net pension liability associated with the School District | 12,958,667 | 11,769,163 | 12,518,062 | 12,363,676 | 15,159,545 | 11,643,716 | 9,799,209 | 8,632,791 |
| | <u>\$ 12,958,667</u> | <u>\$ 11,769,163</u> | <u>\$ 12,518,062</u> | <u>\$ 12,363,676</u> | <u>\$ 15,159,545</u> | <u>\$ 11,643,716</u> | <u>\$ 9,799,209</u> | <u>\$ 8,632,791</u> |
| School District's covered payroll | \$ 1,877,122 | \$ 2,033,398 | \$ 2,129,192 | \$ 2,047,649 | \$ 2,081,451 | \$ 1,931,239 | \$ 1,903,618 | N/A |
| School District's proportionate share of the net pension liability as a percentage of its covered payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of the total pension liability | 26.95% | 26.49% | 26.49% | 25.41% | 22.33% | 28.71% | 33.64% | 33.76% |

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**SOUTH HARRISON SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

M. Schedules Related to Accounting and Reporting for Other Post-Employment Benefits (GASB 75)

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SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE TOTAL OPEB OBLIGATION
STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)
LAST FOUR FISCAL YEARS*

| | 2021 | 2020 | 2019 | 2018 |
|--|----------------------|---------------------|----------------------|----------------------|
| Total OPEB Liability Associated with the District | | | | |
| Service Cost | \$ 387,206 | \$ 352,139 | \$ 416,290 | \$ 504,172 |
| Interest Cost | 329,198 | 408,244 | 446,028 | 386,383 |
| Differences Between Expected and Actual Experiences | 2,579,529 | (1,812,813) | (1,253,081) | - |
| Changes of Assumptions | 2,723,764 | 136,326 | (1,185,612) | (1,632,157) |
| Contributions: Member | 7,868 | 8,320 | 9,548 | 10,384 |
| Gross Benefit Payments | (259,592) | (280,670) | (276,265) | (281,994) |
| Net Change in Total OPEB Liability Associated with the District | 5,767,973 | (1,188,454) | (1,843,092) | (1,013,212) |
| Total OPEB Liability Associated with the District (Beginning) | 9,143,227 | 10,331,681 | 12,174,773 | 13,187,985 |
| Total OPEB Liability Associated with the District (Ending) | <u>\$ 14,911,200</u> | <u>\$ 9,143,227</u> | <u>\$ 10,331,681</u> | <u>\$ 12,174,773</u> |
| District's Covered Employee Payroll | 1,996,358 | 2,161,957 | 2,244,336 | 2,169,071 |
| Net OPEB Liability Associated with the District as a Percentage of Payroll | 746.92% | 422.91% | 460.34% | 561.29% |

Note - The amount presented for each fiscal year was determined as of the previous fiscal year end (the measurement date).

The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Teachers Pension and Annuity Fund
(TPAF)**

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 6.28% as of June 30, 2019, to 5.40% as of June 30, 2020.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 5.60% as of June 30, 2019, to 7.00% as of June 30, 2020.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.50% as of June 30, 2019, to 2.21% as of June 30, 2020.

OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES
AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

| | I.D.E.A. - PART B | | | | |
|--|-------------------|------------------|------------------|-----------------|-----------------|
| | BASIC | | | TITLE II | |
| | REGULAR | | CARES | PART A | TITLE IV |
| | PROGRAM | | | | |
| Revenues: | | | | | |
| Federal Sources | \$ 30,576 | \$ 16,929 | \$ 13,704 | \$ 5,268 | \$ 1,357 |
| Total Revenues | \$ 30,576 | \$ 16,929 | \$ 13,704 | \$ 5,268 | \$ 1,357 |
| Expenditures: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | \$ - | \$ - | \$ 6,390 | \$ - | \$ - |
| Purchase Professional Services | 30,576 | - | - | - | - |
| General Supplies | - | 16,704 | 6,825 | - | - |
| Total Instruction | 30,576 | 16,704 | 13,215 | - | - |
| Support Services: | | | | | |
| Employee Benefits | - | - | 489 | - | - |
| Other Purchased Services | - | - | - | 5,268 | 1,357 |
| General Supplies | - | 225 | - | - | - |
| Total Support Services | - | 225 | 489 | 5,268 | 1,357 |
| Total Expenditures | 30,576 | 16,929 | 13,704 | 5,268 | 1,357 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | - | - | - | - |
| Fund Balance, July 1 | - | - | - | - | - |
| Prior Period Adjustment | - | - | - | - | - |
| Fund Balance, July 1 (Restated) | - | - | - | - | - |
| Fund Balance, June 30 | \$ - | \$ - | \$ - | \$ - | \$ - |

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES
AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

| | REAP GRANT | COVID RELIEF | STUDENT ACTIVITIES | OTHER LOCAL GRANTS | TOTAL |
|--|------------------|------------------|-----------------------|-----------------------|-------------------|
| Revenues: | | | | | |
| Federal Sources | \$ 34,370 | \$ 13,356 | \$ - | \$ - | \$ 115,560 |
| Local Sources | - | - | 10,484 | 3,500 | 13,984 |
| Total Revenues | \$ 34,370 | \$ 13,356 | \$ 10,484 | \$ 3,500 | \$ 129,544 |
| Expenditures: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | \$ 19,370 | \$ - | \$ - | \$ - | \$ 25,760 |
| Purchased Professional Services | - | - | - | - | 30,576 |
| Other Purchased Services | - | - | - | 3,500 | 3,500 |
| General Supplies | 15,000 | 13,356 | - | - | 51,885 |
| Student Activities | - | - | 9,374 | - | 9,374 |
| Total Instruction | 34,370 | 13,356 | 9,374 | 3,500 | 121,095 |
| Support Services: | | | | | |
| Employee Benefits | - | - | - | - | 489 |
| Other Purchased Services | - | - | - | - | 6,625 |
| General Supplies | - | - | - | - | 225 |
| Total Support Services | - | - | - | - | 7,339 |
| Total Expenditures | 34,370 | 13,356 | 9,374 | 3,500 | 128,434 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | - | 1,110 | - | 1,110 |
| Fund Balance, July 1 | - | - | - | - | - |
| Prior Period Adjustment | - | - | 69,214 | - | 69,214 |
| Fund Balance, July 1 (Restated) | - | - | 69,214 | - | 69,214 |
| Fund Balance, June 30 | \$ - | \$ - | \$ 70,324 | \$ - | \$ 70,324 |

I. Long-Term Debt

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2021**

| ISSUE | DATE OF ISSUE | AMOUNT OF ISSUE | ANNUAL MATURITIES DATE | AMOUNT | INTEREST RATE | BALANCE JULY 1, 2020 | ISSUED | RETIRED | BALANCE JUNE 30, 2021 |
|-----------------------------|---------------|-----------------|------------------------|------------|---------------|----------------------|--------|------------|-----------------------|
| Series 2015 Refunding Bonds | 04/21/2015 | \$ 9,980,000 | 1/15/2022 | \$ 595,000 | 4.00% | \$ 7,885,000 | \$ - | \$ 560,000 | \$ 7,325,000 |
| | | | 1/15/2023 | 615,000 | 4.00% | | | | |
| | | | 1/15/2024 | 650,000 | 4.00% | | | | |
| | | | 1/15/2025 | 675,000 | 4.00% | | | | |
| | | | 1/15/2026 | 710,000 | 4.00% | | | | |
| | | | 1/15/2027 | 745,000 | 4.00% | | | | |
| | | | 1/15/2028 | 775,000 | 4.00% | | | | |
| | | | 1/15/2029 | 815,000 | 4.00% | | | | |
| | | | 1/15/2030 | 850,000 | 4.00% | | | | |
| | | | 1/15/2031 | 895,000 | 4.00% | | | | |
| Total | | | | | | \$ 7,885,000 | \$ - | \$ 560,000 | \$ 7,325,000 |

