

**ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE
SOUTH RIVER BOROUGH BOARD OF EDUCATION**

**15 Montgomery Street
South River, New Jersey 08882**

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Prepared by

**Borough of South River Board of Education
Kenneth J. Kokoszka
Board Secretary/Business Administrator**

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INTRODUCTORY SECTION

South River Board of Education

15 Montgomery Street, South River NJ 08882
Tel: 732-613-4000 Fax: 732-238-8415

March 9, 2022

Honorable President and Members
of the Board of Education
South River School District
South River, NJ 08882

Dear Board Members:

The Annual Comprehensive Financial Report of the South River School District (the "District") for the fiscal year ended June 30, 2021 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the South River Board of Education (the "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 District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Annual Comprehensive Financial Report is presented in four sections: introductory, financial, statistical tables 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 auditors' report thereon. The statistical tables 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 provisions of the Single Audit Act of 1984 and in addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 US *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. Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** The District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds of the District are included in this report. The South River 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 Pre-K through 12. These include regular, vocational as well as special education for disabled Pre-K youngsters. The District completed the 2021 fiscal year with an enrollment of 2,306 students as of June 30, 2021, which is 43 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last seven years.

Average Daily Enrollment

<u>Fiscal Year Ending June 30,</u>	<u>Student Enrollment</u>	<u>Percent Increase/(Decrease)</u>
2021	2,306	(1.83%)
2020	2,349	3.85%
2019	2,262	3.15%
2018	2,193	(0.8%)
2017	2,210	(0.4%)
2016	2,218	(2.6%)
2015	2,277	(1.8%)

2. **ECONOMIC CONDITION AND OUTLOOK:** South River is a community that has little to no ratables to establish a firm tax base to support its education program. There is an attempt to revitalize the downtown district and there are several new housing developments that have been approved and will add not only to the tax base but, more importantly, to the educational costs. The town receives funds as a result of a shared Host Community Benefits program for the Edgeboro Landfill. Land available for additional industrial development is not plentiful.
3. **MAJOR INITIATIVES:** South River Public Schools have continued to provide Internet access parent link to every student in the District to enhance our ability to utilize distance learning activities with our students and their parents.

Our scholastic aptitude tests continue to meet state averages, with the mean SAT reading score of 549 and the mean SAT math score of 525. Seventy-eight percent (78%) of our 2021 graduates went on to further education; twenty-nine percent (29%) of them to four-year institutions.

Moreover, we continue to attempt to maintain our class size at a reasonable level and have every student use technology as an educational tool.

Finally, we continue to provide new programs or have enhanced our existing programs that tie into the State Contents Standards established by the New Jersey Department of Education.

4. **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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's management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, as well as to determine that the District has complied with applicable laws and regulations.

5. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. These amounts to be reappropriated are reported as reservations of fund balance at June 30, 2021.
6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds as explained in the "Notes to the Financial Statements", Note 2.
7. **DEBT ADMINISTRATION:** The School District had outstanding debt as of June 30, 2021 of \$5,113,000.00 The remaining annual maturity schedule for principal as well as annual interest payments are detailed in the "Notes to Financial Statements", Note 8.
8. **FINANCIAL STATUS:** The Business Administrator and the Board of Education continue to guide the District with fiscal prudence while working within the limitations imposed by the state's 2% cap on the annual increase of the tax revenue collected from the Borough of South River. The business office utilizes purchasing co-operatives, state contracts and bids to purchase the materials needed to operate the District at the lowest possible price.
9. **OTHER INFORMATION:**

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Gerard Stankiewicz, CPA, PSA of the accounting firm of Samuel Klein and Company, Certified Public Accountants, was selected by the Board's Finance Committee. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 *US 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. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,

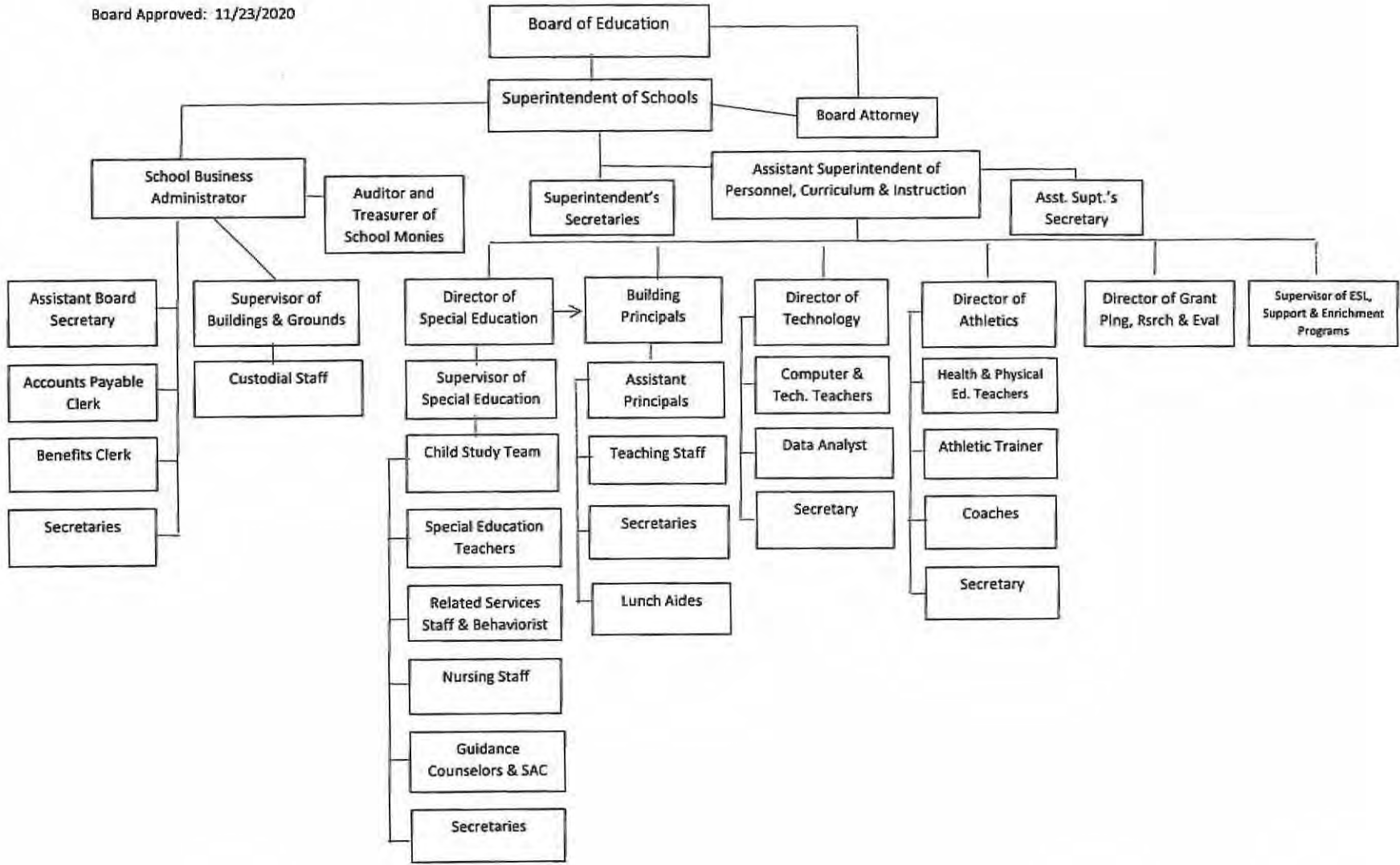


Sylvia Ziroher
Superintendent of Schools



Kenneth J. Kokoszka
School Business Administrator/Board Secretary

Board Approved: 11/23/2020



SOUTH RIVER BOROUGH BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2021

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Cynthia Urbanik, President	2022
Renae Bush, Vice President.....	2024
David Roshetar	2023
Lisa Byrne	2024
Kevin Nielsen.	2022
Nicole Sadowski.....	2024
Elizabeth Lell.....	2023
Raymond Baszak.....	2022
John Budzin	2023

Other Officials

Sylvia Zircher, Superintendent of Schools

Kenneth J. Kokoszka, Board Secretary/School Business Administrator

Joseph Zanga, Treasurer

SOUTH RIVER BOROUGH BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

JUNE 30, 2021

AUDIT FIRM

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OFFICIAL DEPOSITORIES

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
South River Borough Board of Education
County of Middlesex, New Jersey

Report on the Financial Statement

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 Board of Education of the South River Borough School District, County of Middlesex, State of New Jersey, as of and for the year ended June 30, 2021 and the related Notes to 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and Budgetary Comparison Information and schedule of the District's proportionate share of the net pension liability – PERS, schedule of District contributions, schedule of the State's proportionate share of the net pension liability associated with the District – TPAF, the District's proportionate share of the net OPEB Liability – PERS and TPAF and budgetary comparison information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of South River School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by US Office of Management and Budget *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and the other information such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

The accompanying Combining and Individual Fund Statements, Long-term Debt Schedules and the Schedule of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Combining and Individual Fund Statements, Long-term Debt Schedules and Schedule 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 other information identified above has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2022, on our consideration of the Board of Education of the South River Borough School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of South River 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 South River Borough School District internal control over financial reporting compliance.



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY, LLP

Freehold, New Jersey
March 9, 2022

REQUIRED SUPPLEMENTARY INFORMATION – PART I

South River Board of Education

15 Montgomery Street, South River NJ 08882
Tel: 732-613-4000 Fax: 732-238-8415

March 9, 2022

Honorable President and Members
of the Board of Education
South River School District
South River, NJ 08882

Dear Board Members:

Management's Discussion and Analysis

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

The Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June 1999. Certain comparative information between the current year (2020-2021) and the prior year (2019-2020) is required to be presented in MD&A. The District has elected to prepare comparative data which includes prior year's financial statements.

Overview of Financial Statements

The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required and supplementary information and other information in addition to the basic financial statements themselves.

Financial Highlights

Key financial highlights for 2021 are as follows:

In total, net position totaled \$29,940,961 which represents a \$1,707,910 or 6.05% increase from 2020 net position as adjusted, which is attributed to a higher level of revenues and an increase in expenditures.

General revenues accounted for \$45,514,988 or 91.70% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, accounted for \$4,119,832 or 8.30% of total revenues of \$49,634,819.

Total position of governmental activities increased by \$1,756,629: as cash and cash equivalents increased by \$2,338,010, receivables increased by \$219,649 and liabilities increased by \$801,030.

The District had \$48,815,797 in expenses; only \$4,974,204 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes and state aid) of \$43,841,593 were adequate to provide for these programs.

Among major funds, the General Fund had \$40,253,883 in revenues and \$38,828,727 in expenditures. The General Fund's fund balance increased \$1,425,156 over 2020 (as adjusted), which was caused by an increase in revenue in excess of expenditures. The General Fund's fund balance is \$5,591,388.

Using this Annual Comprehensive Financial Report (ACFR)

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

This document contains all funds used by the District to provide programs and activities, viewing the District as a whole and reports the culmination of all financial transactions. The report answers the question "How We Did Financially During Fiscal Year 2021". The Statement of Net Position and the Statement of Activities provides the summary. The statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in those assets. This change in net position is important because they report on whether the District's financial position has improved or diminished.

In the Statement of Net Position and the Statement of Activities, the District is divided into two kinds of activities:

Governmental activities — All of the District's programs and services are reported here including, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Business-Type Activities — This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

Reporting the District's Most Significant Funds,

Fund Financial Statement

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

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

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

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund, special revenue fund and debt service fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 26-27 of this report.

Proprietary Funds

The District maintains one proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for the operations of its food service program, child care initiative and Falcon Care.

The basic proprietary fund financial statements can be found on pages 29-31 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 32 to 86 of this report.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The Statement of Net Position provides the financial perspective of the District as a whole.

Table 1 provides a comparative summary of the School District's net position for 2021 and 2020.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets, deferred inflows and outflows and liabilities of the District, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The Government-wide financial statements can be found on pages 24-25 of this report.

The Statement of Net Position provides the financial perspective of the District as a whole. Table 1 provides a comparative summary of the School District's net position for 2021 and 2020.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$29,940,961 at the close of fiscal 2021. The following table provides a summary of net position at June 30, 2021 and 2020 relating to the District's governmental and business-type activities:

Table 1 – Comparative Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>	
	<u>2020-2021</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2019-2020</u>
Assets						
Current and other assets	\$ 8,845,253	\$ 6,274,141	\$ 673,275	\$ 530,174	\$ 9,518,527	\$ 6,804,315
Capital assets, net	<u>33,868,981</u>	<u>35,062,673</u>	<u>311,053</u>	<u>320,003</u>	<u>34,180,034</u>	<u>35,382,675</u>
Total Assets	<u>\$ 42,714,234</u>	<u>\$ 41,336,813</u>	<u>\$ 984,328</u>	<u>\$ 850,177</u>	<u>\$ 43,698,562</u>	<u>\$ 42,186,990</u>
Deferred Outflows of Resources						
Unamortized Loss on						
Defeasance of debt	\$ 133,549	\$ 164,171			\$ 133,549	\$ 164,171
Pension	<u>588,540</u>	<u>749,632</u>			<u>588,540</u>	<u>749,632</u>
Total Deferred outflows of resources	<u>\$ 722,089</u>	<u>\$ 913,803</u>			<u>\$ 722,089</u>	<u>\$ 913,803</u>
Liabilities						
Current and other liabilities	\$ 3,328,440	\$ 2,489,268	\$ 196,945	\$ 66,648	\$ 3,525,384	\$ 2,555,916
Net pension liability	3,317,319	3,671,234			3,317,319	3,671,234
Long-term liabilities outstanding	<u>5,971,329</u>	<u>7,202,684</u>			<u>5,971,329</u>	<u>7,202,684</u>
Total Liabilities	<u>\$ 12,617,088</u>	<u>\$ 13,363,186</u>	<u>\$ 196,945</u>	<u>\$ 66,648</u>	<u>\$ 12,814,032</u>	<u>\$ 13,429,834</u>
Deferred Inflow of Resources						
	<u>\$ 1,665,657</u>	<u>\$ 1,793,521</u>			<u>\$ 1,665,657</u>	<u>\$ 1,793,521</u>
Net Position						
Net investment in capital assets	\$ 28,539,291	\$ 28,532,988	\$ 311,053	\$ 320,003	\$ 28,850,344	\$ 28,852,990
Restricted	1,303,609	623,577			1,303,609	623,577
Unrestricted (deficit)	<u>(689,322)</u>	<u>(2,062,655)</u>	<u>476,330</u>	<u>463,526</u>	<u>(212,992)</u>	<u>(1,599,129)</u>
Total Net Position	<u>\$ 29,153,578</u>	<u>\$ 27,093,909</u>	<u>\$ 787,383</u>	<u>\$ 783,529</u>	<u>\$ 29,940,961</u>	<u>\$ 27,877,438</u>

The District's combined net position were \$29,940,961 on June 30, 2021. This is an increase of \$1,707,910 or 5.70% from the prior year.

The largest portion of the District's net position is its net investment in capital assets (e.g., land, construction-in-progress, buildings and improvements, and machinery, equipment and vehicles), less any related debt (bonds payable) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (namely, property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

Capital assets, net decreased from the prior year due to the amount of new additions associated with the District's capital projects that were significantly less than the amount of depreciation on capital assets in the current year.

Long-term liabilities decreased due to the scheduled maturities of principal on debt.

Unrestricted net position – Governmental Activities increased by \$1,373,333 which was caused primarily by less operating expenditures.

Table 2 shows the comparative change in net position from fiscal year 2021 and 2020.

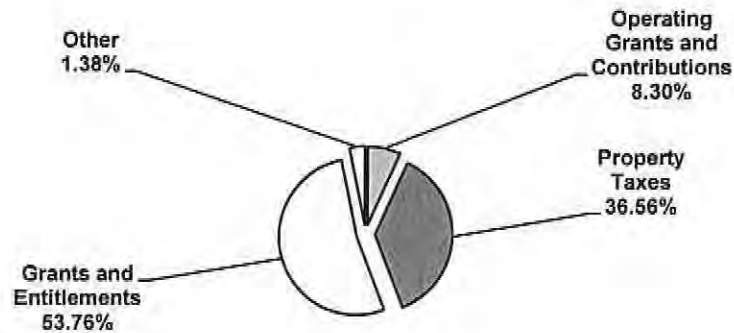
Table 2 – Comparative Statement of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total School District	
	2020-2021	2019-2020	2020-2021	2019-2020	2020-2021	2019-2020
Revenues:						
Program Revenues:						
Charges for Services			\$ 10,609	\$ 295,137	\$ 10,609	\$ 295,137
Operating Grants and Contributions	\$ 4,119,832	\$ 2,879,200	843,763	835,965	4,963,595	3,715,165
General Revenue:						
Property Taxes	18,146,571	17,765,370			18,146,571	17,765,370
Federal and State Aid	26,682,045	22,598,657			26,682,045	22,598,657
Miscellaneous	686,372	429,879			686,372	429,879
Total Revenue	\$ 49,634,819	\$ 43,673,106	\$ 854,372	\$ 1,131,101	\$ 50,489,191	\$ 44,804,208
Expenses:						
Instruction	\$ 27,461,175	\$ 23,329,572			\$ 27,461,175	\$ 23,329,572
Tuition	666,949	1,131,987			666,949	1,131,987
Student and Instruction						
Related Services	3,074,035	3,308,818			3,074,035	3,308,818
School Administration	4,675,804	4,346,642			4,675,804	4,346,642
General Administration	3,305,110	2,994,220			3,305,110	2,994,220
Operation and Maintenance					-	
of Facilities	6,283,963	4,736,117			6,283,963	4,736,117
Pupil Transportation	1,843,716	2,285,841			1,843,716	2,285,841
Interest on Debt	249,761	234,905			249,761	234,905
Charter Schools	353,001	389,786			353,001	389,786
Business-Type Activities			\$ 907,312	\$ 982,138	907,312	982,138
Total Expenses	\$ 47,913,514	\$ 42,757,886	\$ 907,312	\$ 982,138	\$ 48,820,825	\$ 43,740,025
Special and Extraordinary Items, Net	(17,250)	(162,944)	56,794		39,544	(162,944)
Change in Net Position	1,704,055	752,276	3,855	148,963	1,707,910	901,239
Net Position - Beginning	27,093,909	26,341,633	783,529	634,566	27,877,438	26,976,199
Prior Period Adjustment	355,613				355,613	-
	<u>27,449,523</u>	<u>26,341,633</u>	<u>783,529</u>	<u>634,566</u>	<u>28,233,051</u>	<u>26,976,199</u>
Net Position - Ending	\$ 29,153,578	\$ 27,093,909	\$ 787,383	\$ 783,529	\$ 29,940,961	\$ 27,877,438

Governmental Activities

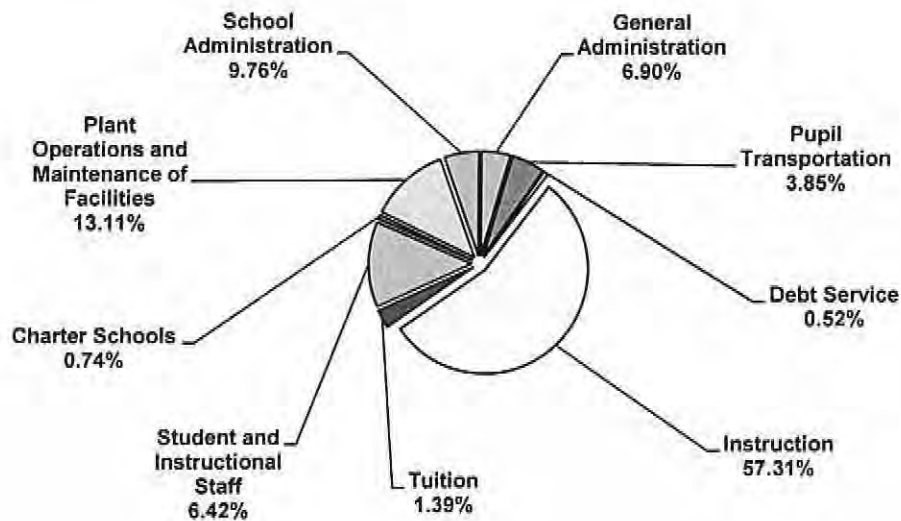
Revenue for Fiscal Year 2021

The total revenues of the governmental activities for the year ended June 30, 2021 were \$49,634,819. Property taxes as approved by the District made up \$18,146,571 or 36.56% of revenues for governmental activities for the fiscal year 2021. Federal, state and local grants accounted for \$26,682,045 or 53.76%.



Expenses for Fiscal Year 2021

The total cost of all programs and services was \$47,913,514. Instruction comprises 57.31% of the District's expenses.



Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

Food service revenues exceeded expenses by \$3,855 as charges for services represent \$10,609 or 1.24% of revenue. This represents the amount paid by patrons for daily food service and catering.

Federal and state reimbursements for meals including payments for free and reduced lunches and donated commodities were \$843,763 or 98.76% of revenue.

Governmental Activities

The Comparative Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3 – Comparative Statement of Activities

	Total Cost of Services			Net Cost of Services		
	2020-2021	2019-2020	% Change	2020-2021	2019-2020	% Change
Instruction	\$ 27,461,175	\$ 23,329,572	17.71%	\$ 24,501,377	\$ 21,425,549	14.36%
Support Services:						
Pupils and Instructional Staff	3,074,035	3,308,818	-7.10%	1,914,001	2,333,641	-17.98%
Tuition	666,949	1,131,987	-41.08%	666,949	1,131,987	-41.08%
General Administration	3,305,110	2,994,220	10.38%	3,305,110	2,994,220	10.38%
School Administration	4,675,804	4,346,642	7.57%	4,675,804	4,346,642	7.57%
Operations & Maintenance of Facilities	6,283,963	4,736,117	32.68%	6,283,963	4,736,117	32.68%
Pupil Transportation	1,843,716	2,285,841	-19.34%	1,843,716	2,285,841	-19.34%
Debt Service	249,761	234,905	6.32%	249,761	234,905	6.32%
Transfer to Charter School	353,001	389,786	-9.44%	353,001	389,786	-9.44%
Total Expenses	\$ 47,913,514	\$ 42,757,886		\$ 43,793,682	\$ 39,878,686	

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Extracurricular activities includes expenses related to student activities provided by the District which are designed to provide opportunities for students to participate in school and public events for the purpose of motivation, enjoyment, skill improvement, school spirit and leadership.

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

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

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

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

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

General Fund Budgetary Highlights

The District budget is prepared according to New Jersey Statutes. The most significant budgeted fund is the general fund. During the fiscal year, there were several differences between the original budget and the final amended budget as a result of transfers being applied to certain line items. These transfers were made between line items as part of the normal process as permitted by State guidelines. Readers should refer to Section C of the financial report for comparisons between actual and budgeted amounts.

Described below are explanations for variations in revenues and expenditures for certain lines where the modified budgeted amounts differ from the original budget by significant amounts. All other fluctuations were considered immaterial and no explanations were deemed required.

Revenue

Miscellaneous revenues of \$678,088 exceeded the anticipated amount of \$30,000 by \$648,088 due primarily to refunds from prior year expenditures mostly in the area of health insurance.

Expenditures

- Total regular programs – instruction final budget exceeded the original budget by \$69,060 or 0.76%. Actual expenditures of \$8,926,499 represented 96.97% of budget. The increase in the budget was caused by additional expenditures for undistributed instruction.
- Total instructional expenditures final budget was lower than the original budget by \$83,689 or 0.55%. Actual total instructional expenditures were \$14,336,196 or 95.41% of the budget. The decrease in the budget was caused by reduced need for teacher salaries.
- Undistributed – unallocated benefits – employee benefits actual expenditures were lower than the budget by \$424,694 or 7.12%. Lower than anticipated health benefits were the principal cause.
- Total undistributed expenditures final budget was lower than the original budget by \$870,678 or 4.33%. Expenditures, net of on-behalf payments, were \$16,982,944 or 88.31% of final budget. This was aided by favorable health benefits and lower than anticipated operations and maintenance costs and student transportation services.
- Total undistributed expenditures – other support students – extraordinary services final budget was less than the original by \$39,379 or 7.10%. Actual expenditures were \$234,959 or 45.61% of final budget.
- Undistributed – student transportation final budget was lower than the original budget by \$45,902 or 2.62%. Actual expenditures of \$1,106,907 represented 64.78% of budget.
- Undistributed – other operating and maintenance of plant expenditures were higher than the final budget by \$152,457 or 3.65%, primarily due to higher than anticipated cleaning and maintenance costs. Actual expenditures were \$3,772,685 or 87.03% of the final budget.

The District's Funds

Information about the District's major funds starts on page 21. These funds are accounted for using the modified accrual basis of accounting. All governmental funds, except for capital projects, had total revenues of \$45,728,061 and expenditures of \$44,336,066.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a comparative summary of the revenues of the governmental funds exclusive of the capital projects fund for the fiscal year ended June 30, 2021, and the amount of increases and decreases in relation to prior year revenues.

Comparative Summary of Revenues

Revenue	2020-2021		2019-2020		Increase/ (Decrease) from 2019-2020 to 2020-2021
	Amount	Percent of Total	Amount	Percent of Total	
Local Sources	\$ 18,917,331	41.37%	\$ 18,194,349	43.66%	\$ 722,982
State Sources	24,329,383	53.21%	21,928,112	52.63%	2,401,270
Federal Sources	2,481,348	5.43%	1,547,914	3.71%	933,434
	<u>\$ 45,728,061</u>	<u>100.00%</u>	<u>\$ 41,670,375</u>	<u>100.00%</u>	<u>\$ 4,057,686</u>

The increase in Local Sources is attributed to an increase in miscellaneous revenue and tax levy.

The increase in State Sources is attributed to an increase in general fund state aid and in on-behalf payments.

The increase in Federal Sources is caused by the fact that more expenditures were incurred in 2021 mostly attributed to Covid Aid.

The following schedule presents a comparative summary of governmental fund expenditures exclusive of the capital projects fund for the fiscal year ended June 30, 2021, and the amount of increases and decreases in relation to prior year expenditures.

Comparative Summary of Expenditures

Expenditures	2020-2021		2019-2020		Increase/ (Decrease) from 2019-2020 to 2020-2021
	Amount	Percent of Total	Amount	Percent of Total	
Instruction	\$ 17,120,238	38.61%	\$ 15,472,187	38.01%	\$ 1,648,051
Undistributed Expenditures	24,845,390	56.04%	23,026,111	56.57%	1,819,278
Capital Outlay	649,857	1.47%	418,868	1.03%	230,989
Debt Service	1,367,580	3.09%	1,398,755	3.45%	(31,175)
Charter Schools	353,001	0.79%	389,786	0.95%	(36,785)
	<u>\$ 44,336,066</u>	<u>100.00%</u>	<u>\$ 40,705,707</u>	<u>100.00%</u>	<u>\$ 3,630,359</u>

The increase in Current – Instruction is attributed to the increased costs of salaries for teachers and the increased costs of other instructional programs and supplies.

The increase in Undistributed Expenditures relates to increases in special education tuition and health benefits and other employee benefits.

The increase in capital outlay is primarily due to a budgeted increase from the prior year.

General Fund Budgeting Highlights

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

During the course of the fiscal year 2021, the District amended its general fund budget as needed. The District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Transfers from one program to another must be approved by the Business Administrator, Superintendent and Board of Education. Transfers were necessitated during the year were not significant in consideration of specific line items; however, a provision for unemployment was made for pending reduction of staff and retirement sick pay.

While the District final budget for the general fund anticipated that revenues and expenditures would roughly equal, the actual results for the year shows a surplus increase of \$1,495,602 caused primarily by an increase in miscellaneous revenue and lower level of expenditures.

Capital Assets

At the end of the fiscal year 2021, the School District had \$33,868,981 invested in land, buildings, furniture and equipment and vehicles. Table 4 shows fiscal 2021 balances compared to 2020.

Table 4 - Capital Assets (Net of Depreciation) at June 30

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>	
	<u>2020-2021</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2019-2020</u>
Site and Site						
Improvements	\$ 987,011	\$ 618,700			\$ 987,011	\$ 618,700
Building and Building						
Improvements	32,391,892	33,952,016	\$ 165,082	\$ 169,108	32,556,975	34,121,124
Machinery and						
Equipment	490,078	491,957	145,971	150,895	636,049	642,851
Total Capital						
Assets - Net of						
Depreciations	<u>\$ 33,868,981</u>	<u>\$ 35,062,673</u>	<u>\$ 311,053</u>	<u>\$ 320,003</u>	<u>\$ 34,180,034</u>	<u>\$ 35,382,675</u>

Refer to Notes to Financial Statements Note 7 for more detailed information.

Overall capital assets (net) decreased from 2020 to 2021. The decrease in capital assets is primarily due to annual depreciation was in excess of fixed asset additions.

Debt Administration

At the end of the fiscal year 2021 and 2020, the School District had outstanding debt as follows:

Table 5 – Debt Administration

	June 30,	
	<u>2021</u>	<u>2020</u>
Compensated Absences	\$ 508,090	\$ 508,828
Serial Bonds	<u>5,113,000</u>	<u>6,258,000</u>
Totals	<u>\$ 5,621,090</u>	<u>\$ 6,766,828</u>

Refer to Notes to Financial Statements Note 8 for more detailed information.

For the Future

The District is sufficiently funded to meet the educational and capital requirements.

The primary concern the District faces is the Borough of South River's inability to increase the tax base. The town is primarily residential with very few commercial ratables; thus the burden of taxes levied by the District falls squarely on the homeowners. The Borough of South River in January 2020 went through a reassessment of properties.

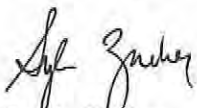
The Borough's tax base remains relatively flat and in light of the fact the town is at full build (which means there is no space available for future development which would increase the ratable base), the probability of a tax increase on the average homeowner next year is very likely. Additionally, the cost of three major bond issues, \$6.1 million in 2003, \$7.05 million in 2012 and \$2.4 million in 2015, cost the District nearly \$1.3 million per year for debt service.

In closing, the District's Board of Education practices long term financial planning. The District is proud of its system for budgeting and internal financial controls. Moreover, the Administration is determined to address the educational needs of the students while delivering a responsible budget to the taxpayers.

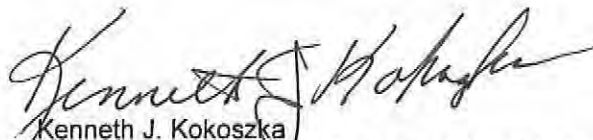
Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, you may contact Kenneth J. Kokoszka, School Business Administrator/Board Secretary at the South River Board of Education, 15 Montgomery Street, South River, NJ 08882.

Respectfully submitted,



Sylvia Zircher
Superintendent of Schools



Kenneth J. Kokoszka
Board Secretary/School Business Administrator

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 6,449,795.51	\$ 444,432.76	\$ 6,894,228.27
Receivables - Net	1,091,848.60	211,009.58	1,302,858.18
Inventory		17,832.46	17,832.46
Restricted Assets - Cash and Cash Equivalents	1,303,608.57		1,303,608.57
Capital Assets, Net	<u>33,868,981.26</u>	<u>311,053.12</u>	<u>34,180,034.38</u>
Total Assets	<u>\$ 42,714,233.94</u>	<u>\$ 984,327.92</u>	<u>\$ 43,698,561.86</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Unamortized Loss on Defeasance of Debt Pension	\$ 133,548.67		\$ 133,548.67
	<u>588,540.00</u>		<u>588,540.00</u>
	<u>\$ 722,088.67</u>		<u>\$ 722,088.67</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 2,974,338.76	\$ 196,944.63	\$ 3,171,283.39
Intergovernmental Accounts Payable	59,433.51		59,433.51
Payroll Deductions and Withholdings Payable	184,677.34		184,677.34
Unearned Revenue	94,883.52		94,883.52
Accrued Interest on Noncurrent Debt	15,106.67		15,106.67
Net Pension Liability	3,317,319.00		3,317,319.00
Noncurrent Liabilities:			
Due Within One Year	1,301,426.58		1,301,426.58
Due Beyond One Year	<u>4,669,902.13</u>		<u>4,669,902.13</u>
Total Liabilities	<u>\$ 12,617,087.51</u>	<u>\$ 196,944.63</u>	<u>\$ 12,814,032.14</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Pension	<u>\$ 1,665,657.00</u>		<u>\$ 1,665,657.00</u>
<u>NET POSITION</u>			
Invested in Capital Assets	\$ 28,539,291.22	\$ 311,053.12	\$ 28,850,344.34
Restricted	1,303,608.57		1,303,608.57
Unrestricted (Deficit)	<u>(689,321.69)</u>	<u>476,330.17</u>	<u>(212,991.52)</u>
Total Net Position	<u>\$ 29,153,578.10</u>	<u>\$ 787,383.29</u>	<u>\$ 29,940,961.39</u>

See accompanying notes to financial statements.

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 14,868,401.75			\$ (14,868,401.75)		\$ (14,868,401.75)
Special Education	10,137,954.19		\$ 2,959,797.59	(7,178,156.60)		(7,178,156.60)
Other Special Instruction	1,402,754.65			(1,402,754.65)		(1,402,754.65)
Other Instruction	1,052,064.29			(1,052,064.29)		(1,052,064.29)
Support Services:						
Tuition	666,949.02			(666,949.02)		(666,949.02)
Student and Instruction Related Services	3,074,035.02		1,160,034.08	(1,914,000.94)		(1,914,000.94)
General Administrative Services	3,305,109.95			(3,305,109.95)		(3,305,109.95)
School Administrative Services	4,675,803.61			(4,675,803.61)		(4,675,803.61)
Plant Operations and Maintenance	6,283,962.91			(6,283,962.91)		(6,283,962.91)
Pupil Transportation	1,843,716.31			(1,843,716.31)		(1,843,716.31)
Transfer to Charter Schools	353,001.00			(353,001.00)		(353,001.00)
Interest on Noncurrent Debt	249,761.14			(249,761.14)		(249,761.14)
Total Governmental Activities	\$ 47,913,513.84		\$ 4,119,831.67	\$ (43,793,682.17)		\$ (43,793,682.17)
Business-Type Activities:						
Food Service	\$ 907,311.54	\$ 10,609.16	\$ 843,762.97		\$ (52,939.41)	\$ (52,939.41)
Total Primary Government	\$ 48,820,825.38	\$ 10,609.16	\$ 4,963,594.64	\$ (43,793,682.17)	\$ (52,939.41)	\$ (43,846,621.58)
General Revenues						
Taxes:						
General Purposes				\$ 16,820,436.00		\$ 16,820,436.00
Debt Service				1,326,135.00		1,326,135.00
Federal and State Aid Not Restricted				26,682,044.66		26,682,044.66
Miscellaneous Income				686,372.02		686,372.02
Total General Revenues				\$ 45,514,987.68		\$ 45,514,987.68
Excess				1,721,305.51	(52,939.41)	1,668,366.10
Special and Extraordinary Items, Net				(17,250.12)	56,794.06	39,543.94
Change in Net Position				\$ 1,704,055.39	\$ 3,854.65	\$ 1,707,910.04
Net Position - Beginning				\$ 27,093,909.27	\$ 783,528.64	\$ 27,877,437.91
Prior Period Adjustment				355,613.44		355,613.44
				<u>27,449,522.71</u>	<u>783,528.64</u>	<u>28,233,051.35</u>
Net Position - Ending				<u>\$ 29,153,578.10</u>	<u>\$ 787,383.29</u>	<u>\$ 29,940,961.39</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
BALANCE SHEET
GENERAL FUNDS
JUNE 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 5,892,562.40	\$ 354,145.93	\$ 3,288.98	\$ 9,019.19	\$ 6,259,016.50
Intergovernmental Accounts Receivable	518,347.03	538,903.98			1,057,251.01
Accounts Receivable	34,597.59				34,597.59
Restricted Cash and Cash Equivalents	<u>1,494,387.58</u>				<u>1,494,387.58</u>
Total Assets	<u>\$ 7,939,894.60</u>	<u>\$ 893,049.91</u>	<u>\$ 3,288.98</u>	<u>\$ 9,019.19</u>	<u>\$ 8,845,252.68</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	\$ 2,163,828.89	\$ 559,843.87			\$ 2,723,672.76
Intergovernmental Accounts Payable		59,433.51			59,433.51
Payroll Deductions and Withholdings Payable	184,677.34				184,677.34
Unearned Revenue		<u>94,883.52</u>			<u>94,883.52</u>
Total Liabilities	<u>\$ 2,348,506.23</u>	<u>\$ 714,160.90</u>			<u>\$ 3,062,667.13</u>
Fund Balances:					
Restricted:					
Debt Service				\$ 9,019.19	\$ 9,019.19
Capital Projects			\$ 3,288.98		3,288.98
Scholarships		\$ 23,684.84			23,684.84
Student Activities		155,204.17			155,204.17
Unemployment Compensation	\$ 194,076.36				194,076.36
Capital Reserve	927,354.22				927,354.22
Maintenance Reserve	372,957.00				372,957.00
Reserve for Excess Surplus	2,300,455.18				2,300,455.18
Reserve for Excess Surplus - Designated for Subsequent Year's Expenditures	1,593,193.29				1,593,193.29
Assigned:					
Assigned-Designated for Subsequent Year's Expenditures	8,515.52				8,515.52
Unassigned (Deficit)	<u>194,836.80</u>				<u>194,836.80</u>
Total Fund Balances	<u>\$ 5,591,388.37</u>	<u>\$ 178,889.01</u>	<u>\$ 3,288.98</u>	<u>\$ 9,019.19</u>	<u>\$ 5,782,585.55</u>
Total Liabilities and Fund Balance	<u>\$ 7,939,894.60</u>	<u>\$ 893,049.91</u>	<u>\$ 3,288.98</u>	<u>\$ 9,019.19</u>	<u>\$ 8,845,252.68</u>
Total Fund Balance above					\$ 5,782,585.55
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of capital assets is \$60,734,403.64, and the accumulated depreciation is \$26,865,422.38. (See Note 7)					33,868,981.26
Noncurrent liabilities, including bonds, loans and leases payable are not payable in the current period and therefore are not reported as liabilities in the funds. (See Note 8). Total Noncurrent Liabilities					(5,971,328.71)
Deferred loss on defeasance of debt, unamortized (See Note 8C)					133,548.67
Certain liabilities are not due and payable in the current period, and therefore, are not reported in funds:					
Accrued Interest Payable: (Accrued interest is a current liability that will be paid from the debt service fund. Therefore, the liability reduces the restricted for debt service net asset balance)					(15,106.67)
Accrued Pension Liability: (Accrued pension is a current liability that will be paid from the general fund, attributed to the fiscal year June 30, 2020, however will be raised in the budget for the fiscal year ending June 30, 2022)					(250,666.00)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds. (See Note 9)					<u>(4,394,436.00)</u>
Net assets of governmental activities (A-1)					<u>\$ 29,153,578.10</u>

See accompanying Notes to Financial Statements

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Government Funds
Revenues					
Local sources:					
Local tax levy	\$ 16,820,436.00			\$ 1,326,135.00	\$ 18,146,571.00
Miscellaneous - Restricted	25,995.98	\$ 92,672.41			118,668.39
Miscellaneous - Unrestricted	652,091.74				652,091.74
Total - Local Sources	\$ 17,498,523.72	\$ 92,672.41		\$ 1,326,135.00	\$ 18,917,331.13
State Sources	22,653,671.56	1,675,710.97			24,329,382.53
Federal Sources	101,687.52	2,379,860.17			2,481,547.69
Total Revenues	\$ 40,253,882.80	\$ 4,148,043.55		\$ 1,326,135.00	\$ 45,728,061.35
Expenditures					
Current:					
Regular Instruction	\$ 8,926,499.45				\$ 8,926,499.45
Special Education Instruction	3,935,903.63	\$ 2,784,042.39			6,719,946.22
Other Special Instruction	842,167.76				842,167.76
Other Instruction	631,624.80				631,624.80
Support Services and Undistributed Costs:					
Tuition	666,949.02				666,949.02
Student and Instruction Related Services	1,106,733.37	956,432.92			2,063,166.29
Other Administrative Services	1,984,279.32				1,984,279.32
School Administrative Services	2,807,198.72				2,807,198.72
Plant Operations and Maintenance	3,772,684.68				3,772,684.68
Pupil Transportation	1,106,906.64				1,106,906.64
Employee Benefits	12,064,848.51	379,356.36			12,444,204.87
Transfer to Charter Schools	353,001.00				353,001.00
Debt Service:					
Principal				\$ 1,145,000.00	1,145,000.00
Interest				222,580.00	222,580.00
Capital Outlay	629,929.42	19,927.58			649,857.00
Total Expenditures	\$ 38,828,726.52	\$ 4,139,759.25		\$ 1,367,580.00	\$ 44,336,065.77
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 1,425,156.28	\$ 8,284.30		\$ (41,445.00)	\$ 1,391,995.58
Other Financing Sources/(Uses):					
Excess Refunding Proceeds				\$ 9,019.63	\$ 9,019.63
Net Change in Fund Balances	\$ 1,425,156.28	\$ 8,284.30		\$ (32,425.37)	\$ 1,401,015.21
Fund Balance (Deficit), July 1	3,998,151.71	(16,928.35)	3,288.98	41,444.56	4,025,956.90
Prior Period Adjustments	168,080.36	187,533.06			355,613.44
Fund Balance, July 1, Restated	4,166,232.09	170,604.71	3,288.98	41,444.56	4,381,570.34
Fund Balance (Deficit), June 30	\$ 5,591,388.37	\$ 178,889.01	\$ 3,288.98	\$ 9,019.19	\$ 5,782,585.55

See accompanying Notes to Financial Statements

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Total Net Change in Fund Balances - Governmental Funds	\$ 1,401,015.21
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 depreciated expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Capital outlays	\$ 649,857.00
Depreciation expense	(1,817,278.49)
Capital assets, other	<u>(26,269.75)</u>
	(1,193,691.24)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	1,145,000.00
Governmental funds report the effect of premiums and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the following related to the premiums on bonds.	
Amortization of premium	85,617.56
Governmental funds report the effect of defeasances and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the following related to the deferred loss of refunding.	
Amortization of deferred loss	(30,622.80)
In the statement of activities, interest on long-term debt is accrued regardless of when due. In the governmental funds, interest is reported when due; when the accrued interest is decreased, the difference is a reduction in the reconciliation.	3,441.66
Net pension obligation related to PERS which is attributable to June 30, 2021 is not reported in governmental funds; however, it is reported in the statement of activities.	292,557.00
In the statement of activities, certain operating expenses, e.g. compensated absences (sick pay) 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.	<u>738.00</u>
Change in Net Position of Governmental Activities	<u>\$ 1,704,055.39</u>

PROPRIETARY FUNDS

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Business-Type Activities - Enterprise Fund
<u>ASSETS</u>	<u>Food Service Total Enterprise</u>
Current Assets:	
Cash and Cash equivalents	\$ 444,432.76
Accounts receivable:	
State sources	4,522.49
Federal sources	205,464.69
Other sources	1,022.40
Inventories	<u>17,832.46</u>
Total Current Assets	\$ <u>673,274.80</u>
Noncurrent assets:	
Furniture, machinery and equipment	\$ 724,577.34
Less: accumulated depreciation	<u>413,524.22</u>
Total Noncurrent Assets	\$ <u>311,053.12</u>
Total Assets	\$ <u><u>984,327.92</u></u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ <u>196,944.63</u>
Total current liabilities	\$ <u><u>196,944.63</u></u>
Total Liabilities	\$ <u><u>196,944.63</u></u>
<u>NET POSITION</u>	
Invested in Capital Assets	\$ 311,053.12
Unrestricted	<u>476,330.17</u>
Total Net Position	\$ <u><u>787,383.29</u></u>

See accompanying Notes to Financial Statements

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Business-Type Activities - Enterprise Fund</u>
	<u>Food Service Total Enterprise</u>
Operating Revenues:	
Local Sources:	
Daily sales - reimbursable programs:	\$ 5,320.87
Miscellaneous Revenue	<u>5,288.29</u>
Total operating revenues	\$ <u>10,609.16</u>
Operating Expenses:	
Cost of sales - Reimbursable	\$ 432,423.53
Salaries	244,507.50
Employee Benefits	64,519.56
Insurance	10,564.35
General supplies	96,819.22
Cleaning, repairs and other expenses	8,077.08
Depreciation	22,809.38
Other Purchased Services	<u>27,590.92</u>
Total operating expenses	\$ <u>907,311.54</u>
Operating income/(loss)	\$ <u>(896,702.38)</u>
Nonoperating revenues:	
State sources:	
State school lunch program	\$ 21,853.28
Federal sources:	
Administrative reimbursement	3,063.00
National school lunch program	473,158.06
School breakfast program	274,280.38
Food Distribution System	<u>71,408.25</u>
Total nonoperating revenues	\$ <u>843,762.97</u>
Income/(loss) before contributions and transfers	\$ (52,939.41)
Administrative Guarantee	<u>56,794.06</u>
Change in net position	\$ 3,854.65
Total net position - beginning	<u>783,528.64</u>
Total net position - ending	\$ <u><u>787,383.29</u></u>

See accompanying Notes to Financial Statements

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-Type Activities Enterprise Funds
	<u>Food Service Total Enterprise</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers	\$ 9,669.26
Payments to Employees	(244,507.50)
Payments for Employee Benefit	(64,519.56)
Payments to Suppliers	<u>(440,266.86)</u>
Net Cash Provided by/(Used for) Operating Activities	\$ <u>(739,624.66)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
State Sources	\$ 21,301.92
Federal Sources	681,481.35
Other Sources	<u>56,793.39</u>
Total Cash Flows from Noncapital Financing Activities	\$ <u>759,576.66</u>
Net Cash Provided by/(Used for) Noncapital Financing Activities	\$ <u>759,576.66</u>
<u>Cash Flow for Investing Activities</u>	
Acquisition of Fixed Assets	<u>(13,860.00)</u>
Net Cash Provided by/(Used for) Investing Activities	\$ <u>(13,860.00)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ 6,092.00
Balances - Beginning of Year	<u>438,340.76</u>
Balances - End of Year	\$ <u><u>444,432.76</u></u>
<u>Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities</u>	
Operating Gain/(Loss)	\$ <u>(896,702.38)</u>
Adjustments to Reconcile Operating Loss to Cash Provided/ (Used) by Operating Activities:	
Depreciation	\$ 22,770.88
Change in Assets and Liabilities:	
(Increase)/Decrease Other Sources Receivable	(939.99)
(Increase)/Decrease in Inventory	4,950.27
Increase/(Decrease) in Accounts Payable	<u>130,296.56</u>
Total Adjustments	\$ <u>157,077.72</u>
Net Cash Provided/(Used) by Operating Activities	\$ <u><u>(739,624.66)</u></u>

See accompanying Notes to Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The South River Borough School District (the "District") is a Type II district located in the County of Middlesex, State of New Jersey. As a Type II district, the District functions independently through a Board of Education (the "Board"). The Board is comprised of nine (9) members elected to three-year staggered terms. The purpose of the District is to educate students in grades K-12. The District had an approximate enrollment at June 30, 2021 of 2,306 students.

A reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the District's accounting policies are described below.

A. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation (Continued)

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

2. Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

1. Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

B. **Fund Accounting (Continued)**

1. **Governmental Funds (Continued)**

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment that are classified in the Capital Outlay subfund. The fund also includes payroll agency, payroll net, and unemployment reserve accounts.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America (GAAP) as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

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

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. The fund also includes scholarship accounts and student activity accounts.

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

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs. This fund is not applicable in this fiscal year.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

2. Proprietary Fund Type

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

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

The District's Enterprise Fund is comprised of the Food Service Fund.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on the statement of net position. Their reported fund equity (net position) is segregated into net investment in capital assets and unrestricted net position, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Depreciation of all exhaustive capital assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of the equipment used in the operations of the Enterprise Funds are approximately 10 years.