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2021**

| | ACCOUNT NUMBERS | JUNE 30, 2021 | | | VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL |
|---|-----------------|-----------------|------------------|--------------|---|
| | | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | |
| Revenues: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | 40-1210 | \$ 711,360 | \$ - | \$ 711,360 | \$ - |
| State Sources: | | | | | |
| Debt Service Aid Type II | 40-3160 | 169,640 | - | 169,640 | - |
| Total Revenues | | 881,000 | - | 881,000 | - |
| Expenditures: | | | | | |
| Regular Debt Service: | | | | | |
| Interest | 40-701-510-834 | 321,000 | - | 321,000 | - |
| Redemption of Principal | 40-701-510-910 | 560,000 | - | 560,000 | - |
| Total Expenditures | | 881,000 | - | 881,000 | - |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures Before Other Financing Sources/(Uses) | | - | - | - | - |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | | - | - | - | - |
| Fund Balance, July 1 | | - | - | - | - |
| Fund Balance, June 30 | | \$ - | \$ - | \$ - | \$ - |

STATISTICAL SECTION (Unaudited)

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SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental Activities: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 2,656,742 | \$ 2,577,718 | \$ 2,493,768 | \$ 2,378,994 | \$ 2,372,432 | \$ 1,314,821 | \$ 1,387,885 | \$ 2,697,366 | \$ 2,427,658 | \$ 2,199,432 |
| Restricted | 1,053,417 | 589,659 | 427,591 | 502,031 | 1,131,544 | 1,148,343 | 1,011,676 | 31,642 | 31,438 | 31,209 |
| Unrestricted | (587,507) | (724,025) | (835,910) | (926,112) | (1,541,183) | 24,216 | (129,974) | 618,664 | 240,790 | 70,859 |
| Total Governmental Activities | \$ 3,122,652 | \$ 2,443,352 | \$ 2,085,449 | \$ 1,954,913 | \$ 1,962,793 | \$ 2,487,380 | \$ 2,269,587 | \$ 3,347,672 | \$ 2,699,886 | \$ 2,301,500 |
| Business-Type Activities: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ - | \$ - | \$ 1,458 | \$ 8,233 | \$ 28,558 | \$ 35,333 | \$ 42,464 | \$ 63,334 | \$ 70,008 | \$ 76,691 |
| Unrestricted | - | - | - | - | - | - | (9,482) | (22,371) | (12,925) | (1,930) |
| Total Business-Type Activities | \$ - | \$ - | \$ 1,458 | \$ 8,233 | \$ 28,558 | \$ 35,333 | \$ 32,982 | \$ 40,963 | \$ 57,083 | \$ 74,761 |
| District-Wide: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 2,656,742 | \$ 2,577,718 | \$ 2,495,226 | \$ 2,387,227 | \$ 2,400,990 | \$ 1,350,154 | \$ 1,430,349 | \$ 2,760,700 | \$ 2,497,666 | \$ 2,276,123 |
| Restricted | 1,053,417 | 589,659 | 427,591 | 502,031 | 1,131,544 | 1,148,343 | 1,011,676 | 31,642 | 31,438 | 31,209 |
| Unrestricted | (587,507) | (724,025) | (835,910) | (926,112) | (1,541,183) | 24,216 | (139,456) | 596,293 | 227,865 | 68,929 |
| Total District Net Position | \$ 3,122,652 | \$ 2,443,352 | \$ 2,086,907 | \$ 1,963,146 | \$ 1,991,351 | \$ 2,522,713 | \$ 2,302,569 | \$ 3,388,635 | \$ 2,756,969 | \$ 2,376,261 |

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Expenses: | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular | \$ 1,825,567 | \$ 1,931,833 | \$ 2,069,878 | \$ 2,159,840 | \$ 1,811,833 | \$ 1,668,186 | \$ 1,512,683 | \$ 1,599,462 | \$ 1,363,913 | \$ 1,327,425 |
| Special Education | 291,233 | 334,260 | 330,231 | 315,457 | 329,901 | 311,283 | 315,733 | 293,561 | 260,307 | 265,928 |
| Other Special Education | 3,999 | 12,067 | 13,184 | 14,879 | 62,522 | 88,261 | 96,043 | 103,107 | 92,198 | 69,310 |
| Support Services: | | | | | | | | | | |
| Tuition | - | 25,260 | 94,014 | 68,385 | 113,710 | 150,868 | 141,772 | 113,157 | 106,145 | 149,851 |
| Student & Instruction Related Services | 607,960 | 621,013 | 636,222 | 607,402 | 628,105 | 567,102 | 584,995 | 564,018 | 477,729 | 382,665 |
| General & Business Administrative Services | 95,184 | 117,643 | 143,620 | 87,501 | 114,873 | 199,719 | 201,561 | 201,099 | 293,442 | 247,293 |
| School Administrative Services | 227,024 | 220,362 | 205,495 | 196,623 | 140,508 | 137,426 | 123,583 | 84,843 | 906 | 1,000 |
| Central Services | 100,210 | 113,609 | 106,187 | 112,544 | 120,756 | 124,784 | 129,059 | 119,761 | 122,038 | 128,944 |
| Administrative Information Technology | - | - | - | - | - | - | - | - | - | - |
| Plant Operations & Maintenance | 519,064 | 506,114 | 497,063 | 579,315 | 501,618 | 456,400 | 461,967 | 446,445 | 413,059 | 391,779 |
| Pupil Transportation | 384,347 | 319,931 | 368,586 | 368,787 | 333,147 | 335,198 | 368,569 | 268,465 | 288,191 | 327,052 |
| Unallocated Benefits | 2,224,452 | 1,614,896 | 2,090,471 | 2,433,284 | 1,696,053 | 1,384,835 | 751,534 | 824,884 | 666,192 | 614,081 |
| Transfer to Charter Schools | 46,485 | 85,008 | - | - | - | - | - | - | - | - |
| Interest on Long-Term Debt | 272,631 | 294,239 | 315,612 | 338,031 | 363,524 | 481,254 | 511,713 | 506,638 | 533,616 | 544,525 |
| Unallocated Depreciation | 537,660 | 541,649 | 543,644 | 561,806 | 593,811 | 579,449 | 536,236 | 536,236 | 88,206 | 189,489 |
| Total Governmental Activities Expenses | 7,135,816 | 6,737,884 | 7,414,207 | 7,843,854 | 6,810,361 | 6,484,765 | 5,735,448 | 5,661,676 | 4,705,942 | 4,639,342 |
| Business-Type Activities: | | | | | | | | | | |
| Enterprise Fund | - | 1,458 | 6,775 | 6,775 | 8,682 | 9,310 | 9,355 | 130,616 | 133,683 | 129,447 |
| Total Business-Type Activities Expense | - | 1,458 | 6,775 | 6,775 | 8,682 | 9,310 | 9,355 | 130,616 | 133,683 | 129,447 |
| Total District Expenses | \$ 7,135,816 | \$ 6,739,342 | \$ 7,420,982 | \$ 7,850,629 | \$ 6,819,043 | \$ 6,494,075 | \$ 5,744,803 | \$ 5,792,292 | \$ 4,839,625 | \$ 4,768,789 |
| Program Revenues: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| General Administration | \$ - | - | - | - | 60,720 | 58,761 | 57,695 | 51,929 | - | - |
| Operating Grants & Contributions | 1,765,308 | 1,111,135 | 1,869,047 | 1,167,085 | 957,792 | 116,665 | 124,348 | 627,034 | 578,338 | 606,420 |
| Total Governmental Activities Program Revenues | 1,765,308 | 1,111,135 | 1,869,047 | 1,167,085 | 1,018,512 | 175,426 | 182,043 | 678,963 | 578,338 | 606,420 |