3. Noncurrent Debt

Noncurrent liabilities expected to be financed from governmental funds are accounted for in the General Noncurrent Debt, not in the governmental funds. This includes the outstanding principal balance on capital leases.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus

1. Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the Statement on Net Position.

2. Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the statement of net position. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Fund equity (i.e., net position) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the winter of each year for the general, special revenue, and debt service funds. The budgets are approved and voted on by the Board of Education of the District, submitted to the County office for approval and if determined to be within the allowable tax levy cap and within the allowable appropriation cap, become effective upon the holding of a public hearing and final adoption by the District. In accordance with P.L. 2011, c.202, which became effective 17, 2012, the district elected to move the annual School Board election to the date of the November general election thereby eliminating the vote on the annual base budget. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of N.J.A.C 6A:23A-2.3 (et seq.). All budget amendments must be approved by School Board resolution and certain others require approved by the County Superintendent of Schools. Budgetary transfers were made during the current year in accordance with statutory guidelines. The amendments made by the District were part of the normal course of operations.

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 accounting principles generally accepted in the United States of America (GAAP) 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 over-expenditures related to on-behalf payments in the general fund are due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets/Budgetary Control (Continued)

The following presents a reconciliation of the general fund revenue and special revenue fund revenue from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules.	\$ 40,324,328.80	\$ 4,131,115.20
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30, 2020	None	None
June 30, 2021	None	None
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,483,321.00	16,928.35
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	<u>(1,553,767.00)</u>	<u>None</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$ <u>40,253,882.80</u>	\$ <u>4,148,043.55</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	\$ 38,828,726.52	\$ 4,139,759.26
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 supplies are received for financial reporting purposes.		
June 30, 2020	None	None
June 30, 2021	<u>None</u>	<u>None</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$ <u>38,828,726.52</u>	\$ <u>4,139,759.26</u>

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Encumbrances

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

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

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

G. Assets, Liabilities and Equity

1. Cash, Cash Equivalents and Investments

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. Cash equivalents are defined as short-term, highly liquid securities that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only securities with original maturities of three (3) months or less meet this definition. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

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

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 RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

2. Inventories and Prepaid Expenses

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

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2021.

3. Allowance for Uncollectible Accounts

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

4. Tuition Receivable

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

5. Tuition Payable

Tuition charges for the fiscal years 2019-2020 and 2020-2021 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

6. Short-Term Interfund Receivables/Payables

Short-term 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.

7. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,000.00. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

7. Capital Assets (Continued)

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Lives</u>
School Buildings	50 years
Building Improvements	20 years
Electrical/Plumbing	30 years
Vehicles	8 years
Office and Computer Equipment	5-10 years
Instructional Equipment	10 years
Grounds Equipment	15 years
Food Service Equipment	7-20 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

9. 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 sick leave and vacation leave liabilities are reported on the government-wide financial statements.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

9. Compensated Absences (Continued)

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

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

10. Accrued Liabilities and Noncurrent Obligations

All payables, accrued liabilities and noncurrent obligations are reported in the government-wide financial statements.

In general, 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 governmental funds. However, the noncurrent portion of capital leases, compensated absences and loans payable 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.

11. Deferred Loss on Refunding of Debt

Deferred loss on refunding arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense. (Refer to Note 8-C).

12. Net Position

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and established standards for reporting deferred outflows of resources, deferred inflows of resources and net position. Net Position represents the difference between assets, deferred outflows, deferred inflows and liabilities in the government-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any noncurrent debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

13. Unearned (Deferred) Revenue

Unearned revenue in the special revenue fund represents federal and state grants that have been received but not yet earned.

14. Fund Equity

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

15. Fund Balance Reserves

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five (5) categories, as defined below:

- a. **Nonspendable** – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, noncurrent receivables and corpus of any permanent funds.
- b. **Restricted** – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.
- c. **Committed** – includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revised or changes the specified use by taking the same action (resolution) taken to originally commit these funds.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

15. Fund Balance Reserves (Continued)

- d. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Interest is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.

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

When 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. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

16. Proprietary Funds Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District enterprise fund, (the Food Service) are charges to customers for sales of food service.

Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on Capital Assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

17. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security, post-retirement medical pension and contributions for the certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the District's annual budget.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

18. Non-Monetary Transactions

Commodities received under the Federal Food Distribution Program are received by the district and are recorded as nonoperating revenue when received in the food service enterprise fund at market value. The use of the commodities is included in cost of sales.

19. Allocation of Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the direct expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is reported separately on the Statement of Activities. No expenses were allocated as "Indirect Expenses".

20. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

21. Accounting and Financial Reporting for Pensions

The District implemented GASB 68 which amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

21. Accounting and Financial Reporting for Pensions (Continued)

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events.

22. Accounting and Financial Reporting for Other Post-Employment Benefits ("OPEB")

In 2018 the District implemented GASB #75 which addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, revenues and expense/expenditures. The Statement GASB #45 supersedes Accounting and Financial Reporting for Post-Employment Benefits with other than Pension.

The participating local education employer allocations included in the supplemental Schedule of special funding amounts by employer are provided as each local education employer is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation and to include their respective amount of total OPEB liability in their notes to their financial statements.

23. GASB Statement No. 84 Fiduciary Activities

The District implemented GASB Statement No. 84 Fiduciary Activities on July 1, 2020. The objective of this Statement is to improve reporting of fiduciary activities for accounting and financial reporting purposes. This Statement establishes criteria for identifying fiduciary activities. 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 component units and postemployment benefit arrangements that are fiduciary activities. The District reclassified the payroll agency, payroll net and unemployment reserve accounts to the General Fund. The Special Revenue Fund was adjusted to include student activity and scholarship accounts. There was no adverse impact on the financial statements of the District.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

24. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Other Accounting Standards

The District is currently reviewing the following for applicability and potential impact on the financial statements:

- **GASB Statement No. 87. Leases.** The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The District does not expect this Statement to impact its financial statements.

- **GASB Statement No. 89. *Accounting for Interest Cost Incurred before the End of a Construction Period.*** The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encourage. The requirements of this Statement should be applied prospectively. The District does not expect this Statement to impact its financial statements.

- **GASB Statement No. 91. *Conduit Debt Obligations.*** The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The District does not expect this Statement to impact its financial statements.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Other Accounting Standards (Continued)

- *GASB Statement 92. Omnibus 2020.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

Effective Date: The requirements of this Statement are effective as follows:

(a) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.

(b) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.

(c) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.

(d) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020. Implementation has been postponed to June 15, 2021. The District does not expect this Statement to impact its financial statement.

- *GASB Statement 93. Replacement of Interbank Offered Rates.* The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR).

Effective Date: The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged. The District does not expect this Statement to impact its financial statement.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Other Accounting Standards (Continued)

- *GASB Statement 94. Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 and all PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated). Implementation has been postponed to June 15, 2021. The District does not expect this Statement to impact its financial statement.

- *GASB Statement 95. Postponement of the Effective Dates of Certain Authoritative Guidance.* The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2019 and later.

Effective Date: The requirements of this Statement are effective immediately. The District does not expect this Statement to impact its financial statement.

- *GASB Statement 96. Subscription-Based Information Technology Arrangements.* This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Station..

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Other Accounting Standards (Continued)

- *GASB Statement 97. Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

Effective Date: The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

I. Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2021 through March 9, 2022, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less. Cash equivalents are defined as short-term, highly liquid securities that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only securities with original maturities of three (3) months or less meet this definition.

Investments are stated at fair value, which is in excess of cost value. The District classifies securities that have original maturity date of more than three months from the date of purchase as investments. The District is in compliance with GASB Statement No. 3 as amended by GASB Statement No. 40.

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

New Jersey statutes permit the District to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the school district or local unit of which the school district is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments, New Jersey State Department of Treasury.
- Local government investment pools.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

Custodial Credit Risk – The District had no securities as of June 30, 2021 that could be categorized as an investment as defined by GASB No. 3 as amended by GASB No. 40.

New Jersey Cash Management Fund

All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of June 30, 2021, the District had \$178,446.49 on deposit with the New Jersey Cash Management Fund.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Allocation of Cash and Cash Equivalents

As of June 30, 2021, cash, cash equivalents and investment of all funds of the District consisted of the following:

Allocation:			
Unrestricted		\$	8,422,382.99
Restricted:			
Maintenance Reserve	\$		372,957.00
Capital Reserve			927,354.22
Unemployment Compensation			194,076.36
		\$	9,916,770.57
Cash and Cash Equivalents:			
Checking Accounts, interest bearing		\$	9,717,256.56
New Jersey Cash Management Fund (NJCMF)			178,446.49
Investment - US Treasury Note 6.375% due August 15, 2027 (Face Value \$16,000.00)			21,067.52
		\$	9,916,770.57
Reconciliation:			
Governmental Funds		\$	9,472,337.81
Proprietary Funds			444,432.76
		\$	9,916,770.57

Risk Analysis – All of the balances were covered by either federal depository insurance or Government Unit Deposit Protection Act ("GUDPA") and are considered to have minimal custodial risk. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have concentration of credit risk.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

4. RESERVE ACCOUNTS

A. CAPITAL RESERVE

A Capital Reserve Account was established by Board Resolution and Budget Appropriation in a prior year for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The combined Capital Reserve Account balance at June 30, 2021 is \$927,354.22 and is reflected in the General Fund.

The cumulative activity of the capital reserve as of June 30, 2021 fiscal year is as follows:

Board Contributions:		
Prior to June 30, 2020	\$ 1,002,931.26	
During fiscal year ended June 30, 2021	<u>749,999.58</u>	\$ 1,752,930.84
Interest Earnings:		
Prior to June 30, 2020	\$ 1,822.38	
During fiscal year ended June 30, 2021	<u>-</u>	1,822.38
Withdrawals:		
Prior to June 30, 2020	\$ 384,466.00	
During fiscal year ended June 30, 2021	<u>442,933.00</u>	<u>827,399.00</u>
Balance at June 30, 2021		<u>\$ 927,354.22</u>

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year end. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-5.1(d) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

B. MAINTENANCE RESERVE

The School District established a maintenance reserve account for the accumulation of funds for use as required maintenance of a facility in subsequent fiscal years.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the School District's approved Maintenance Plan (M-1). A School District may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at yearend of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The balance in the account cannot at any time exceed four (4) percent of the replacement cost of the school district's school facilities for the current year.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

4. RESERVE ACCOUNTS (CONTINUED)

B MAINTENANCE RESERVE (CONTINUED)

Contributions from Board		
Prior to June 30, 2020	\$ 230,000.00	
During year ended June 30, 2021	<u>247,957.00</u>	<u>\$ 477,957.00</u>
Less Withdrawals:		
Prior to June 30, 2020	\$ 44,000.00	
During year ended June 30, 2021	<u>61,000.00</u>	<u>\$ 105,000.00</u>
Balance June 30, 2021		<u>\$ 372,957.00</u>

5. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE

Intergovernmental Accounts Receivable at June 30, 2021 consisted of Federal sources, State sources and State aid. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Governmental Fund</u>
General Fund:	
Federal - Medical Assistance	\$ <u>3,137.95</u>
State:	
Extraordinary Aid	\$ 422,011.00
Non-Public Transportation - Cost Reimbursement	34,510.00
TPAF FICA Reimbursement	<u>58,688.08</u>
	<u>\$ 515,209.08</u>
	<u>\$ 518,347.03</u>
Special Revenue Fund:	
Federal:	
Title I	\$ 209,459.58
Title I Reallocated	5,917.62
Title I SIA	3,327.64
Title II - Part A	33,480.12
Title III - Part A	13,318.29
Title III - Immigrant	1,034.43
Title IV	28,491.73
IDEA Part B	109,815.75
Cares Act	46,267.51
CRRSA ESSER II	6,445.24
CRRSA Learning Acceleration	550.00
CRRSA Mental Health	1,132.00
Adult Basic Education	13,900.45
Perkins	<u>6,330.11</u>
	<u>\$ 479,470.47</u>
Local - ESCNJ Non-Public	<u>\$ 59,433.51</u>
	<u>\$ 538,903.98</u>
Total	<u>\$ 1,057,251.01</u>

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

5. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE (CONTINUED)

	<u>Business Type</u>
Proprietary Fund:	
Enterprise Fund	
Federal Sources:	
Breakfast	\$ 48,840.86
Lunch	153,560.83
Administration	<u>3,063.00</u>
	\$ <u>205,464.69</u>
State Sources:	
Lunch	\$ <u>4,522.49</u>
Other	<u>1,022.40</u>
Total	<u>\$ 416,474.27</u>

6. INVENTORY

The value of Federal donated commodities as reflected on Schedule A of \$71,408 (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of the purchase and has been included as an item of nonoperating revenue in the financial statements. For the year ended June 30, 2021, the federal donated commodities food inventory of \$6,780 was included in the year end food and supplies amount of \$17,832.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

7. CAPITAL ASSETS, NET

The following schedule is a summarization of the changes in capital assets by source for the fiscal year ended June 30, 2021:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Transfers</u> <u>(Retirements)</u>	<u>Ending</u> <u>Balance</u>
<u>Governmental Activities:</u>				
Capital assets being depreciated:				
Site and Site Improvements	\$ 2,453,626.77	\$ 442,932.42		\$ 2,896,559.19
Building and Building Improvements	54,923,704.55	107,452.00		55,031,156.55
Machinery and Equipment	2,600,665.47	99,472.58	\$ (26,269.75)	2,673,868.30
Vehicles	132,819.60			132,819.60
Totals at historical cost	\$ 60,110,816.39	\$ 649,857.00	\$ (26,269.75)	\$ 60,734,403.64
Less accumulated depreciation for:				
Site and Site Improvements	\$ (1,834,927.25)	\$ (74,620.97)		\$ (1,909,548.22)
Building and Building Improvements	(20,971,688.36)	(1,667,576.08)		(22,639,264.44)
Machinery and Equipment	(2,108,708.68)	(75,081.44)		(2,183,790.12)
Vehicles	(132,819.60)			(132,819.60)
Total accumulated depreciation	\$ (25,048,143.89)	\$ (1,817,278.49)		\$ (26,865,422.38)
Total capital assets being depreciated, net of accumulated depreciation	\$ 35,062,672.50	\$ (1,167,421.49)	\$ (26,269.75)	\$ 33,868,981.26
Governmental activities capital assets, net	\$ 35,062,672.50	\$ (1,167,421.49)	\$ (26,269.75)	\$ 33,868,981.26
<u>Business-Type Activities:</u>				
Furniture, machinery and equipment	\$ 516,660.20	\$ 13,860.00		\$ 530,520.20
Building improvements	194,057.14			194,057.14
Totals at historical cost	\$ 710,717.34	\$ 13,860.00		\$ 724,577.34
Less accumulated depreciation for:				
Furniture, machinery and equipment	\$ (365,655.53)	\$ (18,893.90)		\$ (384,549.43)
Building improvements	(25,059.31)	(3,915.48)		(28,974.79)
Total accumulated depreciation	\$ (390,714.84)	\$ (22,809.38)		\$ (413,524.22)
Business type activities capital assets, net	\$ 320,002.50	\$ (8,949.38)		\$ 311,053.12
Detail of Additions:				
General Fund		\$ 629,929.42		
Special Revenue Fund		19,927.58		
		\$ 649,857.00		

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

7. CAPITAL ASSETS, NET (CONTINUED)

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 562,198.28
Special Education Instruction	423,227.74
Other Special Instruction	53,040.42
Other	39,780.25
Support Services and Undistributed Cost:	
Student and Instruction Related Services	129,939.91
School Administrative Services	176,799.68
General and Business Administrative Services	124,971.54
Plant Operations and Maintenance	237,606.78
Pupil Transportation	69,713.89
	<u>69,713.89</u>
	<u>\$ 1,817,278.49</u>

8. NONCURRENT DEBT

During the fiscal year ended June 30, 2021 the following changes occurred in liabilities:

	<u>Beginning Balance</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Noncurrent Portion</u>
<u>Governmental Activities:</u>					
Bonds Payable -					
General					
Obligation Debt	\$ 6,258,000.00	\$ (1,145,000.00)	\$ 5,113,000.00	\$ 1,165,000.00	\$ 3,948,000.00
Add - Premium on Sale of Bonds	<u>435,856.27</u>	<u>(85,617.56)</u>	<u>350,238.71</u>	<u>85,617.56</u>	<u>264,621.15</u>
	6,693,856.27	(1,230,617.56)	5,463,238.71	1,250,617.56	4,212,621.15
Compensated					
Absences Payable	<u>508,828.00</u>	<u>(738.00)</u>	<u>508,090.00</u>	<u>50,809.00</u>	<u>457,281.00</u>
	<u>\$ 7,202,684.27</u>	<u>\$ (1,231,355.56)</u>	<u>\$ 5,971,328.71</u>	<u>\$ 1,301,426.56</u>	<u>\$ 4,669,902.15</u>

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

8. NONCURRENT DEBT (CONTINUED)

A. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality(ies) through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. As of June 30, 2021, the District had the following serial bonds outstanding.

General Serial Bonds:

\$3,845,000 of Refunding School Bonds, Series 2012 - Refinance \$3,953,000 of the General Obligation Bonds 2003. Annual maturities of \$425,000 to \$445,000 through June 1, 2023 at interest rate of 4.00%. The bonds are not subject to redemption prior to maturity.	\$ 870,000.00
\$2,453,000 of General Obligation Bonds, Series 2015 - District's share of improvements to the schools. Annual maturities ranging from \$225,000 to \$450,000 through June 1, 2025 at interest rates ranging from 2.00% to 2.50%. The bonds are not subject to redemption prior to maturity.	1,328,000.00
\$3,425,000 of Refunding School Bonds Series 2020 - Refinancing \$3,680,000 of 2011 Series bonds maturing on or after June 2, 2021. Annual maturities commencing June 1, 2021 ranging from \$340,000 to \$515,000 at an interest rate of 4.00%. The bonds were sold at a premium of \$389,966 and resulted in a loss on defeasance (retirement) of \$134,966. The bonds are not to redemption prior to maturity.	<u>2,915,000.00</u>
	<u>\$ 5,113,000.00</u>

The Bonds are general obligations of the Board and are secured by a pledge of the full faith and credit of the Board for the payment of the principal thereof and the interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes to be levied on all taxable real property in the school district, without limitation as to rate or amount. The Bonds are additionally secured by the provisions of the New Jersey School Bond Reserve Act.

The District, in conjunction with the issuance of the Bonds, has agreed to undertake and provide certain information to Bondholders on a continuing basis. The Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5) "Continuing Disclosure" requirements, which the District has adopted, requires that various financial information about the District and the Municipality be provided annually to various information repositories. This requirement has been complied with for the year ended June 30, 2021.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

8. NONCURRENT DEBT (CONTINUED)

A. Bonds Payable (Continued)

Principal and interest due on serial bonds outstanding is as follows:

School District Refunding Bonds 2012			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Next two (2) year			
2022	\$ 425,000	\$ 34,800	\$ 459,800
2023	445,000	17,800	462,800
	<u>\$ 870,000</u>	<u>\$ 52,600</u>	<u>\$ 922,600</u>

School District Bonds Series 2015			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Next four (4) year			
2022	\$ 225,000	\$ 29,880	\$ 254,880
2023	225,000	25,380	250,380
2024	428,000	20,880	448,880
2025	450,000	11,250	461,250
	<u>\$ 1,328,000</u>	<u>\$ 87,390</u>	<u>\$ 1,415,390</u>

School Refunding Bonds Series 2020			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Next five (5) year			
2022	\$ 515,000	\$ 116,600	\$ 631,600
2023	515,000	96,000	611,000
2024	515,000	75,400	590,400
2025	515,000	54,800	569,800
2026	515,000	34,200	549,200
	<u>2,575,000</u>	<u>377,000</u>	<u>2,952,000</u>
Thereafter			
2027	<u>340,000</u>	<u>13,600</u>	<u>353,600</u>
	<u>\$ 2,915,000</u>	<u>\$ 390,600</u>	<u>\$ 3,305,600</u>

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

8. NONCURRENT DEBT (CONTINUED)

A. Bonds Payable (Continued)

TOTAL DEBT SERVICE			
Year	Principal	Interest	Total
Next five (5) years			
2022	\$ 1,165,000	\$ 181,280	\$ 1,346,280
2023	1,185,000	139,180	1,324,180
2024	943,000	96,280	1,039,280
2025	965,000	66,050	1,031,050
2026	515,000	34,200	549,200
	4,773,000	516,990	5,289,990
Thereafter			
2027	340,000	13,600	353,600
	\$ 5,113,000	\$ 530,590	\$ 5,643,590

B. Bonds and Notes Authorized But Not Issued

As of June 30, 2021 there were no bonds and notes authorized but not issued.

C. Defeasance

As a result of the accounting requirement under GASB#23/65, Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities, the recording of the transaction related to the new vs. old debt and related costs resulted in accounting losses which in conjunction with the premium will be amortized over the remaining life of the respective bond issues using the "straight-line".

Unamortized Loss on Defeasance of Debt

<u>Refunding Bonds</u>	<u>Loss</u>	<u>Beginning Balance</u>	<u>Amortization</u>	<u>Ending Balance</u>
2012 Series	\$ 136,103.00	\$ 34,025.83	\$ 11,341.96	\$ 22,683.87
2020 Series	134,965.85	130,145.64	19,280.84	110,864.80
Total		\$ 164,171.47	\$ 30,622.80	\$ 133,548.67

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

8. NONCURRENT DEBT (CONTINUED)

D. 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 earn sick leave at the rate of one day for each month of service. Upon departure from the district, teachers who have obtained tenure and ten month support staff who have completed three or more years of employment shall be paid for accumulated sick leave at the rate of ¼ of the unused accumulated sick leave multiplied by 1/200 of the last annual contracted salary. Twelve month employees who have completed three or more years of employment shall be paid at the rate of ¼ of the unused accumulated sick leave multiplied by 1/240 of the last annual contracted salary.

For teachers employed after September 1, 1981, the sick leave payment shall be limited to no more than \$15,000.00. For all support staff employed after September 1, 1981, the sick leave payment shall be limited to no more than \$15,000.00.

Twelve month employees earn vacation, the carryover of which is limited to August 31, of the year following the time earned.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position in the current and noncurrent liabilities. The current portion of the compensated absence balance of the governmental funds is shown separately from the noncurrent liability balance of compensated absences.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2021 no liability existed for compensated absences in the proprietary fund types.

E. Operating Leases

The District leases non-capitalized equipment that are deemed operating leases. The lease payment schedule is as follows:

<u>2017-2018 Lease</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ <u>62,443.89</u>	\$ <u>1,929.49</u>	\$ <u>64,373.38</u>

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

9. PENSION PLANS

Description of Plans: All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund that have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division of Pension issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund.

Teachers' Pension and Annuity Fund (TPAF)

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 contribution, 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 the 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. 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

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

9. PENSION PLANS (CONTINUED)

Description of Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

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

Public Employees' Retirement System (PERS)

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 the 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, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 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

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

9. PENSION PLANS (CONTINUED)

Description of Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

Funding Policy: The contribution policy is set by New Jersey Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS are 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

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

During the year ended June 30, 2021 for TPAF, which is a cost sharing plan with special funding situations, the annual pension costs equals annual required contribution. For PERS, which is a cost sharing multi-employer pension plan, the annual pension costs differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

9. PENSION PLANS (CONTINUED)

Funding Policy: (Continued)

Three-Year Trend Information for PERS

<u>Fiscal Year Ended June 30,</u>	<u>Net Cost to District</u>	<u>Percentage of APC Contributed</u>	<u>Employee Contribution</u>
2021	\$ 222,536	100%	\$ 114,978
2020	198,188	100%	115,487
2019	206,520	100%	109,832

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

<u>Fiscal Year Ended June 30</u>	<u>Pension Paid on-behalf of District</u>					<u>TPAF FICA</u>
	<u>Cost (APC)</u>	<u>APC Contributed</u>	<u>Total On-Behalf of</u>	<u>Employee Contribution</u>	<u>TPAF Contribution</u>	
2021	\$ None	100%	\$ 4,054,832	\$ 1,240,924	\$ 1,198,347	
2020	None	100%	2,856,697	1,177,943	1,167,662	
2019	None	100%	1,194,739	1,098,076	1,117,484	

During the fiscal year ended June 30, 2021, the State of New Jersey contributed \$4,054,832 to the TPAF for normal pension. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$1,198,347 during the year ended June 30, 2021 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the individual fund statements and schedules as a revenue and expenditure in accordance with GASB 24.