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Business-Type Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Enterprise Fund | - | - | - | - | 1,907 | 2,535 | 2,224 | 84,029 | 94,920 | 90,365 |
| Operating Grants & Contributions | - | - | - | - | - | - | 9,482 | 38,606 | 22,643 | 21,404 |
| Total Business Type Activities | - | - | - | - | 1,907 | 2,535 | 11,706 | 122,635 | 117,563 | 111,769 |
| Program Revenues | | | | | | | | | | |
| Total District Program Revenues | \$ 1,765,308 | \$ 1,111,135 | \$ 1,869,047 | \$ 1,167,085 | \$ 1,020,419 | \$ 177,961 | \$ 193,749 | \$ 801,598 | \$ 695,901 | \$ 718,189 |
| Net (Expense)/Revenue: | | | | | | | | | | |
| Governmental Activities | \$ (5,370,508) | \$ (5,626,749) | \$ (5,545,160) | \$ (6,676,769) | \$ (5,791,849) | \$ (6,309,339) | \$ (5,553,405) | \$ (4,982,713) | \$ (4,127,604) | \$ (4,032,922) |
| Business-Type Activities | - | (1,458) | (6,775) | (6,775) | (6,775) | (6,775) | 2,351 | (7,981) | (16,120) | (17,678) |
| Total District-Wide Net Expense | \$ (5,370,508) | \$ (5,628,207) | \$ (5,551,935) | \$ (6,683,544) | \$ (5,798,624) | \$ (6,316,114) | \$ (5,551,054) | \$ (4,990,694) | \$ (4,143,724) | \$ (4,050,600) |
| General Revenues & Other Changes in Net Position: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Property Taxes Levied for General Purposes, Net | \$ 3,434,761 | \$ 3,367,413 | \$ 3,393,966 | \$ 3,209,771 | \$ 3,039,630 | \$ 2,927,311 | \$ 2,849,053 | \$ 2,793,189 | \$ 2,712,062 | \$ 2,625,422 |
| Taxes Levied for Debt Service | 711,360 | 708,291 | 708,896 | 630,394 | 727,824 | 752,838 | 757,646 | 752,684 | 752,383 | 751,735 |
| Other Local Governmental Units - Unrestricted | - | - | - | - | - | - | - | - | - | - |
| Tuition | 11,210 | 15,600 | 16,600 | 28,726 | 12,385 | 9,000 | 13,500 | 11,325 | 5,900 | 5,800 |
| Unrestricted Grants & Contributions | 1,643,504 | 1,710,831 | 1,697,070 | 1,664,703 | 1,751,826 | 2,021,645 | 2,091,463 | 2,055,296 | 1,197,742 | 1,043,763 |
| Restricted Grants & Contributions | 169,640 | 168,909 | 169,054 | 168,014 | - | - | - | - | - | - |
| Investment Earnings | - | - | - | - | 18 | 174 | 174 | 57 | 10,229 | 15,697 |
| Miscellaneous Income | 10,119 | 13,608 | 48,121 | 22,565 | 28,961 | 19,959 | 61,852 | 16,323 | 10,434 | 12,727 |
| Transfers | - | - | - | - | - | - | (9,482) | (30,000) | - | - |
| Cancellation of Payables | - | - | - | - | - | - | 20,000 | - | - | - |
| Gain/(Loss) on Disposal of Fixed Assets | - | - | - | - | - | - | - | - | - | - |
| Capital Asset Adjustments | - | - | - | - | (8,974) | 13,058 | - | 326,351 | 12,417 | 14,465 |
| Compensated Absences Addition/Reduction | - | - | - | - | - | - | - | 24,554 | (26,403) | (10,219) |
| Cancellation of Receivables | - | - | - | - | - | - | - | - | - | - |
| Total Governmental Activities | 5,980,594 | 5,984,652 | 6,033,707 | 5,724,173 | 5,551,670 | 5,743,985 | 5,784,206 | 5,949,779 | 4,674,764 | 4,459,390 |

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Business-Type Activities: | | | | | | | | | | |
| Investment Earnings | - | - | - | - | - | - | - | - | - | - |
| Gain/(Loss) on Disposal of Fixed Assets | - | - | - | - | - | - | - | - | - | - |
| Transfers | - | - | - | - | - | - | - | - | - | - |
| Total Business-Type Activities | - | - | - | - | - | - | - | - | - | - |
| Total District-Wide | <u>\$ 5,980,594</u> | <u>\$ 5,984,652</u> | <u>\$ 6,033,707</u> | <u>\$ 5,724,173</u> | <u>\$ 5,551,670</u> | <u>\$ 5,743,985</u> | <u>\$ 5,784,206</u> | <u>\$ 5,949,779</u> | <u>\$ 4,674,764</u> | <u>\$ 4,459,390</u> |
| Change in Net Position: | | | | | | | | | | |
| Governmental Activities | \$ 610,086 | \$ 357,903 | \$ 488,547 | \$ (952,596) | \$ (240,179) | \$ (565,354) | \$ 230,801 | \$ 967,066 | \$ 547,160 | \$ 426,468 |
| Business-Type Activities | - | (1,458) | (6,775) | (6,775) | (6,775) | (6,775) | 2,351 | (7,981) | (16,120) | (17,678) |
| Total District | <u>\$ 610,086</u> | <u>\$ 356,445</u> | <u>\$ 481,772</u> | <u>\$ (959,371)</u> | <u>\$ (246,954)</u> | <u>\$ (572,129)</u> | <u>\$ 233,152</u> | <u>\$ 959,085</u> | <u>\$ 531,040</u> | <u>\$ 408,790</u> |

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---------------------|-------------------|-------------------|-------------------|---------------------|---------------------|---------------------|-------------------|-------------------|-------------------|
| General Fund: | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 84,041 |
| Unreserved | - | - | - | - | - | - | - | - | - | 302,099 |
| Restricted | 983,093 | 589,659 | 427,591 | 383,562 | 977,269 | 1,107,008 | 1,212,619 | 494,485 | 121,698 | - |
| Assigned | 18,971 | 53,913 | 44,743 | 17,894 | 5,330 | 16,065 | 39,427 | 340,406 | 264,787 | - |
| Unassigned | 93,323 | 79,819 | 94,065 | 97,753 | 104,219 | 96,092 | (88,109) | 131,572 | 177,892 | - |
| Total General Fund | \$ 1,095,387 | \$ 723,391 | \$ 566,399 | \$ 499,209 | \$ 1,086,818 | \$ 1,219,165 | \$ 1,163,937 | \$ 966,463 | \$ 564,377 | \$ 386,140 |
| All Other Governmental Funds: | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | 70,324 | - | - | 118,469 | 154,275 | 253,391 | - | - | - | - |
| Unreserved, Reported in: | | | | | | | | | | |
| Capital Projects Fund | - | - | - | - | - | - | 7,514 | 7,514 | 7,514 | 7,514 |
| Debt Service Fund | - | - | - | - | - | - | 1 | 1 | 1 | - |
| Total All Other Governmental Funds | \$ 70,324 | \$ - | \$ - | \$ 118,469 | \$ 154,275 | \$ 253,391 | \$ 7,515 | \$ 7,515 | \$ 7,515 | \$ 7,514 |