Public Employees Retirement System (PERS)

The information for PERS was abstracted from State of New Jersey Public Employees' Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2020 and June 30, 2019 Independent Auditor's Report dated June 4, 2021 and June 5, 2020, respectively.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

9. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

The District reported a liability of \$3,317,319 and \$3,671,234 for its proportionate share of the net pension liability as of June 30, 2021 and June 30, 2020, respectively. The net pension liability was measured as of June 30, 2020 and June 30, 2019 (the *Measurement Date*), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportion of the collective pension liability is as follows:

	June 30,	
	2020	2019
District Proportionate Share	0.0203424369 %	0.0203748219 %
Difference - Decrease	(0.0000323850)	

For the year ended June 30, 2021, the District recognized pension benefit of \$292,557. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 107,618	\$ 1,388,993
Difference between expected and actual experience	60,403	11,731
Net difference between projected and actual savings on pension plan investments	113,389	-
Changes in proportion	56,464	264,933
District contributions subsequent to the measurement date	-	-
	250,666	
Total	\$ 588,540	\$ 1,665,657

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

9. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

The \$250,666 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2021, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2021	\$ (416,263)
2022	(379,505)
2023	(216,878)
2024	(87,702)
2025	(18,968)

Additional Information

Collective balances of the Local Group are as follows:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
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
Collective pension expenses	407,705,399	974,471,686
District's proportion (of Local Group)	0.0203424369 %	0.0203748219 %

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 rolled forward to June 30, 2020. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% (based on year of service)
Thereafter	3.00-7.00% (based on year of service)
Investment Rate of Return	7.00%

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

9. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2000 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, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020 *measurement date*) is determined by the State Treasurer, after consultation with the Directors of the Division of 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 PERS's target asset allocation as of June 30, 2020 (*measurement date*) are summarized in the following table:

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

9. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Equity	27.00 %	7.71 %
Non-U.S. Developed Market Equity	13.50	8.57
Emerging Market Equity	5.50	10.23
Private Equity	13.00	11.42
Real Assets	3.00	9.73
Real Estate	8.00	9.56
High Yield	2.00	5.95
Private Credit	8.00	7.59
Investment Grade Credit	8.00	2.67
Cash Equivalents	4.00	0.50
U.S. Treasuries	5.00	1.94
Risk Mitigation Strategies	3.00	3.40
	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020 (*measurement date*). 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 and the nonemployer contributing entity will be based on 78% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of The Collective Net Pension Liability to Changes in the Discount Rate.

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

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

9. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of The Collective Net Pension Liability to Changes in the Discount Rate (Continued)

	June 30, 2020 [<i>Measurement Date</i>]		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
District's proportionate share of the pension liability	\$ 4,175,951	\$ 3,317,319	\$ 2,588,746

Pension Plan Fiduciary Net Position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS) or by visiting their website at www.state.nj.us/treasury/pensions/gasb-notice.shtm.

Teachers Pensions and Annuity Fund (TPAF)

Data for the TPAF was abstracted from the State of New Jersey Teachers' Pension and Annuity Fund Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer as of June 30, 2020 and June 30, 2019 Independent Auditor's Reports dated June 11, 2021 and June 10, 2020.

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

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2021 (*measurement date* of June 30, 2020) was as follows:

Net Pension Liability:	
District's proportionate share	None
State's proportionate share associated with the District	\$ 84,252,393
	\$ 84,252,393

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

9. PENSION PLANS (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

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. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The proportion of the TPAF net pension liability associated with the District is as follows:

	June 30, [Measurement Date]	
	2020	2019
District Proportionate Share	0.1279482654 %	0.1311757516 %
Difference - Increase	(0.0032274862)	

For the year ended June 30, 2021, the District recognized on-behalf pension expense and revenue of \$5,239,173 for contributions provided by the State.

Actuarial Assumptions

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55% - 4.45% (based on year of service)
Thereafter	2.75% - 5.65% (based on year 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.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

9. PENSION PLANS (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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 (*measurement date*) are summarized in the table as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00 %	7.71 %
Non-U.S. Developed Market Equity	13.50	8.57
Emerging Market Equity	5.50	10.23
Private Equity	13.00	11.42
Real Assets	3.00	9.73
Real Estate	8.00	9.56
High Yield	2.00	5.95
Private Credit	8.00	7.59
Investment Grade Credit	8.00	2.67
Cash Equivalents	4.00	0.50
U.S. Treasuries	5.00	1.94
Risk Mitigation Strategies	<u>3.00</u>	3.40
	<u>100.00 %</u>	

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

9. PENSION PLANS (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.21% as of June 30, 2020, based on the *Bond Buyer* GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be 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 Net Pension Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability associated with the District as of June 30, 2021 (*measurement date* June 30, 2020) calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District 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 <u>4.40%</u>	At Current Discount Rate <u>5.40%</u>	At 1% Increase <u>6.40%</u>
State's proportionate share of the net pension associated with the District	\$ 98,996,632	\$ 84,252,393	\$ 72,009,777

Pension Plan Fiduciary Net Position

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

Collective balances of the Local Group are as follows:

	June 30,	
	<u>2020</u>	<u>2019</u>
Collective deferred outflows of resources	\$ 9,589,140,982	\$ 10,077,460,797
Collective deferred inflows of resources	14,409,361,877	17,525,379,167
Collective net pension liability	65,848,796,740	61,370,943,870
Collective pension expenses	4,114,319,534	3,642,191,152
District's proportion (of Local Group)	0.1279482654 %	0.1311757516 %

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Data for the TPAF was abstracted from the State of New Jersey Local Education Retired Employees Plan as of June 30, 2020 and June 30, 2019 Independent Auditor's Report dated January 21, 2022 and December 8, 2020, respectively.

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

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For fiscal year 2020 the State contributed \$1.5788 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's pay-as-you-go contributions have remained consistent with fiscal year 2019 amounts. Reductions are attributable to various cost savings initiatives implemented by the State, including new Medicare Advantage contracts. The State has appropriated \$1.775 billion in fiscal year 2021 as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, the State is required to qualify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. The new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, effective for fiscal year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. For fiscal year 2020 the total OPEB liability for the State is \$65.5 billion, a decrease of \$10.5 billion or 13.8 percent from the re-measured total OPEB liability in fiscal year 2019.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. Seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75.

At June 30, 2019 the following employees (statewide) were covered by the benefit terms:

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304
Inactive Plan Members or Beneficiaries Not Yet Receiving Benefits	<u>None</u>
Total Plan Members	<u><u>366,108</u></u>

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Three-Year Trend Information for TPAF Medical (Paid on-behalf of the District)

<u>Fiscal Year Ended June 30,</u>	<u>Post-Retirement Medical</u>
2021	\$ 1,270,721.00
2020	1,059,783.00
2019	1,194,739.00

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB No. 75 is zero percent.

The District is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The following OPEB liability note information is reported at the State's level and is not specific to the board of education/board of trustees. Note that actual numbers will be published in the NJ State's ACFR: (<https://www.nj.gov/treasury/omb/fr.shtml>).

The portion of the TPAF OPEB Liability that was associated with the District recognized at June 30, 2021 was as follows:

Net OPEB Liability:

District's proportionate share	None
State's proportionate share associated with the District	<u>\$ 80,948,524</u>
	<u>\$ 80,948,524</u>

The proportion of the PERS and TPAF Net OPEB Liability associated with the District's liability is as follows:

<u>June 30, [Measurement Date]</u>	
<u>2020</u>	<u>2019</u>
0.1193755620 %	0.1198334080 %

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2020 [*measurement date*] 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:

	<u>TPAF/ABP</u> <i>(based on service years)</i>	<u>PERS</u> <i>(based on service years)</i>
Salary increases:		
through 2026	1.55 - 4.45%	2.00 - 6.00%
Thereafter	1.55 - 4.45%	3.00 - 7.00%

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage, 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven (7) years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal years 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 (7) years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The discount rate utilized was 3.87% for June 30, 2018 and 3.50% as for June 30, 2019.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Discount Rate

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

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate

The following represents the total nonemployer OPEB liability associated with the District 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:

June 30, 2020 <i>[Measurement Date]</i>		
At 1% Decrease (1.21%)	At Discount Rate (2.21%)	At 1% Increase (3.21%)
\$ 97,587,624	\$ 80,948,524	\$ 67,938,350

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Healthcare Trend Rate

The following represents the total nonemployer OPEB associated with the District 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 healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

June 30, 2020 <i>[Measurement Date]</i>		
1% Decrease	Healthcare Cost Trend Rate	1% Increase
\$ 65,344,378	\$ 80,948,524	\$ 99,529,593

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2016.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Healthcare Trend Rate (Continued)

Shown below are details regarding the Total OPEB Liability for the measurement period from June 30, 2019 to June 30, 2020:

	<u>Total OPEB Liability</u>
Balance as of June 30, 2019 <i>[Measurement Date]</i>	\$ 50,005,380
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 2,105,105
Interest on the Total OPEB Liability	1,800,158
Difference between Expected and Actual Expenditure	13,617,900
Changes of Assumptions	14,786,514
Gross Benefit Payments	(1,409,247)
Contributions from the Member	42,714
	<hr/>
Net Changes	\$ 30,943,144
Balance as of June 30, 2020 <i>[Measurement Date]</i>	<u>\$ 80,948,524</u>

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

The components of the Net OPEB Liability as of June 30, 2020 are as follows:

	<u><i>[Measurement Date]</i></u> <u>June 30, 2020</u>
Total OPEB Liability	\$ 80,948,524
Plan Fiduciary Net Position	None
Net OPEB Liability	\$ 80,948,524
Net Position as a Percentage of OPEB Liability	0.0%
OPEB Expense	\$ 3,993,138

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

For the year ended June 30, 2021, the board of education recognized OPEB expense of \$3,993,138 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75 and in which there is a special funding situation.

In accordance with GASB No. 75, the District proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

The following table illustrates the Deferred Inflows and Outflows as of June 30, 2020 under GASB No. 75 prior to any reduction due to the Fiscal Year 2021 amortizations.

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Changes of Assumptions	13,769,077	\$ 9,236,685
Differences between Expected and Actual Experience	12,290,095	10,947,579
Changes in Proportion	\$ 1,493,231	<u>1,103,615</u>
Sub-total	27,552,403	21,287,879
Contributions made in Fiscal Year Ending 2021 After June 30, 2020 <i>Measurement Date</i>	<u>None</u>	<u>None</u>
Total	<u>\$ 27,552,403</u>	<u>\$ 21,287,879</u>

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amount recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense/(revenue) as follows:

Measurement Period Ending June 30,		
2021	\$	51,857
2022		51,857
2023		51,857
2024		51,857
2025		51,857
Total Thereafter		5,615,622

Additional Information

Collective balances of the Local Education Group are as follows:

	June 30,	
	2020	2019
Deferred outflows of resources	\$ 24,023,298,802	\$ 1,921,145,183
Deferred inflows of resources	19,101,933,244	20,887,639,826
Net OPEB liability	67,809,962,608	41,729,081,045
OPEB Expense	3,337,755,596	1,015,664,874

Other

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 are the responsibility of the individual local education employers.

11. DEFERRED COMPENSATION

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

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

12. RISK MANAGEMENT

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

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

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

Health Benefits: The Board of Education has procured medical insurance coverage for its employees under a monthly per employee premium (traditional plan).

Other Coverage: The Board has contracted with a commercial insurance company to provide coverage for various losses. The coverages are subject to various deductibles and coverage limits based on the type of policy coverage included. The coverages and its limits are detailed in the statistical section. The Board also maintains surety bond coverage on key financial employees.

13. INTERFUND RECEIVABLES AND PAYABLES

There was no interfund balance remained on the balance sheet at June 30, 2021.

14. FUND BALANCE APPROPRIATED

General Fund - Of the \$5,591,388.37 General Fund fund balance at June 30, 2021, \$927,354.22 is restricted for Capital Reserve; \$1,593,193.29 is restricted - excess surplus - designated for subsequent years expenditures, \$8,515.52 is assigned-designated (FFCRA/SEMI) for subsequent year's expenditures, \$372,957.00 is restricted for maintenance reserve, \$194,076.36 is restricted for unemployment compensation, and \$2,300,455.18 is reserved for excess surplus.

Special Revenue Fund - Of the \$178,889.01 Special Revenue Fund fund balance, \$23,684.84 is restricted for scholarships and \$155,204.17 is restricted for student activities.

Capital Projects Fund - Of the \$3,288.98 Capital Projects Fund balance at June 30, 2021, all is restricted for capital projects.

Debt Service Fund - Of the \$9,019.19 Debt Service Fund balance at June 30, 2021, all is restricted for debt service.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

15. CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund 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. There was excess fund balance as a result of the fiscal year ended June 30, 2020 of \$1,593,193.29 and as a result of the fiscal year ended June 30, 2021 of \$2,300,455.18.

16. RECONCILIATION OF FUND BALANCES – GENERAL FUND

The surpluses are presented on a GAAP basis and reconciliation to the budget basis is as follows:

	<u>Unassigned</u>
Balance on a Budget Basis on the General Fund Budgetary Basis Comparison	\$ 1,748,603.80
Less:	
Allocation of State Aid Payment of \$1,553,767.00 not Recognized on GAAP Basis	<u>1,553,767.00</u>
Balances on a GAAP Basis on the Governmental Fund Balance Sheet	<u>\$ 194,836.80</u>

17. DEFICIT FUND BALANCES – SPECIAL REVENUE FUND

The District had no deficit fund balance in the Special Revenue Fund as of June 30, 2021 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two (2) state aid payments in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. There is no deficit in the Special Revenue Fund as of June 30, 2021 due to the fact that the expenditures did not exceed the recognizable revenue (under GAAP). In fact Unearned Revenue was credited in the amount of \$98,388.52.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

18. CONTINGENT LIABILITIES

- A. Grant Programs** – The school district participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of those grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.
- B. Pending Litigation** - As of the date of this report, in the opinion of the Board Attorney and management, there was no litigation pending of which, in the event of an adverse or unfavorable outcome, would materially impair the financial position of the District.
- C. Contractual Commitments** – The District has no contractual commitments at June 30, 2021.

19. 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.

20. NET POSITION – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. The net investment in capital assets of \$28,539,291.22 is calculated as follows:

		<u>Amount</u>
		<u>Governmental</u>
Capital assets, net of depreciation	\$	33,868,981.26
Bonds payable (<i>used to build or acquire capital assets</i>)		(5,113,000.00)
Deferred loss on defeasance of debt		133,548.67
Unamortized deferred premium		<u>(350,238.71)</u>
	\$	<u><u>28,539,291.22</u></u>

21. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), 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. 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.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

21. TAX ABATEMENTS (CONTINUED)

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 provision 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.

The Borough of South River provides for long-term tax exemptions, as authorized by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. The exemptions provided by the Borough of South River are for two (2) senior citizen housing projects and religious entities. Taxes abated include municipal, local school and county taxes.

The Borough of South River recognized revenue of \$79,227 from the annual service charge in lieu of payment of taxes in 2021 and taxes in 2021 that otherwise would have been due on these long-term tax exemptions amounted to \$243,682 based upon the assessed valuation of the long-term tax exemption properties. A portion of the \$164,455 tax abatement would have been allocated to the District.

22. SUBSEQUENT EVENT: COVID-19 CORONAVIRUS PANDEMIC

The COVID-19 Coronavirus outbreak in the United States has caused the Governor of the State of New Jersey to mandate closures and a curfew for all nonessential citizens and businesses. The management of the District (which is essential) has evaluated the impact of the situation and has determined that overall there is no adverse impact on its June 30, 2021 financial statements (*audited*). Financial impact for year ending June 30, 2022 is uncertain at this time. A significant portion of the revenue to support the District operations is state aid and taxation; however, the outcome is uncertain at this time. It is not known at this time if there are any federal or state funds available for impact relief.

23. PRIOR PERIOD ADJUSTMENT – GASB No. 84

The District implemented GASB No. 84 related to former Fiduciary Funds accounting being reclassified into the Governmental Funds. The reasoning related to the fact that the District has control of the funds and as such, are more properly reflected in the Governmental Funds. The reclassification was reflected as a prior period adjustment to the Governmental Funds (basic financial statements B-2) and the Statement of Activities (A-2), effective July 1, 2020, and no retroactive restatement of financial statements were done since financial statements are not comparative. The reclassification involved liabilities and fund balance with no adverse impact on the financial position of the District.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 16,820,436.00		\$ 16,820,436.00	\$ 16,820,436.00	
Miscellaneous - Restricted				25,995.98	\$ 25,995.98
Miscellaneous - Unrestricted	30,000.00		30,000.00	652,091.74	622,091.74
Total - local sources	16,850,436.00		16,850,436.00	17,498,523.72	648,087.72
State sources:					
Categorical Transportation Aid	502,357.00		502,357.00	502,357.00	
Categorical Special Education Aid	1,910,698.00		1,910,698.00	1,910,698.00	
Equalization Aid	14,090,100.00	\$ (1,407,357.00)	12,682,743.00	12,682,743.00	
Categorical Security Aid	645,142.00		645,142.00	645,142.00	
Extraordinary Aid				422,011.00	422,011.00
Non-public transportation aid				34,510.00	34,510.00
TPAF - on behalf of pension contribution (on behalf - non budgeted)				4,054,832.00	4,054,832.00
TPAF - on behalf of post retirement medical (on-behalf - non budgeted)				1,270,721.00	1,270,721.00
TPAF - on behalf of long-term disability (on-behalf - non budgeted)				2,757.00	2,757.00
Reimbursed TPAF social security contributions (non-budgeted)				1,198,346.56	1,198,346.56
Total - state sources	17,148,297.00	(1,407,357.00)	15,740,940.00	22,724,117.56	6,983,177.56
Federal sources:					
Medical Assistance Program FFCRA/SEMI	93,172.00		93,172.00	93,172.00	
				8,515.52	8,515.52
Total - federal sources	93,172.00		93,172.00	101,687.52	8,515.52
Total revenues	\$ 34,091,905.00	\$ (1,407,357.00)	\$ 32,684,548.00	\$ 40,324,328.80	\$ 7,639,780.80

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Regular programs - instruction:					
Salaries of teachers:					
Kindergarten	\$ 358,400.00	\$ (27,700.00)	\$ 330,700.00	\$ 330,700.00	
Grades 1 - 5	2,814,950.00	(69,800.00)	2,745,150.00	2,704,363.35	\$ 40,786.65
Grades 6 - 8	2,252,288.00	(150,980.96)	2,101,307.04	2,006,806.26	94,500.78
Grades 9 - 12	3,161,520.00	(160,171.76)	3,001,348.24	2,987,541.28	13,806.96
Total Regular Programs - Instruction	8,587,158.00	(408,652.72)	8,178,505.28	8,029,410.89	149,094.39
Home instruction:					
Salaries of teachers	15,000.00		15,000.00	3,395.00	11,605.00
Purchased professional - education services	10,000.00		10,000.00	7,787.50	2,212.50
Total home instruction	25,000.00		25,000.00	11,182.50	13,817.50
Regular programs - undistributed instruction:					
Purchased professional - educational services		536,000.00	536,000.00	535,922.00	78.00
Purchased technical services	9,274.00	(1,620.00)	7,654.00	700.00	6,954.00
Other purchased services (400-500 series)	137,765.00	(9,829.82)	127,935.18	99,233.10	28,702.08
General supplies	376,362.00	(50,893.64)	325,468.36	245,994.96	79,473.40
Textbooks		4,056.00	4,056.00	4,056.00	
Other objects	650.00		650.00		650.00
Total regular programs - undistributed instruction	524,051.00	477,712.54	1,001,763.54	885,906.06	115,857.48
Total regular programs	9,136,209.00	69,059.82	9,205,268.82	8,926,499.45	278,769.37
Special education instruction:					
Learning and/or language disabilities:					
Salaries of teachers	119,500.00	(50,899.50)	68,600.50	54,869.38	13,731.12
Purchased professional educational services	43,913.00		43,913.00	34,358.68	9,554.32
General supplies	526.00		526.00	432.81	93.19
Total learning and/or language disabilities	163,939.00	(50,899.50)	113,039.50	89,660.87	23,378.63

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Multiple Disabilities:					
Salaries of teachers	\$ 271,150.00	\$ (8,423.38)	\$ 262,726.62	\$ 210,200.00	\$ 52,526.62
Purchased professional educational services	222,453.00		222,453.00	193,706.42	28,746.58
General Supplies	3,652.00		3,652.00	1,164.27	2,487.73
Total Multiple Disabilities	497,255.00	(8,423.38)	488,831.62	405,070.69	83,760.93
Resource room/resource center:					
Salaries of teachers	2,571,040.00	9,606.00	2,580,646.00	2,580,376.75	269.25
Purchased professional - educational services	552,377.00		552,377.00	526,077.02	26,299.98
General supplies	44,575.00	(18,971.51)	25,603.49	15,360.36	10,243.13
Total resource room/resource center	3,167,992.00	(9,365.51)	3,158,626.49	3,121,814.13	36,812.36
Autism:					
Salaries of teachers	69,800.00	1,800.00	71,600.00	52,807.50	18,792.50
Purchased professional educational services	87,826.00		87,826.00	50,228.96	37,597.04
General Supplies	913.00		913.00	442.74	470.26
Total Autism	158,539.00	1,800.00	160,339.00	103,479.20	56,859.80
Preschool disabilities - full-time:					
Salaries of teachers	140,700.00	(6,235.00)	134,465.00	133,879.00	586.00
Purchased professional educational services	154,273.00		154,273.00	81,011.97	73,261.03
General supplies	1,500.00		1,500.00	967.97	512.03
Total preschool disabilities	296,473.00	(6,235.00)	290,238.00	215,878.94	74,359.06
Total special education - instruction	4,284,198.00	(73,123.39)	4,211,074.61	3,935,903.83	275,170.78
Basic skills/remedial:					
Salaries of teachers	272,650.00	(56,431.25)	216,218.75	215,916.00	302.75
Total basic skills/remedial	272,650.00	(56,431.25)	216,218.75	215,916.00	302.75
Bilingual education:					
Salaries of teachers	701,550.00		701,550.00	626,251.76	75,298.24
Total bilingual education	701,550.00		701,550.00	626,251.76	75,298.24

**BOARD OF EDUCATION
 BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
 COUNTY OF MIDDLESEX
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
School sponsored co/extracurricular activities:					
Salaries	\$ 87,743.00	\$ (10,240.00)	\$ 77,503.00	\$ 67,545.33	\$ 9,957.67
Purchased services (300-500 series)	12,176.00	2,350.00	14,526.00	12,200.00	2,326.00
Supplies and materials	8,000.00		8,000.00	2,722.90	5,277.10
Other objects	780.00		780.00		780.00
Total school sponsored co/extracurricular activities	108,699.00	(7,890.00)	100,809.00	82,468.23	18,340.77
School sponsored athletic activities:					
Salaries	432,016.00	(1,200.00)	430,816.00	430,814.72	1.28
Purchased services (300-500 series)	22,749.00		22,749.00	18,373.97	4,375.03
Supplies and materials	33,380.00	933.10	34,313.10	34,251.93	61.17
Other objects	78,787.00	(15,037.46)	63,749.54	49,038.45	14,711.09
Total school sponsored athletic activities	566,932.00	(15,304.36)	551,627.64	532,479.07	19,148.57
Alternate programs:					
Instruction:					
Salaries of Teachers	19,075.00		19,075.00	8,968.75	10,106.25
General Supplies	4,600.00		4,600.00	2,100.00	2,500.00
Program Support Salaries	15,750.00		15,750.00	5,608.75	10,141.25
Total alternative programs	39,425.00		39,425.00	16,677.50	22,747.50
Total instructional programs	15,109,663.00	(83,689.18)	15,025,973.82	14,336,195.84	689,777.98

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within the state - regular		\$ 24,701.00	\$ 24,701.00	\$ 24,701.00	
Tuition to other LEAs within the state - special	\$ 55,000.00	6,320.12	61,320.12	59,520.00	\$ 1,800.12
Tuition to CSSD and regular day schools	36,486.00	120,514.24	157,000.24	157,000.24	
Tuition to private schools-disabled within the state	656,326.00	(193,736.91)	462,589.09	359,954.23	102,634.86
Tuition State Facilities	39,872.00		39,872.00	39,872.00	
Tuition - other		25,901.55	25,901.55	25,901.55	
Total undistributed expenditures - instruction	787,684.00	(16,300.00)	771,384.00	666,949.02	104,434.98
Attendance and social work:					
Salaries	29,572.00		29,572.00	29,572.00	
Purchased professional and technical services	1,200.00		1,200.00	1,071.56	128.44
Total attendance and social work	30,772.00		30,772.00	30,643.56	128.44
Health services:					
Salaries	217,068.00		217,068.00	204,366.88	12,701.12
Purchased professional and technical services	45,175.00		45,175.00	36,945.64	8,229.36
Supplies and materials	3,431.00	493.99	3,924.99	2,035.85	1,889.14
Total health services	265,674.00	493.99	266,167.99	243,348.37	22,819.62
Other support services - student-related services:					
Salaries	517,511.00	66,625.50	584,136.50	547,421.50	36,715.00
Purchased professional - educational services	54,342.00	(1,547.00)	52,795.00	44,850.50	7,944.50
Supplies and materials	6,346.00		6,346.00	5,510.90	835.10
Total other support services - student-related services	578,199.00	65,078.50	643,277.50	597,782.90	45,494.60
Other support services - student-extra. ordinary services:					
Purchased professional - educational services	554,580.00	(39,378.50)	515,201.50	234,958.54	280,242.96
Total other support services - student-extra services	554,580.00	(39,378.50)	515,201.50	234,958.54	280,242.96

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Other support services - students - regular:					
Salaries of other professional staff	\$ 549,173.00	\$ 1,700.00	\$ 550,873.00	\$ 541,300.20	\$ 9,572.80
Salaries of secretarial and clerical assistants	123,705.00	(19,888.06)	103,816.94	85,236.46	18,580.48
Other purchased services (400-500 series)	512.00		512.00	512.00	
Supplies and materials	8,579.00		8,579.00	6,982.78	1,596.22
Other objects	7,520.00		7,520.00	5,512.00	2,008.00
Total other support services - students - regular	689,489.00	(18,188.06)	671,300.94	639,543.44	31,757.50
Other support services - students - special:					
Salaries of other professional staff	681,585.00	18,660.55	700,245.55	691,644.23	8,601.32
Salaries of secretarial and clerical assistants	103,229.00		103,229.00	101,696.88	1,532.12
Purchased professional - educational services	390,725.00	(156,260.55)	234,464.45	208,509.63	25,954.82
Other Purchased Services (400-500 Series)	1,587.00		1,587.00		1,587.00
Supplies and materials	11,829.00	(1,000.00)	10,829.00	9,232.10	1,596.90
Other objects	1,150.00		1,150.00	124.71	1,025.29
Total other support services - students - special	1,190,105.00	(138,600.00)	1,051,505.00	1,011,207.55	40,297.45
Improvement of instructional services:					
Salaries of supervisors of instruction	306,744.00	(60,000.00)	246,744.00	243,355.05	3,388.95
Salaries of other professional staff	85,238.00	(13,706.00)	71,532.00	83,137.00	8,395.00
Salaries of secretarial and clerical assistants	19,935.00		19,935.00	19,935.00	
Purchased professional - educational services	283,366.00	(283,366.00)			
Supplies and materials	4,009.00	5,000.00	9,009.00	7,101.28	1,907.72
Total improvement of instructional services	699,292.00	(352,072.00)	347,220.00	333,528.33	13,691.67
Educational media/school library:					
Salaries	117,600.00	944.25	118,544.25	118,544.25	
Purchased professional and technical services	514.00		514.00		514.00
Supplies and materials	9,061.00	(862.50)	8,198.50	6,114.58	2,083.92
Total educational media/school library	127,175.00	81.75	127,256.75	124,658.83	2,597.92
Instructional staff training services:					
Purchased professional - educational services	13,000.00	7,690.00	20,690.00	11,243.54	9,446.46
Other purchased services (400-500 series)	40,210.00	(27,840.00)	12,370.00	4,415.40	7,954.60
Supplies and materials	3,150.00		3,150.00	1,999.20	1,150.80
Total instructional staff training services	56,360.00	(20,150.00)	36,210.00	17,658.14	18,551.86

**BOARD OF EDUCATION
 BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
 COUNTY OF MIDDLESEX
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Support services - general administration:					
Salaries	\$ 300,482.00	\$ 354.00	\$ 300,836.00	\$ 300,713.28	\$ 122.72
Legal services	42,000.00		42,000.00	32,750.00	9,250.00
Audit fees	40,000.00		40,000.00	39,750.00	250.00
Architectural/Engineer Services	12,000.00	30,800.00	42,800.00	42,800.00	
Other purchased professional services	16,500.00		16,500.00	16,000.00	500.00
Communications/telephone	90,000.00		90,000.00	87,214.52	2,785.48
BOE other purchased services	6,000.00		6,000.00	450.00	5,550.00
Other purchased services (400-500 series)	54,400.00	(31,154.00)	23,246.00	15,552.96	7,693.04
Supplies and materials	8,000.00	20,000.00	28,000.00	24,571.52	3,428.48
Judgments against the school district	8,000.00		8,000.00		8,000.00
Miscellaneous expenditures	8,000.00		8,000.00	3,451.12	4,548.88
BOE membership dues and fees	17,000.00		17,000.00	12,516.60	4,483.40
Total support services - general administration	602,382.00	20,000.00	622,382.00	575,770.00	46,612.00
Support services - school administration:					
Salaries of principals/assistant principals	1,078,094.00	(25,000.00)	1,053,094.00	1,052,978.91	115.09
Salaries of secretarial and clerical assistants	346,253.00	(28,678.97)	317,574.03	316,735.25	838.78
Purchased professional and technical services		15,540.00	15,540.00	15,540.00	
Other purchased services (400-500 series)	5,510.00		5,510.00	250.00	5,260.00
Supplies and materials	19,210.00	6,612.03	25,822.03	17,267.65	8,554.38
Other objects	250.00		250.00		250.00
Total support services - school administration	1,449,317.00	(31,526.94)	1,417,790.06	1,402,771.81	15,018.25
Central services:					
Salaries	407,343.00		407,343.00	396,920.95	10,422.05
Purchased Technical Services	71,000.00	(10,232.62)	60,767.38	49,733.97	11,033.41
Miscellaneous purchased services (400-500 series)	5,200.00		5,200.00	1,402.50	3,797.50
Supplies and materials	12,500.00	10,232.62	22,732.62	22,263.12	469.50
Other objects	1,000.00		1,000.00	448.75	551.25
Total central services	497,043.00		497,043.00	470,769.29	26,273.71
Administration information technology:					
Salaries	202,418.00	2,402.56	204,820.56	204,820.56	
Other purchased services (400-500 series)	10,200.00	(100.00)	10,100.00	8,063.75	2,036.25
Supplies and materials	11,042.00	140.00	11,182.00	2,686.34	8,495.66
Total administration information technology	223,660.00	2,442.56	226,102.56	215,570.65	10,531.91
Total central services and administration information technology	720,703.00	2,442.56	723,145.56	686,339.94	36,805.62

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Required maintenance for school facilities:					
Salaries	\$ 430,695.00	\$ (19,377.00)	\$ 411,318.00	\$ 407,101.13	\$ 4,216.87
Cleaning, repair and maintenance services	396,020.00	172,179.01	568,199.01	500,001.46	68,197.55
General supplies	137,995.00	122,000.00	259,995.00	231,937.75	28,057.25
Other objects	8,500.00	937.58	9,437.58	9,437.58	
Total required maintenance for school facilities	973,210.00	275,739.59	1,248,949.59	1,148,477.92	100,471.67
Other operation and maintenance of plant:					
Salaries of Non-Instructional Aides	135,288.00	(12,200.70)	123,087.30	100,737.04	22,350.26
Salaries - Other	11,925.00	2,640.00	14,565.00	8,138.00	6,427.00
Cleaning, repair and maintenance services	851,193.00	(22,930.81)	828,262.19	827,271.44	990.75
Purchased professional and technical services	13,607.00	(13,007.00)	600.00	13,007.00	400.00
Rental of Land & Bldg. Other than Lease Purchase Agreement	1,000.00	4,250.00	5,250.00	5,138.20	111.80
Other purchased property services	497,062.00	(85,704.00)	411,358.00	378,681.76	32,676.24
Insurance	221,000.00		221,000.00	214,049.98	6,950.02
Miscellaneous purchased services	2,000.00		2,000.00	432.50	1,567.50
Energy (Natural Gas)	184,000.00		184,000.00	184,000.00	
Energy (Gasoline)	4,700.00		4,700.00	4,325.20	374.80
Energy (Electricity)	1,128,000.00		1,128,000.00	742,670.87	385,329.13
Total operation and maintenance of plant	3,049,775.00	(126,952.51)	2,922,822.49	2,465,644.99	457,177.50
Care and up keep of grounds					
Cleaning, repair and maintenance services	31,700.00	11,755.12	43,455.12	43,068.86	386.26
General Supplies	20,000.00	(8,085.12)	11,914.88	7,492.91	4,421.97
Total Care and upkeep of grounds	51,700.00	3,670.00	55,370.00	50,561.77	4,808.23
Security					
Professional & Technical Services	108,000.00		108,000.00	108,000.00	
Total Security	108,000.00		108,000.00	108,000.00	
Total Other operation and maintenance of plant	4,182,685.00	152,457.08	4,335,142.08	3,772,684.68	562,457.40

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Student transportation services:					
Management Fee - ESC & CTSA Trans. Program	\$ 50,000.00		\$ 50,000.00	\$ 30,869.75	\$ 19,130.25
Contracted services - aide in lieu payments - nonpublic schools	63,000.00	\$ 56,800.00	119,800.00	116,136.85	3,663.15
Contracted services - aide in lieu payments - charter schools	47,000.00	(4,800.00)	42,200.00	22,186.90	20,013.10
Contracted services (between home and school) - vendors	338,742.00	(90,557.10)	248,184.90	121,248.84	126,936.06
Contracted services (other than between home and school) - vendors	178,360.00		178,360.00	100,093.49	78,266.51
Contracted services (between home and school) - joint agreements	29,100.00		29,100.00	1,000.00	28,100.00
Contracted services (special education students) - joint agreements	45,240.00		45,240.00		45,240.00
Contracted services (special education students) - ESC and CTSA	<u>1,003,210.00</u>	<u>(7,345.00)</u>	<u>995,865.00</u>	<u>715,370.81</u>	<u>280,494.19</u>
Total student transportation	<u>1,754,652.00</u>	<u>(45,902.10)</u>	<u>1,708,749.90</u>	<u>1,106,906.64</u>	<u>601,843.26</u>
Unallocated benefits- employee benefits:					
Social security contribution	345,000.00	(109,715.19)	235,284.81	219,651.03	15,633.78
Other retirement contributions - regular	295,000.00	(20,000.00)	275,000.00	225,898.59	49,101.41
Unemployment compensation	25,000.00		25,000.00	25,000.00	
Workmen's compensation	210,000.00		210,000.00	164,489.86	45,510.14
Health benefits	5,446,000.00	(588,578.63)	4,857,421.37	4,571,606.48	285,814.89
Tuition reimbursement	20,000.00	1,305.19	21,305.19	21,305.19	(0.00)
Other employee benefits	<u>71,000.00</u>	<u>267,874.63</u>	<u>338,874.63</u>	<u>310,240.80</u>	<u>28,633.83</u>
Total unallocated benefits- employee benefits	<u>6,412,000.00</u>	<u>(449,114.00)</u>	<u>5,962,886.00</u>	<u>5,538,191.95</u>	<u>424,694.05</u>
On behalf - TPAF - pension contributions (non budgeted)				4,054,832.00	(4,054,832.00)
On behalf - TPAF - post retirement medical (non budgeted)				1,270,721.00	(1,270,721.00)
On behalf - TPAF - long-term disability insurance (non budgeted)				2,757.00	(2,757.00)
Reimbursed TPAF social security contributions (non budgeted)				1,198,346.56	(1,198,346.56)
Total on behalf - Contributions				<u>6,526,656.56</u>	<u>(6,526,656.56)</u>
Total unallocated benefits including on-behalf	<u>6,412,000.00</u>	<u>(449,114.00)</u>	<u>5,962,886.00</u>	<u>12,064,848.51</u>	<u>(6,101,962.51)</u>
Total undistributed expenditures	\$ <u>20,101,069.00</u>	\$ <u>(670,677.72)</u>	\$ <u>19,230,391.28</u>	\$ <u>23,509,600.26</u>	\$ <u>(4,279,208.98)</u>
TOTAL EXPENDITURES - CURRENT EXPENSE	\$ <u>35,210,732.00</u>	\$ <u>(954,366.90)</u>	\$ <u>34,256,365.10</u>	\$ <u>37,845,796.10</u>	\$ <u>(3,589,431.00)</u>

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONTINUED):					
CAPITAL OUTLAY:					
Equipment:					
Grades 6 - 8		\$ 6,819.75	\$ 6,819.75	\$ 6,354.85	\$ 464.90
Grades 9 - 12		7,427.00	7,427.00	7,427.00	
Resource room/resource center		14,505.00	14,505.00	14,505.00	
School-sponsored and other instructional program		8,654.36	8,654.36	8,654.36	
Operation and maintenance of plant services		35,216.93	35,216.93	35,216.93	
Non-Instructional services		7,386.86	7,386.86	7,386.86	
Total equipment		80,009.90	80,009.90	79,545.00	464.90
Facilities acquisition and construction services:					
Architectural/Engineering services		21,425.00	21,425.00	21,425.00	
Construction Services	\$ 442,933.00	(21,425.00)	421,508.00	421,507.42	0.58
Assessment for Debt Service on SDA Funding	107,452.00		107,452.00	107,452.00	
Total facilities acquisition and construction services	550,385.00		550,385.00	550,384.42	0.58
TOTAL EXPENDITURES - CAPITAL OUTLAY	550,385.00	80,009.90	630,394.90	629,929.42	465.48
Transfer of funds to charter schools	384,721.00		384,721.00	353,001.00	31,720.00
Total transfer of funds to charter schools	384,721.00		384,721.00	353,001.00	31,720.00
TOTAL GENERAL FUND EXPENDITURES	36,145,838.00	(874,357.00)	35,271,481.00	38,828,726.52	(3,557,245.52)
Excess/(deficiency) of revenues and other financing sources over/(under) expenditures and other financing sources/(uses)	\$ (2,053,933.00)	\$ (533,000.00)	\$ (2,586,933.00)	\$ 1,495,602.28	\$ 4,082,535.28
Fund Balance, July 1	5,481,472.71		5,481,472.71	5,481,472.71	
Prior Period Adjustment				168,080.38	(168,080.38)
Fund Balance, July 1, Restated	5,481,472.71		5,481,472.71	5,649,553.09	(168,080.38)
Fund Balance, June 30	\$ 3,427,539.71	\$ (533,000.00)	\$ 2,894,539.71	\$ 7,145,155.37	\$ 3,914,454.90

**BOARD OF EDUCATION
 BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
 COUNTY OF MIDDLESEX
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Reconciliation of Original Budget:					
Fund Balance Appropriated	\$ 1,550,000.00	\$ 533,000.00	\$ 2,083,000.00		
Withdrawal from Capital Reserve	442,933.00		442,933.00		
Withdrawal from Maintenance Reserve	<u>61,000.00</u>		<u>61,000.00</u>		
Excess/(deficiency of revenues) over/(under) expenditures	<u>\$ 2,053,933.00</u>	<u>\$ 533,000.00</u>	<u>\$ 2,586,933.00</u>		
Recapitulation of Fund Balance:					
Restricted:					
Capital Reserve - unassigned		\$ 146,654.22			
Capital Reserve - designated for subsequent year's expenditures		<u>780,700.00</u>		\$ 927,354.22	
Maintenance Reserve - unassigned		272,957.00			
Maintenance Reserve - designated for subsequent year's expenditures		<u>100,000.00</u>		372,957.00	
Unemployment Compensation				194,076.36	
Reserve for excess surplus (2022-2023)				2,300,455.18	
Restricted-Excess Surplus designated for subsequent year's expenditures		1,593,193.29			
Assigned FFCRA/SEMI designated for subsequent year's expenditures		<u>8,515.52</u>		1,601,708.81	
Unassigned				<u>1,748,603.80</u>	
				\$ 7,145,155.37	
Reconciliation to governmental funds statements (GAAP):					
Last two (2) State Aid Payments not recognized on GAAP basis				<u>1,553,767.00</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 5,591,388.37</u>	

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
PRESCHOOL - ALL PROGRAMS
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
State sources	\$ 1,601,030.00	\$ 1,723,502.00	\$ 1,472,082.13	\$ 251,419.87
Total revenues	<u>\$ 1,601,030.00</u>	<u>\$ 1,723,502.00</u>	<u>\$ 1,472,082.13</u>	<u>\$ 251,419.87</u>
EXPENDITURES:				
Instruction:				
Salaries of teachers	\$ 613,925.00	\$ 617,325.00	\$ 568,245.00	\$ 49,080.00
Other salaries for instructors		31,000.00	27,062.50	3,937.50
Purchased professional and technical services	7,000.00	16,971.93	15,870.00	1,101.93
General supplies	55,293.00	99,968.57	96,573.64	3,394.93
Total instruction	<u>\$ 676,218.00</u>	<u>\$ 765,265.50</u>	<u>\$ 707,751.14</u>	<u>\$ 57,514.36</u>
Support services:				
Salaries of Principals/Assistant Principals/Program Directors	\$ 106,770.00	\$ 106,770.00	\$ 106,770.00	-
Salaries of other professional staff	47,967.00	47,967.00	47,967.00	-
Salaries of Secretarial and Clerical Assistants	13,125.00	38,150.00	31,632.64	\$ 6,517.36
Salaries of master teacher	60,950.00	61,350.00	61,350.00	-
Personal services-employee benefits	201,200.00	204,319.02	176,938.23	27,380.79
Purchased professional/educational services	434,300.00	403,525.00	244,638.97	158,886.03
Contract services - transportation	60,000.00	67,133.83	67,133.83	-
Miscellaneous purchased services	500.00	4,250.20	3,750.00	500.20
Supplies and materials		4,842.92	4,222.74	620.18
Total support services	<u>\$ 924,812.00</u>	<u>\$ 938,307.97</u>	<u>\$ 744,403.41</u>	<u>\$ 193,904.56</u>
Facilities acquisition and construction services:				
Instructional equipment		\$ 19,928.53	\$ 19,927.58	\$ 0.95
Total facilities acquisition and construction services		<u>\$ 19,928.53</u>	<u>\$ 19,927.58</u>	<u>\$ 0.95</u>
Total expenditures	<u>\$ 1,601,030.00</u>	<u>\$ 1,723,502.00</u>	<u>\$ 1,472,082.13</u>	<u>\$ 251,419.87</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2020-2021 PreK Aid Allocation	\$ 1,601,030.00
Add: Actual PreK Aid Carryover June 30, 2020	<u>122,472.00</u>
Total Funds Available for 2020-2021 Budget	\$ 1,723,502.00
Less: 2020-2021 Budgeted PreK (Including prior year budgeted carryover)	<u>\$ 1,472,082.13</u>
Available & Unbudgeted Funds as of June 30, 2021	<u>\$ 251,419.87</u>

SOUTH RIVER BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<u>Expenditures</u>				
Instruction:				
Salaries of Teachers	\$ 1,095,041.00	\$ 1,095,041.00	\$ 1,027,774.75	\$ 67,266.25
Other Salaries for Instruction	34,920.00	34,920.00	34,109.50	810.50
Purchased Professional and Educational Services	206,187.36	206,187.36	130,406.44	75,780.92
Other Purchased Services	799,923.50	799,923.50	767,306.50	32,617.00
General Supplies	815,581.38	815,581.38	793,132.20	22,449.18
Textbooks	31,584.00	31,584.00	29,899.00	1,685.00
Other Objects	7,260.00	7,260.00	1,414.00	5,846.00
	<u>2,990,497.24</u>	<u>2,990,497.24</u>	<u>2,784,042.39</u>	<u>206,454.85</u>
Total Instruction				
Support Services:				
Salaries of Supervisor for Instruction (Directors)	235,553.45	235,553.45	220,571.38	14,982.07
Salaries of Other Professional Staff	57,042.00	57,042.00	57,042.00	-
Salaries of Secretarial and Clerical Assistants	38,150.00	38,150.00	31,632.64	6,517.36
Salaries of Coaches	61,350.00	61,350.00	61,350.00	-
Purchased Professional and Technical Services	80,288.00	80,288.00	46,768.21	33,519.79
Miscellaneous Purchased Services	4,250.20	4,250.20	3,750.00	500.20
Employee Benefits	412,207.69	412,207.69	379,356.36	32,851.33
Purchased Professional/Educational Services	403,525.00	403,525.00	244,638.97	158,886.03
Other Purchased Services	34,875.50	34,875.50	11,021.00	23,854.50
Leases/Rentals	60,873.45	60,873.45	47,787.20	13,086.25
Contracted Services Field Trips	67,133.83	67,133.83	67,133.83	-
Supplies and Materials	78,637.69	78,637.69	77,583.43	1,054.26
Other Objects	266,043.27	266,043.27	87,154.26	178,889.01
	<u>1,799,930.08</u>	<u>1,799,930.08</u>	<u>1,335,789.28</u>	<u>464,140.80</u>
Total Support Services				
Total Expenditures	<u>4,790,427.32</u>	<u>4,790,427.32</u>	<u>4,119,831.67</u>	<u>670,595.65</u>
Facilities Acquisition and Construction Services				
Instructional Equipment	<u>71,123.53</u>	<u>71,123.53</u>	<u>19,927.58</u>	<u>51,195.95</u>
Total Outflows	<u>\$ 4,861,550.85</u>	<u>\$ 4,861,550.85</u>	<u>\$ 4,139,759.25</u>	<u>\$ 721,791.60</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,644.05)</u>	<u>\$ 8,644.05</u>
Prior Period Adjustments			<u>\$ 187,533.06</u>	
Fund Balance July 1 (Restated)			<u>187,533.06</u>	
Fund Balance June 30			<u>\$ 178,889.01</u>	
Recapitulation:				
Restricted:				
Scholarships			\$ 23,684.84	
Student Activities			<u>155,204.17</u>	
Total Fund Balance			<u>\$ 178,889.01</u>	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1 \$ 40,324,328.80	C-2 \$ 4,131,115.20
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30, 2020	None	None
June 30, 2021	None	None
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,483,321.00	16,928.35
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	<u>(1,553,767.00)</u>	<u>None</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	B-2 \$ <u>40,253,882.80</u>	B-2 \$ <u>4,148,043.55</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	C-1 \$ 38,828,726.52	C-2 \$ 4,139,759.26
Difference - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
June 30, 2020	None	None
June 30, 2021	<u>None</u>	<u>None</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	B-2 \$ <u>38,828,726.52</u>	B-2 \$ <u>4,139,759.26</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST EIGHT (8) FISCAL YEARS*

<u>Year</u>	<u>District's proportion of the net pension liability (asset)</u>	<u>District's proportionate share of the net pension liability (asset)</u>	<u>District's covered-employee payroll</u>	<u>District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2021	0.0203424369%	\$ 3,317,319	\$ 1,547,595	214%	58.32%
2020	0.0203748219%	3,671,234	1,556,388	236%	56.27%
2019	0.0207625200%	4,088,037	1,464,424	279%	46.10%
2018	0.0223976169%	5,213,807	1,457,479	357%	48.10%
2017	0.0214386607%	6,349,516	1,459,577	435%	40.14%
2016	0.0230460420%	5,174,474	1,487,597	347%	47.92%
2015	0.0241030000%	4,512,839	1,457,609	309%	48.72%
2014	0.0256904111%	4,909,948	1,542,101	318%	52.08%

Note: Only the last eight (8) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

Notes to Required Supplementary Information:

Benefit Changes - There were none.