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Revenues: | | | | | | | | | | |
| Tax Levy | \$ 4,146,121 | \$ 4,075,704 | \$ 4,102,862 | \$ 3,840,165 | \$ 3,680,149 | \$ 3,606,699 | \$ 3,545,873 | \$ 3,464,445 | \$ 3,377,157 | \$ 3,228,467 |
| Other Local Governmental Units - Unrestricted | - | - | - | - | - | - | - | - | - | - |
| Tuition Charges | 11,210 | 15,600 | 16,600 | 28,726 | 9,000 | 13,500 | 11,325 | 5,900 | 5,800 | - |
| Interest Earnings | 5,276 | 5,276 | 5,276 | 5,276 | 5,450 | 5,450 | 5,333 | 10,229 | 15,653 | 19,459 |
| Miscellaneous | 18,827 | 8,332 | 42,845 | 21,202 | 14,683 | 56,576 | 14,670 | 10,434 | 15,227 | 17,093 |
| State Sources | 2,668,281 | 2,622,889 | 2,578,049 | 2,473,304 | 2,418,806 | 2,093,138 | 2,055,296 | 1,640,805 | 1,474,595 | 1,511,180 |
| Federal Sources | 115,560 | 138,087 | 204,368 | 140,975 | 132,940 | 114,990 | 120,725 | 189,035 | 154,052 | 302,834 |
| Total Revenue | 6,965,275 | 6,865,888 | 6,950,000 | 6,509,648 | 6,261,028 | 5,890,353 | 5,753,222 | 5,320,848 | 5,042,484 | 5,079,033 |
| Expenditures: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular Instruction | 1,825,567 | 1,931,833 | 2,069,878 | 2,159,840 | 1,668,186 | 1,512,683 | 1,599,462 | 1,296,940 | 1,327,425 | 1,569,189 |
| Special Education Instruction | 291,233 | 334,260 | 330,231 | 315,457 | 311,283 | 315,733 | 293,561 | 260,307 | 265,928 | 266,759 |
| Other Special Instruction | 3,999 | 12,067 | 13,184 | 14,879 | 88,261 | 96,043 | 103,107 | 92,198 | 69,310 | 76,475 |
| Support Services: | | | | | | | | | | |
| Tuition | - | 25,260 | 94,014 | 68,385 | 150,868 | 141,772 | 113,157 | 106,145 | 149,851 | 113,873 |
| Student & Instruction Related Services | 607,960 | 621,013 | 636,222 | 607,402 | 567,102 | 584,995 | 564,018 | 477,729 | 382,665 | 403,290 |
| General & Business Administrative Services | 95,184 | 117,643 | 143,620 | 87,501 | 138,999 | 142,800 | 143,404 | 239,671 | 247,293 | 231,298 |
| School Administrative Services | 227,024 | 220,362 | 205,495 | 196,623 | 137,426 | 123,583 | 84,843 | 906 | 1,000 | 40,312 |
| Central Services | 100,210 | 113,609 | 106,187 | 112,544 | 124,784 | 129,059 | 119,761 | 117,947 | 128,944 | 129,745 |
| Administrative Information Technology | - | - | - | - | - | - | - | - | - | - |
| Plant Operations & Maintenance | 519,064 | 506,114 | 497,063 | 579,315 | 456,400 | 461,967 | 446,445 | 413,059 | 391,779 | 427,486 |
| Pupil Transportation | 384,347 | 319,931 | 368,586 | 368,787 | 335,198 | 368,569 | 268,465 | 288,191 | 327,052 | 356,581 |
| Employee Benefits | 733,811 | 751,384 | 842,870 | 757,435 | 968,344 | 751,534 | 824,884 | 666,192 | 614,081 | 643,986 |
| On Behalf TPAF Pension and Social Security Contributions | 855,137 | 743,149 | 711,925 | 640,587 | - | - | - | - | - | - |
| Capital Outlay | 13,015 | 41,930 | 99,749 | - | 609,135 | 35,713 | 33,982 | 29,112 | 29,479 | 15,075 |
| Debt Service: | | | | | | | | | | |
| Principal | 560,000 | 540,000 | 515,000 | 490,000 | 453,000 | 435,592 | 415,592 | 400,592 | 385,592 | 370,592 |
| Interest & Other Charges | 329,133 | 345,333 | 371,083 | 390,683 | 599,472 | 499,724 | 515,067 | 529,773 | 543,892 | 557,344 |
| Total Expenditures | 6,545,684 | 6,623,888 | 7,005,107 | 6,789,438 | 6,608,458 | 5,599,767 | 5,525,748 | 4,918,762 | 4,864,291 | 5,202,005 |

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|------------|------------|-------------|--------------|--------------|------------|------------|------------|------------|--------------|
| Excess (Deficiency) of Revenues Over/(Under) Expenditures | 419,591 | 242,000 | (55,107) | (279,790) | (347,430) | 290,586 | 227,474 | 402,086 | 178,193 | (122,972) |
| Other Financing Sources/(Uses): | | | | | | | | | | |
| Proceeds from Borrowing | - | - | - | - | - | - | - | - | - | - |
| Cancellation of Receivables | - | - | - | - | - | - | - | - | - | - |
| Capital Leases (Nonbudgeted) | - | - | - | - | - | 20,000 | - | - | - | - |
| Proceeds of Refunding Bonds | (46,485) | (85,008) | - | - | 11,096,928 | - | - | - | - | - |
| Deposit to Refunding Escrow | - | - | - | - | (10,980,961) | - | - | - | - | - |
| Transfers In | - | 17,098 | 118,469 | - | 253,200 | 195,514 | - | - | 44 | - |
| Transfers Out | - | (17,098) | (118,469) | - | (253,200) | (204,996) | (30,000) | - | - | - |
| Total Other Financing Sources/(Uses) | (46,485) | (85,008) | - | - | 115,967 | 10,518 | (30,000) | - | 44 | - |
| Net Change in Fund Balances | \$ 373,106 | \$ 156,992 | \$ (55,107) | \$ (279,790) | \$ (231,463) | \$ 301,104 | \$ 197,474 | \$ 402,086 | \$ 178,237 | \$ (122,972) |
| Debt Service as a Percentage of Noncapital Expenditures | 13.61% | 13.45% | 12.83% | 12.97% | 17.54% | 16.81% | 16.95% | 19.03% | 19.22% | 17.89% |

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

| FISCAL YEAR ENDING JUNE 30, | TUITION | FACILITY RENTALS | INTEREST ON INVESTMENTS | PRIOR YEAR'S REFUNDS | MISCELLANEOUS | TOTAL |
|-----------------------------------|-----------|---------------------|-------------------------------|----------------------------|---------------|-----------|
| 2021 | \$ 11,210 | 2,000 | 1,200 | - | 6,919 | \$ 21,329 |
| 2020 | 15,600 | 2,153 | 11,245 | - | 210 | 29,208 |
| 2019 | 16,600 | - | 1,892 | 38,650 | 7,579 | 64,721 |
| 2018 | 28,726 | - | 1,756 | - | 24,722 | 55,204 |
| 2017 | 9,000 | - | 1,930 | - | 18,203 | 29,133 |
| 2016 | 13,500 | - | 2,006 | - | 60,020 | 75,526 |
| 2015 | 11,325 | - | 5,333 | - | 14,670 | 31,328 |
| 2014 | 5,900 | - | 10,229 | - | 10,434 | 26,563 |
| 2013 | 5,800 | - | 15,697 | - | 15,227 | 36,724 |
| 2012 | - | - | 19,573 | - | 17,893 | 37,466 |

Source: District records

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN FISCAL YEARS**

| FISCAL YEAR ENDED JUNE 30, | VACANT LAND | RESIDENTIAL | FARM REG. | QFARM | COMMERCIAL | TOTAL ASSESSED VALUE | LESS: | | PUBLIC UTILITIES | NET VALUATION TAXABLE | ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE | TOTAL DIRECT SCHOOL TAX RATE |
|-------------------------------------|----------------|----------------|---------------|--------------|---------------|----------------------------|---------------------------|------|---------------------|-----------------------------|---|---------------------------------------|
| | | | | | | | TAX EXEMPT PROPERTY | | | | | |
| 2021 | \$ 6,995,800 | \$ 318,576,400 | \$ 38,673,100 | \$ 3,233,900 | \$ 22,808,600 | \$ 390,287,800 | \$ - | \$ - | \$ - | \$ 390,287,800 | \$ 423,076,206 | 1.870 |
| 2020 | 6,995,800 | 318,695,700 | 38,673,100 | 3,309,600 | 22,808,600 | 390,482,800 | - | - | - | 390,482,800 | 406,617,260 | 1.875 |
| 2019 | 6,872,800 | 314,873,200 | 36,930,800 | 3,410,700 | 23,285,900 | 385,373,400 | - | - | - | 385,373,400 | 412,248,745 | 1.924 |
| 2018 | 8,340,500 | 311,210,300 | 37,978,900 | 3,488,800 | 22,367,200 | 383,385,700 | - | - | - | 383,385,700 | 400,823,012 | 1.903 |
| 2017 | 8,491,800 | 307,969,300 | 36,090,400 | 3,574,900 | 22,841,600 | 378,968,000 | - | - | 506,452 | 379,474,452 | 395,876,647 | 1.881 |
| 2016 | 9,079,300 | 308,531,100 | 34,355,900 | 3,630,200 | 22,221,400 | 377,817,900 | - | - | 501,225 | 378,319,125 | 391,019,959 | 1.879 |
| 2015 | 10,430,500 | 301,016,100 | 34,823,300 | 3,680,300 | 21,933,100 | 371,883,300 | - | - | 703,216 | 372,586,516 | 389,734,776 | 1.880 |
| 2014 | 8,852,800 | 299,016,400 | 34,566,600 | 3,695,400 | 21,437,300 | 367,568,500 | - | - | 743,659 | 368,312,159 | 365,487,580 | 1.850 |
| 2013 | 10,692,100 | 328,052,400 | 38,652,800 | 3,701,000 | 23,785,500 | 404,883,800 | - | - | 782,657 | 405,666,457 | 366,225,204 | 1.627 |
| 2012 | 12,412,200 | 323,062,100 | 42,337,000 | 3,622,100 | 23,694,300 | 405,127,700 | - | - | 978,729 | 406,106,429 | 371,167,397 | 1.568 |

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 ordered by the County Board of Taxation

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

b. Tax rates are per \$100

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)**

| FISCAL YEAR ENDED JUNE 30, | SCHOOL DISTRICT DIRECT RATE | | OVERLAPPING RATES | | | | TOTAL DIRECT & OVERLAPPING TAX RATE | |
|----------------------------|-----------------------------|-----------------|-------------------|--------------|-------------------|----------------|-------------------------------------|-------------------|
| | LOCAL SCHOOL | REGIONAL SCHOOL | TOTAL DIRECT | MUNICIPALITY | GLOUCESTER COUNTY | COUNTY LIBRARY | | COUNTY OPEN SPACE |
| 2021 | 1.082 | 0.788 | 1.870 | 0.262 | 0.702 | 0.049 | 0.043 | 2.926 |
| 2020 | 1.076 | 0.799 | 1.875 | 0.255 | 0.693 | 0.048 | 0.042 | 2.913 |
| 2019 | 1.089 | 0.835 | 1.924 | 0.247 | 0.690 | 0.049 | 0.043 | 2.953 |
| 2018 | 1.039 | 0.864 | 1.903 | 0.241 | 0.672 | 0.050 | 0.042 | 2.908 |
| 2017 | 1.012 | 0.869 | 1.881 | 0.231 | 0.661 | 0.050 | 0.042 | 2.865 |
| 2016 | 1.011 | 0.868 | 1.879 | 0.210 | 0.653 | 0.051 | 0.043 | 2.836 |
| 2015 | 1.012 | 0.868 | 1.880 | 0.201 | 0.644 | 0.049 | 0.044 | 2.818 |
| 2014 | 0.999 | 0.851 | 1.850 | 0.198 | 0.564 | 0.045 | 0.040 | 2.697 |
| 2013 | 0.889 | 0.738 | 1.627 | 0.171 | 0.508 | 0.039 | 0.037 | 2.382 |
| 2012 | 0.874 | 0.694 | 1.568 | 0.177 | 0.467 | 0.039 | 0.037 | 2.288 |

Source: District Records and Municipal Tax Collector

*The District's basic tax rate is calculated from the A4F Form which is submitted with the budget and the net valuation taxable.

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

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO**

| TAXPAYER | 2021 | | |
|-----------------------------------|------------------------------|------|---|
| | TAXABLE ASSESSED VALUE | RANK | % OF TOTAL DISTRICT NET ASSESSED VALUE |
| Mullica Hill Group Companies LLC | \$ 3,115,000 | 1 | 0.80% |
| Taxpayer #1 | 2,769,700 | 2 | 0.71% |
| Mullica Hill Group Co LLC | 2,533,600 | 3 | 0.65% |
| American Tower Asset Sub LLC | 2,416,900 | 4 | 0.62% |
| Taxpayer #2 | 2,200,000 | 5 | 0.56% |
| Taxpayer #3 | 2,171,000 | 6 | 0.56% |
| South Harrison 500 Associates LLC | 2,160,000 | 7 | 0.55% |
| 554 Route 538 LLC | 2,021,300 | 8 | 0.52% |
| Taxpayer #4 | 1,293,900 | 9 | 0.33% |
| Taxpayer #5 | 1,188,000 | 10 | 0.30% |
| Total | <u>\$ 21,869,400</u> | | <u>5.60%</u> |

| TAXPAYER | 2012 | | |
|------------------------------------|------------------------------|------|---|
| | TAXABLE ASSESSED VALUE | RANK | % OF TOTAL DISTRICT NET ASSESSED VALUE |
| Taxpayer #1 | 5,044,300 | 1 | 1.26% |
| Taxpayer #2 | 3,580,300 | 2 | 0.89% |
| C & F Family Limited Partnership | 3,394,800 | 3 | 0.85% |
| Spectrasite Broadcast Towers, Inc. | 2,170,500 | 4 | 0.54% |
| Taxpayer #3 | 2,100,000 | 5 | 0.52% |
| Robert J. Pacilli Investment, Inc. | 1,962,100 | 6 | 0.49% |
| Taxpayer #4 | 1,897,200 | 7 | 0.47% |
| Gres & Kaluzny Land Development | 1,600,200 | 8 | 0.40% |
| Piersol Homes at Country Bridge | 1,396,700 | 9 | 0.35% |
| Taxpayer #5 | 1,384,600 | 10 | 0.35% |
| Total | <u>\$ 24,530,700</u> | | <u>6.12%</u> |

Source: Municipal Tax Assessor

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
SCHOOL PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

| FISCAL YEAR ENDED JUNE 30, | TAXES LEVIED FOR THE FISCAL YEAR | COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY* | | COLLECTIONS IN SUBSEQUENT YEARS |
|-------------------------------------|---|--|-----------------------|--|
| | | AMOUNT | PERCENTAGE OF LEVY | |
| 2021 | \$ 4,146,121 | \$ 4,146,121 | 100.00% | |
| 2020 | 4,075,704 | 4,075,704 | 100.00% | |
| 2019 | 4,102,862 | 4,102,862 | 100.00% | - |
| 2018 | 3,316,426 | 3,316,426 | 100.00% | - |
| 2017 | 3,256,290 | 3,256,290 | 100.00% | - |
| 2016 | 3,212,136 | 3,212,136 | 100.00% | - |
| 2015 | 3,053,996 | 3,053,996 | 100.00% | - |
| 2014 | 2,932,492 | 2,932,492 | 100.00% | - |
| 2013 | 2,705,173 | 2,705,173 | 100.00% | - |
| 2012 | 2,485,214 | 2,485,214 | 100.00% | - |

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

*School taxes are collected by the municipal tax collector. Under New Jersey 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.

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

| FISCAL YEAR ENDED JUNE 30, | GOVERNMENTAL ACTIVITIES | | | TOTAL DISTRICT | PERCENTAGE OF PERSONAL INCOME * | PER CAPITA* |
|-------------------------------------|----------------------------------|-------------------|-------------------|-------------------|---------------------------------------|----------------|
| | GENERAL OBLIGATION BONDS** | N.J. EDA LOANS | CAPITAL LEASES | | | |
| 2021 | \$ 7,325,000 | \$ - | \$ - | \$ 7,325,000 | N/A | N/A |
| 2020 | 7,885,000 | - | - | 7,885,000 | N/A | N/A |
| 2019 | 8,425,000 | - | - | 8,425,000 | N/A | 2,842 |
| 2018 | 8,940,000 | - | - | 8,940,000 | 6.31% | 3,312 |
| 2017 | 10,450,000 | - | - | 10,450,000 | 7.17% | 3,625 |
| 2016 | 11,473,000 | - | - | 11,473,000 | 7.55% | 3,746 |
| 2015 | 11,878,000 | 30,592 | - | 11,908,592 | 8.18% | 3,868 |
| 2014 | 12,263,000 | 61,184 | - | 12,324,184 | 8.69% | 3,984 |
| 2013 | 12,633,000 | 91,776 | - | 12,724,776 | 9.11% | 4,089 |
| 2012 | 12,988,000 | 122,368 | - | 13,110,368 | 9.60% | 4,201 |

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

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

**Includes early retirement incentive plan (ERIP) refunding.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

| FISCAL YEAR ENDED JUNE 30, | GENERAL BONDED DEBT OUTSTANDING | | | PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY* | PER CAPITA** |
|-------------------------------------|---------------------------------|------------|---|---|-----------------|
| | GENERAL OBLIGATION BONDS | DEDUCTIONS | NET GENERAL BONDED DEBT OUTSTANDING | | |
| 2021 | \$ 7,325,000 | \$ - | \$ 7,325,000 | 1.88% | N/A |
| 2020 | 8,425,000 | - | 8,425,000 | 2.16% | N/A |
| 2019 | 8,425,000 | - | 8,425,000 | 2.19% | 2842 |
| 2018 | 8,940,000 | - | 8,940,000 | 2.33% | 3312 |
| 2017 | 10,450,000 | - | 10,450,000 | 2.76% | 3625 |
| 2016 | 11,473,000 | - | 11,473,000 | 3.04% | 3736 |
| 2015 | 11,878,000 | - | 11,878,000 | 3.19% | 3849 |
| 2014 | 12,263,000 | - | 12,263,000 | 3.34% | 3955 |
| 2013 | 12,633,000 | - | 12,633,000 | 3.12% | 4051 |
| 2012 | 12,988,000 | - | 12,988,000 | 3.21% | 4147 |

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

*See Exhibit J-6 for property tax data.