Changes of Assumptions - The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST EIGHT (8) FISCAL YEARS*

<u>Year</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered- employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2021	\$ 222,536	\$ 222,536	None	\$ 1,547,595	14.38%
2020	198,188	198,188	None	1,556,388	12.73%
2019	206,250	206,250	None	1,464,424	14.08%
2018	207,490	207,490	None	1,457,479	14.24%
2017	190,458	190,458	None	1,459,577	13.05%
2016	198,134	198,134	None	1,487,597	13.32%
2015	198,706	198,706	None	1,457,609	13.63%
2014	193,572	193,572	None	1,542,101	12.55%

Note: Only the last eight (8) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHERS PENSION AND ANNUITY FUND (TPAF)
LAST EIGHT (8) FISCAL YEARS*

<u>Year</u>	<u>District's Proportion of Net Pension Liability</u>	<u>Proportionate Share of Net Pension Liability (Asset)</u>			<u>District's Covered-Employee Payroll</u>	<u>District's Proportionate Share of Net Pension Liability (asset) as Percentage of Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as Percentage of Total Pension Liability</u>
		<u>District</u>	<u>State</u>	<u>Total</u>			
2021	0.1279482654%	\$ None	\$ 84,252,393	\$ 84,252,393	\$ 16,772,638	None	24.60%
2020	0.1311757516%	None	80,503,797	80,503,797	16,283,156	None	26.95%
2019	0.1275931009%	None	87,171,990	87,171,990	14,640,989	None	26.49%
2018	0.1302826775%	None	87,841,279	87,841,279	13,851,680	None	25.41%
2017	0.1272410992%	None	100,095,950	100,095,950	13,781,318	None	22.33%
2016	0.1243058644%	None	78,566,615	78,566,615	13,150,301	None	28.71%
2015	0.1211042219%	None	64,726,265	64,726,265	13,198,273	None	33.64%
2014	0.1234879961%	None	62,409,862	62,409,862	12,707,624	None	33.76%

Note: Only the last seven (7) years of information are presented as GASB

Notes to Required Supplementary Information:

Benefit Changes - There were none.

Changes of Assumptions - The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY FOR PERS AND TPAF AND RELATED RATIOS
LAST FOUR (4) FISCAL YEARS *

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Total OPEB Liability</u>				
Service cost	\$ 2,105,105	\$ 1,959,806	\$ 2,264,418	\$ 2,734,975
Interest	1,800,158	2,129,973	2,334,261	2,016,938
Changes of assumptions	14,786,514	745,584	(6,175,648)	(8,445,012)
Differences between expected and actual experience	13,617,900	(7,156,403)	(6,844,759)	
Benefit payments	(1,409,247)	(1,535,016)	(1,439,019)	(1,473,735)
Contributions from members	42,714	45,502	49,735	54,267
Net changes in total OPEB liability	<u>30,943,144</u>	<u>(3,810,554)</u>	<u>(9,811,012)</u>	<u>(5,112,567)</u>
Total OPEB liability - beginning	<u>50,005,380</u>	<u>53,815,934</u>	<u>63,626,946</u>	<u>68,739,513</u>
Total OPEB liability - ending	<u>\$ 80,948,524</u>	<u>\$ 50,005,380</u>	<u>\$ 53,815,934</u>	<u>\$ 63,626,946</u>
Covered-employee payroll (PERS and TPAF)	<u>\$ 18,320,233</u>	<u>\$ 17,839,544</u>	<u>\$ 16,105,413</u>	<u>\$ 15,309,159</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>

Note: Only last four (4) years of information is presented as GASB 75 was implemented during fiscal year ended June 30, 2018. Eventually a full ten (10) years schedule will be compiled.

Notes to Required Supplementary Information:

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven (7) years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal years 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 4.5% long-term trend rate after seven (7) years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Economic Assumptions - The discount rate utilized as of June 30, 2018, June 30, 2019, and June 30, 2020 was 3.87%, 3.50%, and 2.21%.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Total Brought Forward (Exh. E-1a)	I.D.E.A. Part B		Title I	Title I Reallocated	Title I SIA	Title II	Title III		Totals 2021
		Regular Program	Preschool					Part A	Title III	
REVENUES:										
State sources	\$ 1,658,782.82									\$ 1,658,782.82
Federal sources	909,446.16	\$ 633,701.75	\$ 17,209.90	\$ 607,678.09	\$ 54,803.20	\$ 26,536.64	\$ 77,713.69	\$ 43,065.31	\$ 9,505.43	2,379,660.17
Local sources	92,672.41									92,672.41
Total revenues	\$ 2,660,901.19	\$ 633,701.75	\$ 17,209.90	\$ 607,678.09	\$ 54,803.20	\$ 26,536.64	\$ 77,713.69	\$ 43,065.31	\$ 9,505.43	\$ 4,131,115.20
EXPENDITURES:										
Instruction:										
Salaries of teachers	\$ 598,738.50			\$ 410,841.25	\$ 14,895.00	\$ 2,520.00		\$ 980.00		\$ 1,027,774.75
Other salaries of aides	34,109.50									34,109.50
Purchased professional and technical services	104,197.44		\$ 17,085.00	2,255.40	3,900.00			2,968.60		130,406.44
Other purchased services	138,139.50	\$ 617,367.00				11,800.00				767,306.50
Miscellaneous purchased services										
General supplies	752,896.41			10,211.36	19,062.73	7,023.66		3,937.84		793,132.20
Textbooks	29,899.00									29,899.00
Other objects	1,414.00									1,414.00
Total instruction	1,659,394.35	917,367.00	17,085.00	423,108.01	37,857.73	21,343.66		7,905.44		2,784,042.39
Support services:										
Salaries										
Salaries of other professional services	57,042.00									57,042.00
Salaries of secretarial and clerical assistants	31,632.64									31,632.64
Salaries of directors	129,051.43						\$ 61,807.45	21,000.00	\$ 8,712.50	220,571.38
Salaries of coaches	61,350.00									61,350.00
Personal services-employee benefits	187,073.62			173,234.62	1,139.47	192.78	8,036.07	8,997.87	679.93	379,356.36
Purchased professional/educational services	244,638.97									244,638.97
Purchased professional/technical services	700.00	16,334.75		10,636.46	9,477.00	5,000.00	4,620.00			46,788.21
Contract services - transportation	67,133.83									67,133.83
Other purchased services	2,252.00				416.00		3,192.00	5,161.00		11,021.00
Leases/Rentals	47,787.20									47,787.20
Miscellaneous purchased services	3,750.00									3,750.00
Supplies and materials	70,657.36		144.90	699.00	5,913.00		56.17		113.00	77,583.43
Other objects	87,154.26									87,154.26
Total support services	990,223.31	16,334.75	144.90	164,570.08	16,945.47	5,192.78	77,713.69	35,158.87	9,505.43	1,335,789.26
Facilities acquisition and construction services:										
Instructional equipment	19,927.58									19,927.58
Total facilities acquisition and construction services	19,927.58									19,927.58
Total expenditures	\$ 2,669,545.24	\$ 633,701.75	\$ 17,209.90	\$ 607,678.09	\$ 54,803.20	\$ 26,536.64	\$ 77,713.69	\$ 43,065.31	\$ 9,505.43	\$ 4,139,759.25
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(8,644.05)									(8,644.05)
Fund Balance, July 1										
Prior Period Adjustments	187,533.06									187,533.06
Fund Balance, July 1, Restated	187,533.06									187,533.06
Transfer (to)/from Student Activity Fund										
Fund Balance, June 30	\$ 178,889.01									\$ 178,889.01

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Total Brought Forward (Exh. E-1b)	Title IV	Adult Basic Education	Cares Relief	Corona Relief Fund	Bridging The Digital Divide	CRRSA				Totals Carried Forward 2021	
							NP Digital Divide	ESSER II	Learning Acceleration	Mental Health		
REVENUES:												
State sources	\$ 1,658,782.62											\$ 1,658,782.62
Federal sources	20,780.11	\$ 44,967.73	\$ 35,417.45	\$ 460,177.51	\$ 201,416.00	\$ 116,070.12	\$ 22,490.00	\$ 6,445.24	\$ 550.00	\$ 1,132.00		909,446.16
Local sources	92,672.41											92,672.41
Total revenues	\$ 1,772,235.14	\$ 44,967.73	\$ 35,417.45	\$ 460,177.51	\$ 201,416.00	\$ 116,070.12	\$ 22,490.00	\$ 6,445.24	\$ 550.00	\$ 1,132.00		\$ 2,660,901.19
EXPENDITURES:												
Instruction:												
Salaries of teachers	\$ 569,686.00	\$ 8,339.00	\$ 17,801.50	\$ 2,910.00								\$ 598,736.50
Other salaries of aides	27,062.50		3,920.00	3,127.00								34,109.50
Purchased professional and technical services	90,087.49	10,426.00	1,969.95						\$ 550.00	\$ 1,132.00		104,197.44
Other purchased services	1,500.00			136,639.50								138,139.50
Miscellaneous purchased services												
General supplies	106,246.36	16,839.09		286,264.60	\$ 201,416.00	\$ 116,070.12	\$ 22,490.00	\$ 1,570.24				752,896.41
Textbooks	29,899.00											29,899.00
Other objects		1,414.00										1,414.00
Total instruction	826,483.35	37,020.09	23,721.45	428,941.10	201,416.00	116,070.12	22,490.00	1,570.24	550.00	1,132.00		1,659,394.35
Support services:												
Salaries												
Salaries of other professional services	47,967.00		9,075.00									57,042.00
Salaries of secretarial and clerical assistants	31,632.64											31,632.64
Salaries of directors	106,770.00			22,281.43								129,051.43
Salaries of coaches	61,350.00											61,350.00
Personal services-employee benefits	177,048.62	637.94	2,321.00	7,068.06								187,073.62
Purchased professional/educational services	244,638.97											244,638.97
Purchased professional/technical services		700.00										700.00
Contract services - transportation	67,133.83											67,133.83
Other purchased services	553.00		300.00					1,399.00				2,252.00
Leases/Rentals	47,787.20											47,787.20
Miscellaneous purchased services	3,750.00											3,750.00
Supplies and materials	58,662.74	6,609.70		1,888.92				3,476.00				70,657.36
Other objects	67,154.26											67,154.26
Total support services	934,468.26	7,947.64	11,696.00	31,236.41				4,875.00				980,223.31
Facilities acquisition and construction services:												
Instructional equipment	19,927.58											19,927.58
Total facilities acquisition and construction services	19,927.58											19,927.58
Total expenditures	\$ 1,780,679.19	\$ 44,967.73	\$ 35,417.45	\$ 460,177.51	\$ 201,416.00	\$ 116,070.12	\$ 22,490.00	\$ 8,445.24	\$ 550.00	\$ 1,132.00		\$ 2,669,545.24
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(8,644.05)											(8,644.05)
Fund Balance, July 1												
Prior Period Adjustments	187,533.06											187,533.06
Fund Balance, July 1, Restated	187,533.06											187,533.06
Transfer (to)/from Student Activity Fund												
Fund Balance, June 30	\$ 178,889.01											\$ 178,889.01

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Total Brought Forward (Exh. E-1c)	Perkins Grant	New Jersey Chapter 226	Nonpublic Security Grant	Nonpublic Textbooks	New Jersey Chapter 192 Auxiliary			Totals Carried Forward 2021
			Nonpublic Nursing Services			Nonpublic Comp. Education	Nonpublic E.S.L.	Nonpublic Transp.	
REVENUES:									
State sources	\$ 1,486,579.34		\$ 28,450.00	\$ 89,085.00	\$ 29,899.00	\$ 19,160.02	\$ 1,776.26	\$ 3,833.00	\$ 1,658,782.62
Federal sources		\$ 20,780.11							20,780.11
Local sources	<u>92,672.41</u>								<u>92,672.41</u>
Total revenues	\$ 1,579,251.75	\$ 20,780.11	\$ 28,450.00	\$ 89,085.00	\$ 29,899.00	\$ 19,160.02	\$ 1,776.26	\$ 3,833.00	\$ 1,772,235.14
EXPENDITURES:									
Instruction:									
Salaries of teachers	\$ 568,245.00	\$ 1,443.00							\$ 569,688.00
Other salaries of aides	27,062.50								27,062.50
Purchased professional and technical services	30,867.21	6,001.00	\$ 28,450.00			\$ 19,160.02	\$ 1,776.26	\$ 3,833.00	90,067.49
Other purchased services		1,500.00							1,500.00
Miscellaneous purchased services									
General supplies	97,073.64	11,172.72							108,246.36
Textbooks					\$ 29,899.00				29,899.00
Other objects									
Total instruction	723,248.35	20,116.72	28,450.00		29,899.00	19,160.02	1,776.26	3,833.00	826,483.35
Support services:									
Salaries									
Salaries of other professional services	47,967.00								47,967.00
Salaries of secretarial and clerical assistants	31,632.64								31,632.64
Salaries of directors	106,770.00								106,770.00
Salaries of coaches	61,350.00								61,350.00
Personal services-employee benefits	176,938.23	\$ 110.39							177,048.62
Purchased professional/educational services	244,638.97								244,638.97
Purchased professional/technical services									
Contract services - transportation	67,133.83								67,133.83
Other purchased services		553.00							553.00
Leases/Rentals	13,162.20			\$ 34,625.00					47,787.20
Miscellaneous purchased services	3,750.00								3,750.00
Supplies and materials	4,222.74			54,460.00					58,682.74
Other objects	87,154.26								87,154.26
Total support services	844,719.67	663.39		89,085.00					934,468.26
Facilities acquisition and construction services:									
Instructional equipment	19,927.58								19,927.58
Total facilities acquisition and construction services	19,927.58								19,927.58
Total expenditures	\$ 1,567,895.60	\$ 20,780.11	\$ 28,450.00	\$ 89,085.00	\$ 29,899.00	\$ 19,160.02	\$ 1,776.26	\$ 3,833.00	\$ 1,760,879.19
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(8,644.05)								(8,644.05)
Fund Balance, July 1									
Prior Period Adjustments	187,533.06								187,533.06
Fund Balance, July 1, Restated	187,533.06								187,533.06
Transfer (to)/from Student Activity Fund									
Fund Balance, June 30	\$ 178,889.01								\$ 178,889.01

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	New Jersey Chapter 183 Handicapped			Preschool Education	Local						Totals Carried Forward 2021
	Nonpublic Exam. and Class.	Nonpublic Supplemental Instruction	Nonpublic Corrective Speech		NJSIG Grant	SRFEE	Scholarship Fund	Middle School	High School	Athletics	
REVENUES:											
State sources	\$ 6,496.25	\$ 1,618.96	\$ 6,380.00	\$ 1,472,082.13							\$ 1,486,579.34
Federal sources											
Local sources					\$ 13,162.20	\$ 1,191.98	\$ 1,162.39	\$ 6,595.13	\$ 66,558.71	\$ 2.00	92,672.41
Total revenues	\$ 6,496.25	\$ 1,618.96	\$ 6,380.00	\$ 1,472,082.13	\$ 13,162.20	\$ 1,191.98	\$ 1,162.39	\$ 6,595.13	\$ 66,558.71	\$ 2.00	\$ 1,579,251.75
EXPENDITURES:											
Instruction:											
Salaries of teachers				\$ 568,245.00							\$ 568,245.00
Other salaries of aides				27,062.50							27,062.50
Purchased professional and technical services	\$ 6,496.25	\$ 1,618.96	\$ 6,380.00	15,870.00		\$ 500.00					30,867.21
Other purchased services											
Miscellaneous purchased services											
General supplies				96,573.64		500.00					97,073.64
Textbooks											
Other objects											
Total instruction	6,496.25	1,618.96	6,380.00	707,751.14		1,000.00					723,246.35
Support services:											
Salaries											
Salaries of other professional services				47,967.00							47,967.00
Salaries of secretarial and clerical assistants				31,632.64							31,632.64
Salaries of directors				106,770.00							106,770.00
Salaries of coaches				61,350.00							61,350.00
Personal services-employee benefits				176,938.23							176,938.23
Purchased professional/educational services				244,638.97							244,638.97
Purchased professional/technical services											
Contract services - transportation				67,133.83							67,133.83
Other purchased services											
Leases/Rentals					\$ 13,162.20						13,162.20
Miscellaneous purchased services				3,750.00							3,750.00
Supplies and materials				4,222.74							4,222.74
Other objects						\$ 191.98	\$ 4,388.64	\$ 8,773.45	\$ 73,800.19		87,154.26
Total support services				744,403.41	13,162.20	191.98	4,388.64	8,773.45	73,800.19		844,719.87
Facilities acquisition and construction services:											
Instructional equipment				19,927.58							19,927.58
Total facilities acquisition and construction services				19,927.58							19,927.58
Total expenditures	\$ 6,496.25	\$ 1,618.96	\$ 6,380.00	\$ 1,472,082.13	\$ 13,162.20	\$ 1,191.98	\$ 4,388.64	\$ 8,773.45	\$ 73,800.19		\$ 1,587,895.80
Excess/(Deficit) of Revenues Over/(Under) Expenditures							(3,226.25)	(178.32)	(5,241.48)	2.00	(8,644.05)
Fund Balance, July 1											
Prior Period Adjustments							35,367.52	24,137.82	127,248.22	779.50	187,533.06
Fund Balance, July 1, Restated							35,367.52	24,137.82	127,248.22	779.50	187,533.06
Transfer (to)/from Student Activity Fund							(8,456.43)		8,456.43		
Fund Balance, June 30							\$ 23,684.84	\$ 23,959.50	\$ 130,463.17	\$ 781.50	\$ 176,889.01

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
PRESCHOOL - ALL PROGRAMS
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
State sources	\$ 1,601,030.00	\$ 1,723,502.00	\$ 1,472,082.13	\$ 251,419.87
Total revenues	<u>\$ 1,601,030.00</u>	<u>\$ 1,723,502.00</u>	<u>\$ 1,472,082.13</u>	<u>\$ 251,419.87</u>
EXPENDITURES:				
Instruction:				
Salaries of teachers	\$ 613,925.00	\$ 617,325.00	\$ 568,245.00	\$ 49,080.00
Other salaries for instructors		31,000.00	27,062.50	3,937.50
Purchased professional and technical services	7,000.00	16,971.93	15,870.00	1,101.93
General supplies	55,293.00	99,968.57	96,573.64	3,394.93
Total instruction	<u>\$ 676,218.00</u>	<u>\$ 765,265.50</u>	<u>\$ 707,751.14</u>	<u>\$ 57,514.36</u>
Support services:				
Salaries of Principals/Assistant Principals/Program Directors	\$ 106,770.00	\$ 106,770.00	\$ 106,770.00	-
Salaries of other professional staff	47,967.00	47,967.00	47,967.00	-
Salaries of Secretarial and Clerical Assistants	13,125.00	38,150.00	31,632.64	\$ 6,517.36
Salaries of master teacher	60,950.00	61,350.00	61,350.00	-
Personal services-employee benefits	201,200.00	204,319.02	176,938.23	27,380.79
Purchased professional/educational services	434,300.00	403,525.00	244,638.97	158,886.03
Contract services - transportation	60,000.00	67,133.83	67,133.83	-
Instructional equipment		19,928.53	19,927.58	0.95
Miscellaneous purchased services	500.00	4,250.20	3,750.00	500.20
Supplies and materials		4,842.92	4,222.74	620.18
Total support services	<u>\$ 924,812.00</u>	<u>\$ 958,236.50</u>	<u>\$ 764,330.99</u>	<u>\$ 193,905.51</u>
Total expenditures	<u>\$ 1,601,030.00</u>	<u>\$ 1,723,502.00</u>	<u>\$ 1,472,082.13</u>	<u>\$ 251,419.87</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2020-2021 PreK Aid Allocation	\$ 1,601,030.00
Add: Actual PreK Aid Carryover June 30, 2020	<u>122,472.00</u>
Total Funds Available for 2020-2021 Budget	\$ 1,723,502.00
Less: 2020-2021 Budgeted PreK (Including prior year budgeted carryover)	<u>\$ 1,472,082.13</u>
Available & Unbudgeted Funds as of June 30, 2021	<u>\$ 251,419.87</u>

CAPITAL PROJECTS FUND

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2021</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Various Improvements (2015) Roof Replacement - Elementary/Middle School	02/10/15	\$ <u>2,786,485.97</u>	\$ <u>2,783,196.99</u>	<u> </u>	\$ <u>3,288.98</u>

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Revenues and Other Financing Sources

Fund balance, beginning	\$ <u>3,288.98</u>
Fund balance, ending	\$ <u><u>3,288.98</u></u>

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
ROOF REPLACEMENT AND BUILDING ENVELOPE UPGRADES - ELEMENTARY/MIDDLE SCHOOL
FROM INCEPTION TO JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State sources - SCC Grant	\$ 1,476,245.15		\$ 1,476,245.15	\$ 1,476,245.15
Bond proceeds	<u>1,310,240.82</u>		<u>1,310,240.82</u>	<u>1,310,240.82</u>
Total revenues	<u>\$ 2,786,485.97</u>		<u>\$ 2,786,485.97</u>	<u>\$ 2,786,485.97</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	\$ 230,985.19		\$ 230,985.19	\$ 223,000.00
Construction services	<u>2,552,211.80</u>		<u>2,552,211.80</u>	<u>2,571,723.00</u>
Total expenditures	<u>\$ 2,783,196.99</u>		<u>\$ 2,783,196.99</u>	<u>\$ 2,794,723.00</u>
Excess (deficiency) of revenues over/(under) expenditures	<u>\$ 3,288.98</u>		<u>\$ 3,288.98</u>	
Additional project information:				
Project Number	4920-055-14-1004			
Grant Date	5/1/2015			
Bond Authorization Date	2/10/2015			
Bonds Authorized	\$ 1,312,714.47			
Bonds Issued	1,312,714.47			
Grant Awarded	-			
Original Authorized Cost	2,794,593.68			
Additional Authorized Cost	(8,107.71)			
Revised Authorized Cost	\$ 2,786,485.97			
Percentage Increase over Original Authorized Cost				
Percentage completion	99.91%			
Original target completion date	9/1/2016			
Memo: Expenditures				
Grant Proceeds (K-4)	\$ 1,476,245.15			
Bond Proceeds	<u>1,306,951.84</u>			
	<u>\$ 2,783,196.99</u>			

NONCURRENT DEBT

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
NONCURRENT DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2021**

Issue	Original		Annual Maturities		Interest Rate	Balance July 1, 2020	Retired	Balance June 30, 2021
	Date of Original Issue	Amount of Issue	Date	Amount				
Series 2012 Refunding Bonds	6/1/2012	\$ 3,845,000.00	6/1/2022	\$ 425,000.00	4.00%	\$ 1,280,000.00	\$ 410,000.00	\$ 870,000.00
			6/1/2023	445,000.00	4.00%			
School Bonds Series 2015 (Various Improvements)	5/6/2015	\$ 2,453,000.00	6/1/2022	\$ 225,000.00	2.00%	\$ 1,553,000.00	225,000.00	\$ 1,328,000.00
			6/1/2023	225,000.00	2.25%			
			6/1/2024	428,000.00	2.25%			
			6/1/2025	450,000.00	2.50%			
Refunding School Bonds - Series 2020	6/1/2021	\$ 3,425,000.00	6/1/2022	\$ 515,000.00	4.00%	\$ 3,425,000.00	510,000.00	\$ 2,915,000.00
			6/1/2023	515,000.00	4.00%			
			6/1/2024	515,000.00	4.00%			
			6/1/2025	515,000.00	4.00%			
			6/1/2026	515,000.00	4.00%			
			6/1/2027	340,000.00	4.00%			
Total						\$ 6,258,000.00	\$ 1,145,000.00	\$ 5,113,000.00