**Population data can be found in Exhibit J-14.

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2021**

| GOVERNMENTAL UNIT | DEBT OUTSTANDING | ESTIMATED PERCENTAGE APPLICABLE | SHARE OF OVERLAPPING DEBT |
|----------------------------------|---------------------|---------------------------------------|---------------------------------|
| Debt Repaid With Property Taxes: | | | |
| Municipality | \$ - | 100.00% | \$ - |
| County General Obligation Debt | 173,810,000 | 0.64% | 1,112,203 |
| Regional High School District | 31,205,000 | 13.91% | 4,341,342 |
| Subtotal, Overlapping Debt | | | 5,453,545 |
| District's Direct Debt | | | 7,325,000 |
| Total Direct & Overlapping Debt | | | <u>\$ 12,778,545</u> |

Sources: Assessed value data used to estimate applicable percentages provided by the Gloucester County Board of Taxation.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

| | FISCAL YEAR | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Debt Limit | \$ 10,641,903 | \$ 10,090,101 | \$ 11,877,196 | \$ 11,362,201 | \$ 10,984,591 | \$ 11,113,577 | \$ 9,240,905 | \$ 9,274,050 | \$ 9,048,726 | \$ 8,720,271 |
| Total Net Debt Applicable to Limit | 7,325,000 | 8,425,000 | 8,940,000 | 10,450,000 | 11,473,000 | 11,908,592 | 12,263,000 | 12,724,776 | 13,110,368 | 13,480,960 |
| Legal Debt Margin | \$ 3,316,903 | \$ 1,665,101 | \$ 2,937,196 | \$ 912,201 | \$ (488,409) | \$ (795,015) | \$ (3,022,095) | \$ (3,450,726) | \$ (4,061,642) | \$ (4,760,689) |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 68.83% | 83.50% | 75.27% | 91.97% | 104.45% | 107.15% | 132.70% | 137.21% | 144.89% | 154.59% |

Legal Debt Margin Calculation for Fiscal Year 2021

| | |
|--|--|
| Equalized Valuation Basis | |
| 2021 | \$ 453,401,255 |
| 2020 | 418,141,680 |
| 2019 | 405,485,480 |
| | <u>\$ 1,277,028,415</u> |
| Average Equalized Valuation of Taxable Property | <u>\$ 425,676,138</u> |
| Debt Limit (2.5 % of Average Equalization Value) Net Bonded School Debt | <u>\$ 10,641,903</u> <u>7,325,000</u> |
| Legal Debt Margin | <u>\$ 3,316,903</u> |

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

| YEAR | POPULATION * | PERSONAL INCOME** | PER CAPITA PERSONAL INCOME *** | UNEMPLOYMENT RATE **** |
|------|--------------|----------------------|--------------------------------------|---------------------------|
| 2020 | 3,123 | 170,968,635 | 54,745 | N/A |
| 2019 | 3,136 | 164,498,880 | 52,455 | 3.4% |
| 2018 | 3,144 | 159,548,568 | 50,747 | 3.6% |
| 2017 | 3,154 | 156,643,410 | 49,665 | 4.0% |
| 2016 | 3,168 | 150,137,856 | 47,392 | 4.5% |
| 2015 | 3,176 | 145,778,400 | 45,900 | 4.9% |
| 2014 | 3,184 | 143,088,960 | 44,940 | 6.1% |
| 2013 | 3,196 | 139,956,036 | 43,791 | 6.0% |
| 2012 | 3,204 | 135,525,996 | 42,299 | 7.4% |
| 2011 | 3,209 | 133,558,580 | 41,620 | 7.2% |

*Population information provided by the New Jersey Department of Labor & Workforce Development

**Personal income has been estimated based upon the municipal population & per capita person income presented.

***Per capita personal income by municipality estimated based upon the 2000 census published by the U.S. Bureau of Economic Analysis.

****Unemployment data provided by the New Jersey Department of Labor & Workforce Development

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

| <u>GLOUCESTER COUNTY</u> | 2021 | |
|-------------------------------------|-----------|--------------------------------------|
| | EMPLOYEES | PERCENTAGE OF TOTAL EMPLOYMENT |
| Amazon | 4,500 | 3.06% |
| Rowan University | 3,500 | 2.38% |
| Inspira Health | 2,051 | 1.39% |
| Jefferson Health | 2,015 | 1.37% |
| Washington Township School District | 1,515 | 1.05% |
| Shop Rite | 1,300 | 0.88% |
| County of Gloucester | 1,200 | 0.82% |
| US Foodservices | 1,014 | 0.69% |
| Monrow Township School District | 841 | 0.55% |
| Walmart - Turnersville | 800 | 0.54% |
| | 18,736 | 12.73% |

2012

NOT AVAILABLE

This exhibit reflects principal employers for Gloucester County.

Source: (1) Gloucester County Office of Economic Development for company and employee data.
(2) New Jersey Department of Labor and Workforce Development for the total employment data.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEAR**

| Function/Program | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction: | | | | | | | | | | |
| Regular | 23.6 | 23.6 | 23.6 | 23.6 | 24.5 | 24.5 | 23.5 | 23.0 | 21.5 | 21.5 |
| Special Education | 6.0 | 6.0 | 6.0 | 6.0 | 5.5 | 5.0 | 5.0 | 6.1 | 4.4 | 5.0 |
| Other Special Education | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 4.2 | 4.2 | 3.2 | 2.0 |
| Other Instruction | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 3.0 | 1.4 | 1.4 | 1.5 | 1.5 |
| Support Services: | | | | | | | | | | |
| Student & Instruction Related Services | 6.8 | 6.8 | 6.8 | 6.8 | 6.2 | 6.2 | 7.3 | 8.1 | 4.4 | 5.9 |
| General Administrative Services | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 0.3 | 0.3 | 1.4 | 2.8 | 2.8 |
| School Administrative Services | 2.2 | 2.2 | 2.2 | 2.2 | 2.5 | 2.5 | 1.6 | 1.0 | 0.0 | 0.0 |
| Central Services | 0.6 | 0.6 | 0.6 | 0.6 | 0.5 | 0.5 | 1.9 | 1.9 | 2.0 | 1.7 |
| Plant Operations & Maintenance | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.9 | 0.8 | 2.0 | 2.0 |
| Pupil Transportation | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 0.3 | 0.3 | 0.3 |
| Other Support Services | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2.6 | 1.8 | 1.8 | 1.8 |
| Total | 40.2 | 40.2 | 40.2 | 40.2 | 40.5 | 42.0 | 49.0 | 50.0 | 43.9 | 44.5 |

Source: School District Records.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

| FISCAL YEAR | ENROLLMENT | OPERATING EXPENDITURES (a) | COST PER PUPIL | PERCENTAGE CHANGE | TEACHING STAFF (b) | PUPIL/TEACHER RATIO | AVERAGE DAILY ENROLLMENT (ADA) (c) | AVERAGE DAILY ATTENDANCE (ADA) (c) | % CHANGE IN AVERAGE DAILY ENROLLMENT | STUDENT ATTENDANCE PERCENTAGE |
|-------------|------------|----------------------------|----------------|-------------------|--------------------|---------------------|------------------------------------|------------------------------------|--------------------------------------|-------------------------------|
| 2021 | 303 | 5,515,102 | 18,202 | 25.11% | 29.6 | 1:10:2 | 318.6 | 303.4 | -4.05% | 95.24% |
| 2020 | 331 | 4,815,389 | 14,548 | -11.43% | 29.6 | 1:11:2 | 332.0 | 321.5 | -7.48% | 96.83% |
| 2019 | 354 | 5,814,907 | 16,426 | 4.31% | 29.6 | 1:12.0 | 358.9 | 339.1 | -2.80% | 94.49% |
| 2018 | 366 | 5,763,867 | 15,748 | 22.80% | 29.6 | 1:12.4 | 369.2 | 352.0 | -4.72% | 95.34% |
| 2017 | 384 | 4,924,497 | 12,824 | 8.61% | 31.5 | 1:12.2 | 387.5 | 364.5 | -0.86% | 94.06% |
| 2016 | 392 | 4,628,738 | 11,808 | 0.71% | 31.0 | 1:12.7 | 390.9 | 376.3 | 1.36% | 96.27% |
| 2020 | 389 | 4,561,107 | 11,725 | 10.46% | 30.0 | 1:12.7 | 385.6 | 370.5 | 3.29% | 96.07% |
| 2014 | 373 | 3,959,284 | 10,615 | -2.15% | 30.0 | 1:12.4 | 373.3 | 356.5 | 3.81% | 95.50% |
| 2013 | 360 | 3,905,328 | 10,848 | -5.25% | 29.0 | 1:12.4 | 359.6 | 342.5 | -1.83% | 95.24% |
| 2012 | 372 | 4,258,995 | 11,449 | -7.03% | 26.0 | 1:14.3 | 366.3 | 349.5 | -0.92% | 96.00% |

Sources: District records

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEAR
REVISED**

| DISTRICT BUILDINGS | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Elementary Schools: | | | | | | | | | | |
| South Harrison Township (1949): | | | | | | | | | | |
| Square Feet | 68,543 | 68,543 | 68,543 | 68,543 | 68,543 | 68,543 | 68,543 | 68,543 | 68,543 | 68,543 |
| Capacity (Students) | 463 | 463 | 463 | 463 | 463 | 463 | 463 | 463 | 463 | 463 |
| Enrollment | 303 | 331 | 354 | 366 | 392 | 383 | 373 | 360 | 372 | 378 |

Number of Buildings at June 30, 2021:

- Elementary = 1
- Middle = 0
- High School = 0
- Other = 0

Source: District Facilities Office

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

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

| SCHOOL FACILITIES * | SOUTH HARRISON ELEMENTARY | TOTAL |
|---------------------|---------------------------|---------|
| 2021 | \$ 139,721 | 139,721 |
| 2020 | 134,016 | 144,178 |
| 2019 | 144,178 | 233,905 |
| 2018 | 233,905 | 89,378 |
| 2017 | 89,378 | 104,162 |
| 2016 | 104,162 | 81,220 |
| 2020 | 81,220 | 79,180 |
| 2014 | 79,180 | 50,720 |
| 2013 | 50,720 | 71,376 |
| 2012 | 71,376 | 73,184 |

Total School Facilities

* District Facilities ad defined under EFCFA. (N.J.A.C.6A:26-1.2 & N.J.A.C.6:24-1.3)

Source: District records

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE**

**GCSSDJIF
SELF INSURED
COVERAGE RETENTION DEDUCTIBLE**

**School Package Policy -Gloucester, Cumberland,
Salem School Districts Joint Insurance Fund*:**

| | | | |
|---|----------------|------------|--------|
| Property, Inland Marine & Automobile: | | | |
| Physical Damages | \$ 150,000,000 | \$ 250,000 | \$ 500 |
| General & Automobile Liability | 10,000,000 | 250,000 | - |
| Boiler & Machinery | 125,000,000 | - | 1,000 |
| Crime | 500,000 | 250,000 | 500 |
| Educator's Legal Liability | 10,000,000 | 250,000 | - |
| Workers Compensation & Employers' Liability | Statutory | 250,000 | - |
| Pollution Legal Liability | 3,000,000 | - | 25,000 |

***Excess & Reinsurance Carriers Involved:**

| | |
|---|---|
| Property & Crime | SPELLFIF, Selective Insurance Company of America Axis Surplus Insurance Company Westchester Surplus Lines Insurance Company Alterra Excess & Surplus Insurance Company Alliance Global Corporate & Specialty Marine Insurance Company RSUI Indemnity Company |
| General Liability, Automobile Liability, Workers' Comp., Educator's Legal Liability | SPELLFIF, Selective Insurance Company of America |

***Group Purchase of Primary Insurance**

Coverage Carrier Array:

| | |
|---------------------------|--------------------------------|
| Boiler & Machinery | Travelers Insurance Company |
| Pollution Legal Liability | ACE American Insurance Company |

Public Employees' Faithful Performance

Blanket Position Bond - Selective Insurance Co.:

| | | | |
|--|-----------|---|---|
| Board Secretary/Business Administrator | 165,000 | - | - |
| Student Accident Insurance - Catlin Insurance Company, Inc. | 1,000,000 | - | - |

Source: District records

SINGLE AUDIT SECTION

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

Honorable President and Members
of the Board of Education
South Harrison Township School District
County of Gloucester
Harrisonville, New Jersey 08039

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the South Harrison Township School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the South Harrison Township School District's basic financial statements, and have issued our report thereon February 4, 2022.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 South Harrison Township School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants & Advisors

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Medford, New Jersey
February 4, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY NEW JERSEY OMB
CIRCULAR 15-08**

Honorable President and Members
of the Board of Education
South Harrison Township School District
County of Gloucester
Harrisonville, New Jersey 08039

Report on Compliance for Each Major State Program

We have audited the South Harrison Township School District's compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2021. The South Harrison Township School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the South Harrison Township School District's major 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; New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards and New Jersey OMB's 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 state program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the South Harrison Township School 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 state programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the South Harrison Township School 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 School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with New Jersey OMB's 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 School District's internal control over compliance.

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

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

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

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants & Advisors

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Medford, New Jersey
February 4, 2022

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

| FEDERAL GRANTOR PASS-THROUGH GRANTOR GRANTOR/PROGRAM TITLE | ASSISTANCE LISTING NUMBER | PASS THROUGH ENTITY IDENTIFYING NUMBER | AWARD AMOUNT | GRANT PERIOD | BALANCE AT JUNE 30, 2020 | CASH RECEIVED | BUDGETARY EXPENDITURES | SUBRECIPIENT EXPENDITURES | BALANCE AT JUNE 30, 2021 | |
|---|---------------------------------|---|-----------------|-----------------|-----------------------------------|------------------|---------------------------|------------------------------|--------------------------|---------------------|
| | | | | | | | | | (ACCOUNTS RECEIVABLE) | UNEARNED REVENUE |
| U.S. DEPARTMENT OF EDUCATION: | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | |
| Small, Rural School Achievement Program | 84-358A | S358A102658 | 30,875 | 7/1/19-6/30/20 | \$ (30,874) | 30,874 | \$ - | \$ - | \$ - | \$ - |
| Small, Rural School Achievement Program | 84-358A | S358A102658 | 36,101 | 7/1/20-6/30/21 | (30,874) | 33,487 | (34,370) | - | (883) | - |
| Total Special Revenue Fund | | | | | (30,874) | 64,361 | (34,370) | - | (883) | - |
| U.S. DEPARTMENT OF TREASURY PASSED-THROUGH STATE DEPARTMENT OF EDUCATION: | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | |
| Covid-19 Covid Relief Funds | 21.019 | unavailable | 13,479 | 3/27/20-6/30/21 | - | 13,479 | (13,356) | - | - | 123 |
| Total Special Revenue Fund | | | | | - | 13,479 | (13,356) | - | - | 123 |
| U.S. DEPARTMENT OF EDUCATION PASSED-THROUGH STATE DEPARTMENT OF EDUCATION: | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | |
| Title I, Part A | 84.010A | S010A190030 | 23,609 | 7/1/19-9/30/20 | (365) | 365 | - | - | - | - |
| Title I, Part A | 84.010A | S010A200030 | 22,588 | 7/1/20-9/30/21 | - | 13,215 | (13,704) | - | (489) | - |
| Total Special Revenue Fund | | | | | (365) | 13,580 | (13,704) | - | (489) | - |
| Title II, Part A | 84.367 | S367A190029 | 6,328 | 7/1/19-9/30/20 | (66) | 66 | - | - | - | - |
| Title II, Part A | 84.367 | S367A200029 | 5,436 | 7/1/20-9/30/21 | - | 1,968 | (5,268) | - | (3,300) | - |
| Total Special Revenue Fund | | | | | (66) | 2,034 | (5,268) | - | (3,300) | - |
| Title IV, Part A | 84.424 | S424200031 | 10,000 | 7/1/20-9/30/21 | - | - | (1,357) | - | (1,357) | - |
| Total Special Revenue Fund | | | | | - | - | (1,357) | - | (1,357) | - |
| CARES Cluster: | | | | | | | | | | |
| Covid-19 ESSER II Funds | 84.425D | S425D200027 | 18,797 | 3/13/20-9/30/22 | - | 9,782 | (16,929) | - | (7,147) | - |
| Total CARES Cluster | | | | | - | 9,782 | (16,929) | - | (7,147) | - |
| Special Education Cluster: | | | | | | | | | | |
| I.D.E.A. B -Basic Regular | 84.027 | H027A190100 | 65,249 | 7/1/19-9/30/20 | (34,651) | 34,651 | - | - | - | - |
| I.D.E.A. B -Basic Regular | 84.027 | H027A200100 | 64,072 | 7/1/20-9/30/21 | - | 30,576 | (30,576) | - | - | - |
| Total Special Education Cluster | | | | | (34,651) | 65,227 | (30,576) | - | - | - |
| I.D.E.A. - Preschool, Part B | 84.173 | S173A190114 | 2,863 | 7/1/19-9/30/20 | (2,863) | 2,863 | - | - | - | - |
| Total Special Education Cluster | | | | | (2,863) | 2,863 | - | - | - | - |
| Total Special Revenue Fund | | | | | (37,514) | 68,090 | (30,576) | - | - | - |
| Total Federal Financial Assistance | | | | | (37,945) | 93,486 | (67,834) | - | (12,293) | - |
| Total Federal Financial Assistance | | | | | \$ (68,819) | \$ 171,326 | \$ (115,560) | \$ - | \$ (13,176) | \$ - |