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:				
Local Sources:				
Local Tax Levy	\$ 1,326,135.00	\$ 1,326,135.00	\$ 1,326,135.00	_____
Total - Local Sources	<u>1,326,135.00</u>	<u>1,326,135.00</u>	<u>1,326,135.00</u>	_____
Total Revenues	<u>\$ 1,326,135.00</u>	<u>\$ 1,326,135.00</u>	<u>\$ 1,326,135.00</u>	_____
EXPENDITURES:				
Regular Debt Service:				
Interest on Bonds	\$ 222,580.00	\$ 222,580.00	\$ 222,580.00	
Redemption of Principal	1,145,000.00	1,145,000.00	1,145,000.00	_____
Total Regular Debt Service	<u>1,367,580.00</u>	<u>1,367,580.00</u>	<u>1,367,580.00</u>	_____
Total Expenditures	<u>\$ 1,367,580.00</u>	<u>\$ 1,367,580.00</u>	<u>\$ 1,367,580.00</u>	_____
Excess of Revenues Over Expenditures	<u>\$ (41,445.00)</u>	<u>\$ (41,445.00)</u>	<u>\$ (41,445.00)</u>	_____
Other Financing Sources:				
Excess Refunding Proceeds	_____	_____	\$ 9,019.63	\$ 9,019.63
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ (41,445.00)</u>	<u>\$ (41,445.00)</u>	<u>\$ (32,425.37)</u>	<u>\$ 9,019.63</u>
Fund Balance, July 1	<u>41,444.56</u>	<u>41,444.56</u>	<u>41,444.56</u>	_____
Fund Balance, June 30	<u>\$ (0.44)</u>	<u>\$ (0.44)</u>	<u>\$ 9,019.19</u>	<u>\$ 9,019.63</u>

STATISTICAL TABLES (SECTION)
(UNAUDITED)

SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
INTRODUCTION TO STATISTICAL TABLES (SECTION)
(UNAUDITED)

<u>Contents</u>	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	J-1 to J-5
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-6 to J-9
Debt Capacity These schedules contain information to help the reader assess the district's outstanding debt.	J-10 to J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14 & J-15
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.*

FINANCIAL TRENDS

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
NET POSITION BY COMPONENT
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Invested in capital assets, net of related debt	\$ 17,859,301	\$ 23,919,454	\$ 25,708,837	\$ 23,918,290	\$ 26,943,881	\$ 28,643,432	\$ 29,027,869	\$ 28,904,507	\$ 28,532,988	\$ 28,539,291
Restricted	3,034,972	867,976	146,522	5,111,611	2,466,373	470,477	341,130	591,728	623,577	1,303,609
Unrestricted	1,224,305	370,670	363,857	(6,367,573)	(3,668,297)	(3,800,159)	(3,553,741)	(3,154,601)	(2,062,655)	(689,322)
Total governmental activities net position	\$ 21,918,578	\$ 25,158,101	\$ 26,219,216	\$ 22,662,328	\$ 25,741,957	\$ 25,313,750	\$ 25,815,258	\$ 26,341,633	\$ 27,093,909	\$ 29,153,578
Business-type activities										
Invested in capital assets, net of related debt	\$ 80,263	\$ 67,873	\$ 81,156	\$ 127,822	\$ 190,893	\$ 242,156	\$ 291,583	\$ 330,561	\$ 320,003	\$ 311,053
Unrestricted	172,442	160,263	159,277	170,039	170,343	162,453	178,401	304,005	463,526	476,330
Total business-type activities net position	\$ 252,705	\$ 228,136	\$ 240,433	\$ 297,861	\$ 361,236	\$ 404,609	\$ 469,984	\$ 634,566	\$ 783,529	\$ 787,383
District-wide										
Invested in capital assets	\$ 17,739,564	\$ 23,987,327	\$ 25,789,993	\$ 24,046,112	\$ 27,134,725	\$ 28,885,588	\$ 29,319,452	\$ 29,235,067	\$ 28,852,990	\$ 28,850,344
Restricted	3,034,972	867,976	146,522	5,111,611	2,466,373	470,477	341,130	591,728	623,577	1,303,609
Unrestricted (Deficit)	1,396,747	530,933	523,134	(6,197,534)	(3,497,193)	(3,637,706)	(3,375,340)	(2,850,596)	(1,599,129)	(212,992)
Total district net position	\$ 22,171,283	\$ 25,386,237	\$ 26,459,649	\$ 22,960,189	\$ 26,103,905	\$ 25,718,359	\$ 26,285,242	\$ 26,976,199	\$ 27,877,438	\$ 29,940,961

Source: ACFR Exhibit A-1.

Note: In 2015, the effective date of GASB No. 68 related to pension liabilities (TPAF & PERS), an adjustment was made for the provision of the net pension liability for PERS. Amounts from years prior to 2015 are not available.

In 2018, the effective date of GASB No. 75 related to post-employment benefits (health benefits), an adjustment was made for the provision of the liability - amounts for years prior to 2017 are not available.

In 2021, GASB No.84 related to fiduciary accounting was implemented.

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CHANGE IN NET POSITION
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
Instruction										
Regular	\$ 11,551,328	\$ 11,957,961	\$ 12,241,777	\$ 13,420,550	\$ 14,068,135	\$ 16,940,567	\$ 13,704,037	\$ 13,330,211	\$ 12,829,743	\$ 14,668,402
Special education	3,179,808	3,762,012	3,769,556	4,455,953	5,051,427	5,815,225	7,523,062	7,801,707	8,405,073	10,137,954
Other special education	551,501	412,509	464,961	532,647	748,801	874,350	821,318	1,339,957	1,156,134	1,402,755
Other instruction	799,517	822,034	621,453	921,934	998,756	1,150,549	1,086,788	975,102	938,622	1,052,064
Support Services:										
Tuition	1,584,402	1,456,134	1,459,294	1,390,316	1,456,789	1,579,407	1,754,246	1,232,033	1,131,987	666,949
Student & instruction related services	3,806,830	4,137,274	3,844,589	4,535,243	4,761,164	5,870,139	5,690,662	5,668,676	3,308,818	3,074,035
School Administrative services	1,134,349	1,257,402	1,707,108	1,963,236	2,061,738	2,537,395	2,415,261	2,318,410	4,346,642	4,675,804
General administration	1,832,561	1,729,541	1,429,597	1,620,069	1,656,649	2,084,058	1,820,535	1,810,477	2,994,220	3,305,110
Central Services										
Plant operations and maintenance	3,116,496	3,619,811	3,768,275	4,482,944	4,799,132	6,212,261	5,380,033	5,269,659	4,736,117	6,263,963
Pupil transportation	1,687,175	1,955,258	1,867,978	2,017,717	1,994,186	2,473,038	2,548,180	2,227,863	2,285,841	1,843,716
Other support services										
Charter schools	4,257	41,437	160,833	198,091	199,526	248,461	295,331	401,161	389,786	353,001
Interest on long-term debt	653,737	566,576	513,367	447,051	417,383	367,738	336,144	301,809	234,905	249,761
Total governmental activities expenses	\$ 29,903,961	\$ 31,717,949	\$ 32,068,746	\$ 35,986,751	\$ 38,233,666	\$ 46,153,188	\$ 43,375,637	\$ 42,677,074	\$ 42,757,886	\$ 47,913,514
Business-type activities:										
Food service	\$ 827,557	\$ 859,761	\$ 874,188	\$ 885,215	\$ 910,714	\$ 996,555	\$ 1,029,696	\$ 1,116,337	\$ 982,138	\$ 907,312
Total business-type activities expense	\$ 827,557	\$ 859,761	\$ 874,188	\$ 885,215	\$ 910,714	\$ 996,555	\$ 1,029,696	\$ 1,116,337	\$ 982,138	\$ 907,312
Total district expenses	\$ 30,731,518	\$ 32,577,710	\$ 32,962,936	\$ 36,871,966	\$ 39,144,380	\$ 47,149,743	\$ 44,405,333	\$ 43,793,411	\$ 43,740,025	\$ 48,820,826

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CHANGE IN NET POSITION
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Program Revenues										
Governmental activities:										
Operating grants and contributions	\$ 1,711,974	\$ 1,835,427	\$ 1,936,324	\$ 1,867,726	\$ 1,750,606	\$ 1,408,526	\$ 1,571,417	\$ 2,310,784	\$ 2,879,200	\$ 4,119,632
Total governmental activities program revenues	1,711,974	1,835,427	1,936,324	1,867,726	1,750,606	1,408,526	1,571,417	2,310,784	2,879,200	4,119,632
Business-type activities:										
Charges for services										
Food service	\$ 391,460	\$ 348,677	\$ 381,611	\$ 378,447	\$ 377,545	\$ 377,711	\$ 375,788	\$ 496,171	\$ 295,137	\$ 10,609
Operating grants and contributions	449,460	486,514	504,874	586,508	596,543	562,217	719,284	766,748	835,565	843,763
Total business type activities program revenues	840,920	835,191	886,485	944,955	974,088	1,039,928	1,095,072	1,262,919	1,131,101	854,372
Total district program revenues	\$ 2,552,894	\$ 2,670,618	\$ 2,822,809	\$ 2,812,681	\$ 2,724,694	\$ 2,448,454	\$ 2,666,489	\$ 3,593,703	\$ 4,010,302	\$ 4,974,204
Net (Expense)/Revenue										
Governmental activities	\$ (28,191,987)	\$ (29,882,523)	\$ (30,152,424)	\$ (34,119,025)	\$ (36,483,060)	\$ (44,744,662)	\$ (41,604,221)	\$ (40,366,289)	\$ (39,878,666)	\$ (43,793,682)
Business-type activities	13,364	(24,570)	12,297	59,740	63,374	43,373	65,376	164,582	148,963	(52,939)
Total district-wide net expense	\$ (26,178,624)	\$ (29,907,093)	\$ (30,140,127)	\$ (34,059,285)	\$ (36,419,686)	\$ (44,701,289)	\$ (41,738,845)	\$ (40,201,708)	\$ (39,729,723)	\$ (43,846,622)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 12,632,636	\$ 12,885,289	\$ 13,394,657	\$ 14,015,039	\$ 14,474,933	\$ 14,977,299	\$ 15,276,846	\$ 16,005,333	\$ 16,325,440	\$ 16,820,436
Taxes levied for debt service	1,905,846	1,925,968	1,978,530	1,956,510	1,941,922	1,467,020	1,448,003	1,456,869	1,439,930	1,326,135
Unrestricted grants and contributions	14,528,709	15,359,724	15,494,146	16,988,442	20,283,606	27,372,018	24,721,541	22,598,361	22,638,657	26,682,045
Restricted grants	3,932,589	2,255,545	191,453	2,345,614	2,359,714	296,693				
Tuition Received	93,655	118,229	60,266	37,155	40,411	48,525	46,880	28,722		
Investment earnings	5,648									
Miscellaneous income	341,527	577,291	164,350	326,392	364,650	147,823	825,208	495,632	429,879	686,372
Transfers										
Write off of fixed assets			(183,283)							
Special and extraordinary revenue				42,447	97,208	7,078	(12,550)	307,749	(162,944)	(17,250)
Total governmental activities	\$ 33,440,611	\$ 33,122,046	\$ 31,100,119	\$ 35,711,599	\$ 39,562,444	\$ 44,316,455	\$ 42,305,726	\$ 40,892,665	\$ 40,670,962	\$ 45,497,736
Business-type activities:										
Special and extraordinary revenue	\$ -	\$ -	\$ -	\$ (2,311)						\$ 56,794
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	\$ -	\$ -	\$ -	\$ (2,311)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,794
Total district-wide	\$ 33,440,611	\$ 33,122,046	\$ 31,100,119	\$ 35,709,288	\$ 39,562,444	\$ 44,316,455	\$ 42,305,726	\$ 40,892,665	\$ 40,670,962	\$ 45,554,532
Change in Net Position										
Governmental activities	\$ 5,248,624	\$ 3,239,523	\$ 947,696	\$ 1,592,574	\$ 3,079,384	\$ (428,207)	\$ 501,507	\$ 526,376	\$ 792,278	\$ 1,704,055
Business-type activities	13,364	(24,570)	12,297	57,429	63,374	43,373	65,376	164,582	148,963	3,855
Total district	\$ 5,261,988	\$ 3,214,953	\$ 959,992	\$ 1,650,003	\$ 3,142,758	\$ (384,834)	\$ 566,883	\$ 690,957	\$ 941,238	\$ 1,707,910

Source: ACFR Exhibit A-2.

Note: In 2015 the effective date of GASB No. 68 related to pension liabilities (TPAF & PERS), an adjustment was made for the provision of the net pension liability for PERS. Amounts from years prior to 2015 are not available.

In 2018, the effective date of GASB No. 75 related to post-employment benefits (health benefits) an adjustment was made for the provision of the liability - amounts for years prior to 2017 are not available.

In 2021 GASB No.84 related to fiduciary accounting was implemented.

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Reserved										
Unreserved										
Restricted	\$ 1,397,130	\$ 350,081	\$ 1,153,048	\$ 1,662,184	\$ 1,843,197	\$ 859,588	\$ 1,163,684	\$ 2,412,292	\$ 3,028,827	\$ 5,015,079
Assigned	245,362			16,298	16,298	829,930	1,309,537	559,585	783,595	8,516
Maintenance							80,000	130,000	186,000	372,957
Unassigned		802,967								194,837
Total general fund	\$ 1,642,492	\$ 1,153,048	\$ 1,153,048	\$ 1,678,482	\$ 1,859,495	\$ 1,689,518	\$ 2,553,222	\$ 3,101,877	\$ 3,998,422	\$ 5,591,388
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue fund									(16,928.35)	
Restricted:										
Special revenue fund										178,889
Capital projects fund	5,651,562	517,896	138,929	5,041,134	2,609,203	229,946	2,893	2,389	3,289	3,289
Debt service fund	127,975	26,180	7,639	71,329	70,963	38,378	1	270	41,445	9,019
Total all other governmental funds	\$ 5,779,537	\$ 544,076	\$ 146,568	\$ 5,112,463	\$ 2,680,166	\$ 268,324	\$ 2,894	\$ 2,659	\$ 27,805	\$ 191,197

Source: ACFR Exhibit B-1.

Note: In 2015 the effective date of GASB No. 68 related to pension liabilities (TPAF & PERS), an adjustment was made for the provision of the net pension liability for PERS. Amounts from years prior to 2015 are not available.

In 2018, the effective date of GASB No. 75 related to post-employment benefits (health benefits), an adjustment was made for the provision of the liability - amounts for years prior to 2017 are not available.

In 2021 GASB No.84 related to fiduciary accounting was implemented.

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax levy	\$14,538,482	\$14,811,257	\$15,373,187	\$15,971,549	\$16,416,855	\$16,444,319	\$16,724,849	\$17,462,202	\$17,765,370	\$18,146,571
Tuition	93,655	118,229	60,266	37,155	40,411	48,525	46,680	28,722		
Interest earnings	5,648	3,161	386	756	2,105	405				
Miscellaneous	354,343	177,576	163,964	325,636	369,058	154,818	805,710	500,782	429,879	770,760
State sources	14,575,126	15,796,792	15,920,661	16,407,002	16,756,987	17,131,612	17,989,644	20,085,657	21,928,112	24,329,383
Federal sources	1,665,558	1,402,591	1,509,809	1,631,621	1,492,254	1,600,904	1,529,034	1,614,646	1,547,914	2,481,348
Total revenue	31,232,812	32,309,606	33,028,273	34,373,719	35,077,670	35,380,583	37,095,917	39,692,009	41,671,275	45,728,061
Expenditures										
Instruction										
Regular instruction	8,502,541	8,796,081	9,374,943	9,250,349	9,224,780	9,270,752	8,037,924	8,554,697	8,508,694	8,926,499
Special education instruction	2,288,231	2,700,404	2,728,685	2,886,019	3,109,241	3,105,054	4,382,554	4,972,376	5,574,250	6,719,946
Other special instruction	396,867	296,103	336,579	344,984	460,900	466,861	478,457	854,014	766,749	842,168
Other instruction	575,343	590,063	594,624	597,115	614,752	614,339	633,106	621,476	622,495	631,625
Support Services:										
Tuition	1,584,402	1,456,134	1,459,294	1,390,316	1,456,789	1,579,407	1,754,246	1,232,033	1,131,987	666,949
Student & inst. related services	2,792,811	3,039,156	2,978,436	3,093,400	3,098,710	3,173,212	3,416,994	3,832,077	2,194,410	2,063,166
General administration	816,292	902,574	1,046,271	1,049,282	1,019,696	1,112,788	1,060,548	1,153,898	1,985,768	1,984,279
School administrative services	1,318,734	1,241,479	1,249,407	1,271,543	1,281,346	1,354,848	1,407,017	1,477,627	2,882,696	2,807,199
Plant operations and maintenance	2,244,109	2,598,331	2,772,582	2,903,500	2,953,949	3,317,062	3,134,126	3,358,596	3,140,996	3,772,685
Pupil transportation	1,214,113	1,403,501	1,381,783	1,306,829	1,227,456	1,320,485	1,484,436	1,419,917	1,515,971	1,106,907
Employee benefits	6,622,522	7,232,586	6,412,842	7,020,944	7,822,593	8,331,678	8,431,897	9,644,051	10,174,283	12,444,205
Charter schools	4,257	41,437	160,833	198,091	199,526	248,461	295,331	401,161	389,786	353,001
Capital outlay	7,994,083	5,289,667	756,417	598,934	2,569,031	2,567,859	482,138	208,710	418,868	649,857
Debt service:										
Principal	1,530,000	1,890,000	1,890,000	1,915,000	1,884,000	1,145,000	1,160,000	1,160,000	1,180,000	1,145,000
Interest	670,885	571,863	508,425	431,625	406,186	354,605	326,380	296,600	218,755	222,580
Total expenditures	38,555,190	38,049,379	33,651,121	34,257,931	37,328,955	37,962,402	36,485,155	39,187,231	40,705,707	44,336,066
Excess (Deficiency) of revenues over (under) expenditures	(7,322,378)	(5,739,773)	(622,848)	115,788	(2,251,285)	(2,581,819)	610,762	504,777	965,568	1,391,996

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(modified accrual basis of accounting)

	Fiscal Year Ending June 30.									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Other Financing sources (uses)										
Proceeds from borrowing				220,000						
Capital leases (non-budgeted)				2,453,000						9,020
Bond Proceeds		14,868	227,500							
State Sources				2,768,962						
Grant Awarded				(68,601)						
Grant Receivable Cancelled										
Transfers in	5,648	3,161	386							
Transfers out	(5,648)	(3,161)	(386)				(12,488)			
Total other financing sources (uses)	-	14,868	227,500	5,373,381	-	-	(12,488)	-	-	9,020
Net change in fund balances	\$ (7,322,378)	\$ (5,724,905)	\$ (395,348)	\$ 5,489,169	\$ (2,251,285)	\$ (2,581,819)	\$ 598,275	\$ 504,777	\$ 965,568	\$ 1,401,015
Debt service as a percentage of noncapital expenditures	7.20%	7.51%	7.29%	6.97%	6.59%	4.24%	4.13%	3.74%	3.47%	3.13%

Source: ACFR Exhibit B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

In 2021 GASB No.84 related to fiduciary accounting was implemented.

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(modified accrual basis of accounting)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Miscellaneous</u>	<u>Athletic Events</u>	<u>Refund of</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Tuition</u>	<u>Annual Totals</u>
2011	\$ 42,091	\$ 9,660	\$ 4,903	\$ 279,472	\$ 35,340	\$ 371,466
2012	5,887	145,371	5,262	193,140	93,655	443,315
2013	6,197	174,540	-	-	118,229	298,966
2014	2,400	41,586	5,026	114,953	60,266	224,231
2015	1,978	73,430	6,024	229,663	37,155	348,250
2016	2,401	39,980	6,823	272,930	40,411	362,545
2017	3,529	62,611	6,317	75,366	48,525	196,348
2018	11,385	54,437	6,446	667,264	46,680	786,212
2019	64,939	25,581	6,065	392,118	28,722	517,425
2020	45,010	17,420	5,473	288,512	59,122	415,537
2021	2,266	27,800	-	554,568	67,458	652,092

Source: District records

REVENUE CAPACITY

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN (10) FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Tax-Exempt Property	Net Valuation	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2012	3,024,600	366,234,400	25,329,600	17,585,400	8,633,700	420,807,700	293,382	50,654,200	471,755,282	1,441,461,958	3.517
2013	3,031,600	360,459,700	24,176,900	17,289,900	8,392,700	413,350,800	287,694	50,529,600	464,168,094	1,331,956,265	3.717
2014	2,926,800	360,673,400	24,320,900	17,247,100	8,774,700	413,942,900	198,325	97,657,100	511,798,325	1,319,732,478	3.857
2015	2,965,000	358,560,500	24,954,400	17,237,400	8,774,700	412,492,000	-	49,583,200	462,075,200	1,293,849,676	3.980
2016	2,929,800	357,919,900	24,922,700	17,141,900	8,774,700	411,689,000	-	48,880,600	460,569,600	1,314,187,237	3.995
2017	3,006,500	357,199,100	24,841,400	17,097,400	9,068,000	411,212,400	-	48,999,800	460,212,200	1,354,166,813	4.068
2018	3,009,200	356,487,700	24,601,200	17,118,400	9,260,200	410,476,700	-	53,040,800	463,517,500	1,386,482,532	4.254
2019	3,047,500	355,815,200	24,504,000	16,998,400	9,613,200	409,978,300	-	54,329,300	464,307,600	1,423,394,580	4.334
2020	11,728,100	1,259,103,300	85,872,900	98,636,700	55,791,400	1,511,133,400	-	130,134,100	1,641,267,500	1,450,246,131	1.201
2021	11,477,800	1,258,076,900	85,596,300	98,636,700	55,791,400	1,509,579,100	-	130,939,300	1,640,518,400	1,527,021,701	1.204

Source: Municipal Tax Assessor

Note: Revaluation effective in 2020.