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| STATE GRANTOR/PROGRAM TITLE OR CLUSTER | GRANT OR STATE PROJECT NUMBER | AWARD AMOUNT | GRANT PERIOD | BALANCE JUNE 30, 2020 | CASH RECEIVED | BUDGETARY EXPENDITURES | PASSED THROUGH TO SUBRECIPIENTS | BALANCE JUNE 30, 2021 | | MEMO | | |
|---|--|--------------|----------------|-----------------------|---------------|------------------------|---------------------------------|-----------------------|------------------|----------------------|-------------------------------|--|
| | | | | | | | | ACCOUNTS RECEIVABLE | UNEARNED REVENUE | BUDGETARY RECEIVABLE | CUMULATIVE TOTAL EXPENDITURES | |
| New Jersey Department of Education: | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | |
| State Aid Public: | | | | | | | | | | | | |
| | 495-034-5120-068 | \$ 274,118 | 7/1/20-6/30/21 | \$ - | 274,118 | \$ (274,118) | \$ - | \$ - | \$ - | \$ 27,275 | \$ 274,118 | |
| | 495-034-5120-078 | 877,917 | 7/1/20-6/30/21 | - | 877,917 | (877,917) | - | - | - | 87,354 | 877,917 | |
| | 495-034-5120-089 | 302,902 | 7/1/20-6/30/21 | - | 302,902 | (302,902) | - | - | - | 30,139 | 302,902 | |
| | 495-034-5120-084 | 34,238 | 7/1/20-6/30/21 | - | 34,238 | (34,238) | - | - | - | 3,407 | 34,238 | |
| | Total State Aid Public | | | - | 1,489,175 | (1,489,175) | - | - | - | 148,175 | 1,489,175 | |
| | Transportation Aid | 140,825 | 7/1/20-6/30/21 | - | 140,825 | (140,825) | - | - | - | 14,012 | 140,825 | |
| | 495-034-5120-014 | 5,510 | 7/1/20-6/30/21 | - | 5,510 | (5,510) | - | - | - | - | 5,510 | |
| | Additional Nonpublic School Transportation Aid | 140,394 | 7/1/19-6/30/20 | (345) | 345 | - | - | (5,510) | - | - | - | |
| | Reimbursed TPAF Social Security Contributions | 153,733 | 7/1/20-6/30/21 | - | 146,339 | (153,733) | - | (7,394) | - | - | 153,733 | |
| | Reimbursed TPAF Social Security Contributions | 167,296 | 7/1/20-6/30/21 | - | 167,296 | (167,296) | - | - | - | - | 167,296 | |
| | TPAF - Post Retirement Medical (Noncash Assistance) | 533,835 | 7/1/20-6/30/21 | - | 533,835 | (533,835) | - | - | - | - | 533,835 | |
| | TPAF - Pension Contributions (Noncash Assistance) | 273 | 7/1/20-6/30/21 | - | 273 | (273) | - | - | - | - | 273 | |
| | TPAF - Long-Term Disability Insurance (Noncash Assistance) | | | | | | | | | | | |
| | Total General Fund | | | (345) | 2,478,088 | (2,490,647) | - | (12,904) | - | 162,187 | 2,490,647 | |
| | Debt Service Fund: | | | | | | | | | | | |
| | Debt Service Aid | 169,640 | 7/1/20-6/30/21 | - | 169,640 | (169,640) | - | - | - | - | 169,640 | |
| | Total Debt Service Fund | | | - | 169,640 | (169,640) | - | - | - | - | 169,640 | |
| | Total State Financial Assistance | | | (345) | 2,647,728 | (2,660,287) | \$ - | (12,904) | \$ - | \$ 162,187 | \$ 2,660,287 | |
| State Financial Assistance Programs not subject to Calculation for Major Program Determination: | | | | | | | | | | | | |
| | TPAF - Post Retirement Medical (Noncash Assistance) | 167,296 | 7/1/20-6/30/21 | | | | | | | | 167,296 | |
| | TPAF - Pension Contributions (Noncash Assistance) | 533,835 | 7/1/20-6/30/21 | | | | | | | | 533,835 | |
| | TPAF - Long-Term Disability Insurance (Noncash Assistance) | 273 | 7/1/20-6/30/21 | | | | | | | | 273 | |
| | Total State Financial Assistance subject to Calculation for Major Program Determination | | | | | | | | | | \$ (1,958,883) | |

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

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Note 1. Basis of Presentation

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 Harrison Township School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

The accompanying schedules of expenditures of state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2021. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2021.

Note 3. Relationship to Basic Financial Statements

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

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Note 3. Relationship to Basic Financial Statements (continued)

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 grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A.* 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$7,994 for the general fund and \$0 for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

| <u>Fund</u> | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|-------------------------------------|-------------------|---------------------|---------------------|
| General Fund | \$ - | \$ 2,498,641 | \$ 2,498,641 |
| Special Revenue Fund | 115,560 | - | 115,560 |
| Debt Service Fund | - | 169,640 | 169,640 |
| | <hr/> | <hr/> | <hr/> |
| Total Awards & Financial Assistance | <u>\$ 115,560</u> | <u>\$ 2,668,281</u> | <u>\$ 2,783,841</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. Federal and State Loans Outstanding

The South Harrison Township School District had no loan balances outstanding at June 30, 2021.

**SOUTH HARRISON TOWNSHIP 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 Financial Assistance

Dollar threshold used to determine Type A programs \$750,000.00

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

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

2) Significant deficiency(ies) identified? yes X no

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

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

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

| <u>State Grant/Project Number(s)</u> | <u>Name of State Program</u> |
|--------------------------------------|---------------------------------------|
| 495-034-5120-078 | State Aid Public: Equalization Aid |
| 495-034-5120-089 | Special Education Categorical Aid |
| 495-034-5120-083 | Education Adequacy Aid |
| 495-034-5120-068 | School Choice Aid |
| | |
| | |
| | |

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

None.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Section III – Federal Awards & State Financial Assistance Findings & Questioned Costs

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, 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* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS

N/A – Federal single audit not required

STATE FINANCIAL ASSISTANCE

None.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

N/A – No Federal Single Audit in prior year.

State Financial Assistance

No Prior Year Findings.