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

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

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

b Tax rates are per \$100 of assessed valuation

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Borough of South River School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	(From J-6) Total Direct School Tax Rate	Municipality of South River	County of Middlesex	
2012	3.060	0.447	3.517	1.978	1.221	6.716
2013	3.238	0.479	3.717	1.962	1.231	6.910
2014	3.385	0.472	3.857	1.994	1.267	7.118
2015	3.509	0.471	3.980	2.057	1.248	7.285
2016	3.639	0.356	3.995	2.181	1.276	7.452
2017	3.716	0.352	4.068	2.363	1.314	7.745
2018	3.900	0.354	4.254	2.443	1.342	8.039
2019	3.952	0.382	4.334	2.558	1.345	8.237
2020	1.113	0.088	1.201	0.711	0.375	2.287
2021	1.115	0.089	1.204	0.733	0.400	2.337

Source: Municipal Tax Collector

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

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

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
 COUNTY OF MIDDLESEX
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE (9) YEARS AGO
 (UNAUDITED)**

	2021				2012		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
LIT Industrial LP	\$ 49,100,900	1	3.25%	LIT Northend LLC	\$ 12,208,700	1	2.90%
LIT Northend LLC	32,810,300	2	2.17%	East Coast Leonardine Village Green	2,350,000	2	0.56%
Leonardine Garden	14,776,600	3	0.98%	Emmess Apts Ltd.	1,571,000	3	0.37%
East Coast Village Green Apts	9,745,300	4	0.64%	Leonardine Associates LLC	1,200,000	4	0.29%
Emmess Apts Ltd.	8,554,800	5	0.57%	425 Whitehead LLC	980,000	5	0.23%
Absolutely Property Management	4,174,500	6	0.28%	Felmore Associates	700,000	6	0.17%
Felmore Associates	3,439,300	7	0.23%	Zifovski, Zlatan & Lube	681,900	7	0.16%
425 Whitehead, LLC	3,338,600	8	0.22%	Sherwood Court	633,100	8	0.15%
Sherwood Court	3,251,300	9	0.22%	P&B Dinicola	622,500	9	0.15%
Zifovski, Zlatan & Lube	3,157,100	10	0.21%	Andre Construction and Son	616,800	10	0.15%
Total	\$ 132,348,700		8.76%		\$ 21,564,000		5.12%
Total Assessed Valuation	\$ 1,511,133,400				\$ 420,807,700		

Source: Municipal Tax Assessor

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy^a</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2012	28,288,692	27,553,186	97.40%	569,445
2013	28,611,549	27,553,240	97.40%	633,864
2014	29,524,807	28,976,314	97.49%	640,721
2015	30,073,830	29,350,585	97.60%	488,129
2016	30,696,741	30,044,664	97.88%	636,498
2017	31,882,585	31,128,301	97.63%	583,562
2018	33,031,601	32,381,286	98.03%	692,610
2019	33,823,894	33,266,659	98.35%	583,781
2020	34,572,067	34,060,000	98.52%	524,499
2021	35,339,555	34,855,353	98.62%	462,788

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

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

DEBT CAPACITY

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
 COUNTY OF MIDDLESEX
 RATIOS OF OUTSTANDING DEBT BY TYPE
 LAST TEN (10) FISCAL YEARS
 (UNAUDITED)**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2012	16,284,000	-	42,257	-	-	16,326,257	4.19%	1,123	
2013	14,394,000	-	32,436	-	295,389	14,721,825	3.26%	920	
2014	12,504,000	-	250,134	-	234,822	12,988,956	2.53%	811	
2015	13,042,000	-	370,458	-	177,430	13,589,888	3.02%	849	
2016	11,158,000	-	271,726	-	119,171	11,548,897	2.56%	721	
2017	10,013,000	-	182,756	-	60,032	10,255,788	2.27%	640	
2018	8,853,000	-	92,191	-	-	8,945,191	1.98%	559	
2019	7,693,000	-	-	-	-	7,693,000	1.70%	481	
2020	6,258,000	-	-	-	-	6,258,000	1.39%	391	
2021	5,113,000	-	-	-	-	5,113,000	0.94%	317	

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

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

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

General Bonded Debt Outstanding

<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value ^a of Property</u>	<u>Per Capita ^b</u>
2012	16,284,000	-	16,284,000	3.45%	1,017
2013	14,394,000	-	14,394,000	3.10%	899
2014	12,504,000	-	12,504,000	2.44%	781
2015	13,042,000	-	13,042,000	2.83%	815
2016	11,158,000	-	11,158,000	2.43%	697
2017	10,013,000	-	10,013,000	2.17%	675
2018	8,853,000	-	8,853,000	1.91%	553
2019	7,693,000	-	7,693,000	1.66%	481
2020	6,258,000	-	6,258,000	0.38%	391
2021	5,113,000	-	5,113,000	0.34%	317

Notes:

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

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

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

Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding.

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2021
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of South River	\$ 26,470,698	100.000%	\$ 26,470,698
County of Middlesex	458,585,518	1.2881%	5,907,040
Other debt			<u>None</u>
Subtotal, overlapping debt			32,377,738
Borough of South River District Direct Debt:			
Issued and outstanding - Bonds	\$ 5,113,000	100%	\$ 5,113,000
Authorized but not Issued - Bonds and Notes	<u>None</u>	100%	
Total direct and overlapping debt			<u><u>\$ 37,490,738</u></u>

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

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

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

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
LEGAL DEBT MARGIN INFORMATION
LAST TEN (10) FISCAL YEARS
(UNAUDITED)**

Legal Debt Margin Calculation for Fiscal Year 2021

	Equalized valuation basis
	2020 \$ 1,523,319,960
	2019 1,440,543,219
	2018 1,419,843,307
	<u>\$ 4,383,706,486</u>
Average equalized valuation of taxable property	\$ 1,461,235,495
Debt limit (4 % of average equalization value)	58,449,420 ^a
Total Net Debt Applicable to Limit	<u>5,113,000</u>
Legal debt margin	\$ <u>53,336,420</u>

	Fiscal Year									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt limit	\$ 61,607,935	\$ 58,040,039	\$ 54,699,271	\$ 52,716,622	\$ 52,572,821	\$ 53,085,280	\$ 54,296,731	\$ 55,382,780	\$ 56,586,787	\$ 58,449,420
Total net debt applicable to limit	<u>21,136,285</u>	<u>19,305,557</u>	<u>13,000,172</u>	<u>15,810,982</u>	<u>12,546,371</u>	<u>10,446,656</u>	<u>8,933,771</u>	<u>7,693,000</u>	<u>6,258,000</u>	<u>5,113,000</u>
Legal debt margin	<u>\$ 40,471,650</u>	<u>\$ 38,734,482</u>	<u>\$ 41,699,099</u>	<u>\$ 36,905,640</u>	<u>\$ 40,026,450</u>	<u>\$ 42,638,624</u>	<u>\$ 45,362,960</u>	<u>\$ 47,689,780</u>	<u>\$ 50,328,787</u>	<u>\$ 53,336,420</u>
Total net debt applicable to the limit as a percentage of debt limit	34.31%	33.26%	23.77%	29.99%	23.86%	19.68%	16.45%	13.89%	11.06%	8.75%

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

^a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

DEMOGRAPHIC AND ECONOMIC INFORMATION

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2012	16,008	451,073,424	28,178	11.60%
2013	16,008	451,073,424	28,178	11.70%
2014	16,008	451,073,424	28,178	13.40%
2015	16,008	451,073,424	28,178	8.20%
2016	16,008	451,073,424	28,178	7.10%
2017	16,008	451,073,424	28,178	6.30%
2018	16,008	451,073,424	28,178	5.50%
2019	16,008	451,073,424	28,178	5.40%
2020	16,008	451,073,424	28,178	4.40%
2021	16,118	545,175,232	33,824	10.70%

Source:

^a Population information provided by the 2010 census for 2012-2020 and the 2020 census for 2021.

^b Personal income has been estimated based upon the municipal population and per capita personal income presented.

^c Per capita personal income by municipality estimated based upon the 2010 census for 2012-2020 and the 2020 census for 2021 published by the New Jersey Department of Labor.

^d Unemployment data provided by the New Jersey Department of Labor and Workforce Development - previous year benchmark.

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE (9) YEARS AGO
(UNAUDITED)

<u>Employer</u>	<u>2021</u>			<u>2011</u>		
	<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>
South River Board of Education	298	1	0.00%	245	1	0.00%
Borough of South River	101	2	0.00%	104	2	0.00%
Wawa	53	3	0.00%	18	4	0.00%
Rite Aid	20	4	0.00%	9	5	0.00%
U.S. Postal Service	19	5	0.00%	26	3	0.00%
		6	0.00%	-		0.00%
		7	0.00%	-		0.00%
		8	0.00%	-		0.00%
		9	0.00%	-		0.00%
		10	0.00%	-		0.00%
	<u>491</u>		<u>0.00% (1)</u>	<u>402</u>		<u>0.00%</u>

Source: Borough of South River

(1) Total employment within Municipality not available from authoritative source.

OPERATING INFORMATION

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Instruction										
Regular	128	128	131	131	131	131	132	151	153	163
Special education	34	34	38	38	48	48	48	47	48	55
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Student & instruction related services	26	26	26	26	26	26	26	42	42	42
General administration	3	3	3	3	3	3	2	2	2	2
School administrative services	16	16	16	16	17	17	17	18	18	18
Other administrative services										
Central services	5	5	6	6	6	6	6	7	7	7
Administrative Information Technology										
Plant operations and maintenance	7	7	6	6	6	6	6	5	5	5
Pupil transportation										
Other support services	6	6	6	6	6	6	6	6	6	6
Special Schools										
Food Service										
Child Care										
Total	<u>225.00</u>	<u>225.00</u>	<u>232.00</u>	<u>232.00</u>	<u>243.00</u>	<u>243.00</u>	<u>243.00</u>	<u>278.00</u>	<u>281.00</u>	<u>298.00</u>

Source: District Personnel Records

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
OPERATING STATISTICS
LAST TEN (10) FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio				Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Primary (K-2) ^e	Elementary (3-5)	Middle School (6-8)	Senior High School				
2012	2,319	28,360,222	12,230	5.56%	176.00	1:19	1:20	1:17	1:17	2317.0	2,189	3.48%	94.48%
2013	2,329	30,297,849	13,009	6.37%	176.00	1:19	1:20	1:17	1:17	2338.0	2,202	0.91%	94.18%
2014	2,323	30,496,279	13,128	0.91%	176.00	1:19	1:20	1:17	1:17	2321.0	2,245	-0.73%	96.73%
2015	2,277	31,312,373	13,752	4.75%	176.00	1:18	1:20	1:16	1:17	2280.0	2,151	-1.77%	94.34%
2016	2,218	32,469,737	14,639	6.45%	179.00	1:18	1:20	1:16	1:17	2211.0	2,103	-3.03%	95.12%
2017	2,210	33,894,938	15,337	4.77%	181.00	1:18	1:20	1:16	1:17	2206.0	2,074	-0.14%	93.93%
2018	2,193	34,516,637	15,739	2.62%	182.00	1:18	1:20	1:16	1:17	2192.1	2,073	-0.72%	94.56%
2019	2,262	37,521,722	16,588	5.39%	198.00	1:15	1:15	1:15	1:15	2236.1	2,106	2.01%	94.18%
2020	2,319	38,888,084	16,769	1.09%	201.00	1:14	1:15	1:15	1:16	2311.0	2,153	1.62%	93.16%
2021	2,306	42,318,629	18,352	9.44%	218.00	1:14	1:15	1:15	1:16	2287.0	2,172	-1.04%	94.97%

Sources: District records

Note: Enrollment based on June district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d Cost per pupil calculated by dividing operating expenditures by enrollment; not intended to represent the statutory calculation of cost per pupil.

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHOOL BUILDING INFORMATION
LAST TEN (10) FISCAL YEARS
(UNAUDITED)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>District Building</u>										
<u>Primary (2005)</u>										
Square Feet	58,350	58,350	58,350	58,350	58,350	58,350	58,350	58,350	58,350	58,350
Capacity (Students)	440	440	440	440	440	440	440	440	440	440
Enrollment	557	555	535	507	501	469	475	486	438	426
<u>Elementary (1997)</u>										
Square Feet	78,770	78,770	78,770	78,770	78,770	78,770	78,770	78,770	78,770	78,770
Capacity (Students)	540	540	540	540	540	540	540	540	540	540
Enrollment	622	606	623	616	587	567	548	582	651	655
<u>Middle School (1997)</u>										
Square Feet	73,180	73,180	73,180	73,180	73,180	73,180	73,180	73,180	73,180	73,180
Capacity (Students)	559	559	559	559	559	559	559	559	559	559
Enrollment	497	539	552	542	516	534	533	525	538	512
<u>High School (1957)</u>										
Square Feet	102,768	102,768	102,768	102,768	102,768	102,768	102,768	102,768	102,768	102,768
Capacity (Students)	625	625	625	625	625	625	625	625	625	625
Enrollment	643	629	613	611	614	640	635	669	692	713
<u>Other</u>										
Central Administration										
Square Feet	2,274	2,274	2,274	2,274	2,274	2,274	2,274	2,274	2,274	2,274
Number of Schools at June 30, 2021										
Primary =	1									
Elementary =	1									
Middle School =	1									
Senior High School =	1									

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the end of fiscal year district count.

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-xxx
 11-000-262-xxx

	* School Facilities Project # (s)	High School	Middle School	Elementary School	K-2 Primary School	Administration Office	Total
2012	N/A	\$ 248,914	\$ 198,400	\$ 197,850	\$ 163,750	\$ 14,260	\$ 823,174
2013	N/A	324,600	261,000	270,247	210,250	20,198	1,086,295
2014	N/A	249,938	229,762	236,623	98,066	27,455	841,844
2015	N/A	257,256	207,698	206,528	115,288	39,125	825,895
2016	N/A	262,150	192,800	180,100	133,500	23,418	791,968
2017	N/A	217,150	326,100	324,175	147,350	26,543	1,041,318
2018	N/A	194,651	194,586	174,107	107,725	35,200	706,269
2019	N/A	291,209	218,135	196,616	138,204	27,394	871,558
2020	N/A	216,748	208,930	206,075	140,423	24,429	796,605
2021	N/A	452,050	235,290	214,263	200,827	46,044	1,148,474
Total School Facilities		<u>\$ 2,714,666</u>	<u>\$ 2,272,701</u>	<u>\$ 2,206,584</u>	<u>\$ 1,455,383</u>	<u>\$ 284,066</u>	<u>\$ 8,933,400</u>

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

Source: District records

BOARD OF EDUCATION
SOUTH RIVER BOROUGH SCHOOL DISTRICT
COUNTY OF MIDDLESEX
INSURANCE SCHEDULE
JUNE 30, 2021
UNAUDITED

<u>Type of Policy</u>	<u>Coverage</u>	<u>Deductible</u>
MULTI PERIL PACKAGE POLICY		
PROPERTY		
Blanket Building and Contents	\$ 86,183,312	\$ 5,000
Extra Expense	50,000,000	
Computers and Media	500,000	
ENERGY SYSTEMS		
Boiler and Machinery	Included	
COMMERCIAL LIABILITY		
Bodily Injury/Property Damage	31,000,000	Each occurrence
Products and Completed Operation	31,000,000	
Personal Injury/Advertising Inj.	31,000,000	
Medical Expense	10,000	
Employee Benefits Liability	31,000,000	
CRIME		
Money and Securities	50,000	Inside/Outside
Employee Dishonesty	100,000	500
Forgery or Alteration	100,000	500
BUSINESS AUTO		
Bodily Injury/Prop Damage Liab.	31,000,000	
Personal Injury Protection	Statutory	
Medical Payments (PIP)	10,000	
Uninsured/Underinsured	1,000,000	
Comprehensive Deductible		1,000
Collision Deductible		1,000
SCHOOL BOARD LEGAL		
Coverage A		
Limit of Liability	30,000,000	
Each Claim	5,000	
Coverage B		
Limit of Liability	300,000	5,000
Each Claim	100,000	

BOARD OF EDUCATION
SOUTH RIVER BOROUGH SCHOOL DISTRICT
COUNTY OF MIDDLESEX
INSURANCE SCHEDULE
JUNE 30, 2021
UNAUDITED

<u>Type of Policy</u>	<u>Coverage</u>	<u>Deductible</u>
CATASTROPHE ACCESS PLAN		
Limit of Liability	\$ 50,000,000	
WORKERS COMPENSATION		
Section B	3,000,000	
ENVIRONMENTAL LIABILITY		
Limit of Liability	1,000,000 Each Loss 1,000,000 Aggregate	\$ 10,000
STUDENT ACCIDENT		
Limit of Liability	1,000,000	
Interscholastic Sports	10,000,000	
BONDS		
Board Secretary - Ken Kokoszka	25,000	
Treasurer of School Monies - Joseph Zanga	257,000	

SINGLE AUDIT SECTION

SAMUEL KLEIN AND COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Exhibit K-1
Sheet 1 of 2

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

Honorable President and Members
of the Board of Education
Borough of South River Board of Education
County of Middlesex, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance Department, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of South River Board of Education, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Borough of South River Board of Education's basic financial statements, and have issued our report thereon dated March 9, 2022.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

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

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 and therefore, material weaknesses or significant deficiencies may exist that may not have been identified. 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 Board of Education of the Borough of South River School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY, LLP

Freehold, New Jersey
March 9, 2022

SAMUEL KLEIN AND COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Exhibit K-2
Sheet 1 of 3

INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NJOMB 15-08

The Honorable President and Members
of the Board of Education
Borough of South River Board of Education
County of Middlesex, New Jersey

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal and state programs.

Auditor's Responsibility

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

**INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NJOMB 15-08
(CONTINUED)**

We believe that our audit provides a reasonable basis for our unmodified opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of Borough of South River Board of Education's compliance.

Opinion on Each Major Federal and State Program

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

Report on Internal Control over Compliance

Management of the Borough of South River Board of Education 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 Borough of South River Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey State Aid/Grant Compliance Supplement, 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 Borough of South River Board of Education'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 federal and 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 non-compliance with a type of compliance requirement of a federal and 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 federal and 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

**INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NJOMB 15-08
(CONTINUED)**

Purpose of Report

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



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY, LLP

Freehold, New Jersey
March 9, 2022

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Federal FAIN Number	Grant Period	Award Amount	June 30, 2020		Cash Received	Budgetary Expenditures	Adjustment	June 30, 2021		Due to Grantor
					Deferred Revenue	(Accounts Receivable)				Deferred Revenue	(Accounts Receivable)	
General Fund:												
US Department of Education												
Passed-Through State Department of Education:												
FFCRA - SEMI	93.778	2005NJ5MAP	7/1/20-6/30/21	\$ 8,515.52			\$ 8,515.52			\$ 8,515.52		
Medical Assistance Program	93.778	2005NJ5MAP	7/1/20-6/30/21	93,172.00			90,034.05	\$ (93,172.00)			\$ (3,137.95)	
Total General Fund							\$ 98,549.57	\$ (93,172.00)		\$ 8,515.52	\$ (3,137.95)	
Enterprise Fund:												
U.S. Department of Agriculture												
Passed-Through State Department of Education:												
Food Distribution Program	10.565	211NJ304N1099	7/1/20-6/30/21	\$ 71,408.25			\$ 71,408.25	\$ (64,628.26)		\$ 6,779.99		
Food Distribution Program	10.565	201NJ304N1099	7/1/19-6/30/20	84,284.23	\$ 6,991.65			(6,991.65)				
National School Lunch Program	10.555	211NJ304N1099	7/1/20-6/30/21	473,158.06			319,597.23	(473,158.06)			\$ (153,560.83)	
School Breakfast Program	10.553	211NJ304N1099	7/1/20-6/30/21	274,280.36			225,439.52	(274,280.38)			(48,840.86)	
SSO - Breakfast Program	10.555	201NJ304N1099	7/1/19-6/30/20	102,828.00		\$ (25,086.60)	25,086.60					
SSO - Lunch Program	10.555	201NJ304N1099	7/1/19-6/30/20	139,017.89		(39,112.29)	39,112.29					
Federal Lunch	10.555	201NJ304N1099	7/1/19-6/30/20	13,268.53		(796.21)	796.21					
Federal Administrative	10.649	201221S900941	7/1/20-6/30/21	3,063.00				(3,063.00)			(3,063.00)	
Total Enterprise Fund					\$ 6,991.65	\$ (64,997.10)	\$ 681,442.10	\$ (822,121.35)		\$ 6,779.99	\$ (205,464.69)	

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Federal FAIN Number	Grant Period	Award Amount	June 30, 2020		Cash Received	Budgetary Expenditures	Adjustment	June 30, 2021		
					Deferred Revenue	(Accounts Receivable)				Deferred Revenue	(Accounts Receivable)	Due to Grantor
Special Revenue Fund:												
U.S. Department of Education:												
Passed-Through State Department of Education:												
Title I, Part A	84.010	S010A200030	7/1/20-6/30/21	\$ 597,016.00		\$	398,218.79	\$ (607,678.08)	\$ (0.28)		\$ (209,459.58)	
Title I, Part A	84.010	S010A190030	7/1/19-6/30/20	596,300.00	\$ (161,845.21)		161,845.21					
Title I Reallocated	84.010	S010A200030	7/1/20-6/30/21	61,957.00			48,866.20	(54,803.20)	(0.62)		(5,917.62)	
Title I Reallocated	84.010	S010A190030	7/1/19-6/30/20	42,948.00		(35,561.80)	35,561.80					
Title I SIA	84.010	S010A200030	7/1/20-6/30/21	28,800.00			23,209.00	(26,536.64)			(3,327.64)	
Title II, Part A	84.367A	S367A200029	7/1/20-6/30/21	87,773.00			44,233.30	(77,713.69)	0.27		(33,480.12)	
Title II, Part A	84.367A	S367A190029	7/1/19-6/30/20	82,736.00		(41,519.70)	41,519.70					
Title III	84.365	S365A200030	7/1/20-6/30/21	50,729.00			29,747.14	(43,065.31)	(0.12)		(13,318.29)	
Title III	84.365	S365A190030	7/1/19-6/30/20	36,832.00		(26,767.86)	26,767.86					
Title III Immigrant	84.365	S365A200030	7/1/20-6/30/21	10,762.00			6,471.00	(9,505.43)			(1,034.43)	
Title III Immigrant	84.365	S365A190030	7/1/19-6/30/20	10,014.00		(6,875.00)	6,875.00					
Title IV	84.424	S424A200031	7/1/20-6/30/21	43,899.00			16,476.40	(44,967.73)	(0.40)		(28,491.73)	
Title IV	84.424	S424A190031	7/1/19-6/30/20	37,055.00		(7,175.60)	7,175.60					
I.D.E.A. Preschool	84.173	H173A200114	7/1/20-6/30/21	17,065.00			17,065.00	(17,065.00)				
I.D.E.A. Preschool	84.173	H173A190114	7/1/19-6/30/20	16,316.00		(636.10)	781.00	(144.90)				
I.D.E.A. Part B	84.027	H027A200100	7/1/20-6/30/21	646,699.00			523,886.25	(633,701.75)	(0.25)		(109,615.75)	
I.D.E.A. Part B	84.027	H027A190100	7/1/19-6/30/20	572,948.00		(84,164.75)	84,164.75					
Perkins Grant	84.048	V048A200030	7/1/20-6/30/21	20,780.11			14,450.00	(20,780.11)			(6,330.11)	
Perkins Grant	84.048	V048A190030	7/1/19-6/30/20	20,909.20		(4,952.00)	4,952.00					
Adult Basic Education	84.002	N/A	7/1/20-6/30/21	35,417.45			21,517.00	(35,417.45)			(13,900.45)	
Adult Basic Education	84.002	N/A	7/1/19-6/30/20	31,592.00		(9,985.00)	9,985.00					
CARES Relief	84.425D	S425D200027	7/1/20-6/30/21	601,107.00			413,910.00	(460,177.51)			(46,267.51)	
ESSER II	84.425D	S425D210027	7/1/20-6/30/21	6,445.24				(6,445.24)			(6,445.24)	
Learning Acceleration	84.425D	S425D210027	7/1/20-6/30/21	550.00				(550.00)			(550.00)	
Mental Health	84.425D	S425D210027	7/1/20-6/30/21	1,132.00				(1,132.00)			(1,132.00)	
U.S. Department of Treasury												
Passed-Through State Department of Education:												
NP Digital Divide	21.019	N/A	7/1/20-6/30/21	22,490.00			22,490.00	(22,490.00)				
Bridging the Digital Divide	21.019	N/A	7/1/20-6/30/21	116,071.00			116,071.00	(116,070.12)	(0.86)			
Corona Relief Fund	21.019	N/A	7/1/20-6/30/21	201,416.00			201,416.00	(201,416.00)				
Total Special Revenue Fund						\$ (379,483.02)	\$ 2,279,675.00	\$ (2,379,660.17)	\$ (2.28)		\$ (479,470.47)	
Total Federal Financial Assistance					\$ 6,991.65	\$ (444,480.12)	\$ 3,059,666.67	\$ (3,294,953.52)	\$ (2.28)	\$ 15,295.51	\$ (668,073.11)	

See Accompanying Notes to Schedules of Federal Awards and State Financial Assistance.

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	June 30, 2020			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balance	Balance, June 30, 2021			MEMO	
				Due to Grantor	Deferred Revenue	(Accounts Receivable)				Deferred Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education														
General Fund:														
Categorical Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	\$ 1,910,698.00				\$ 1,910,698.00	\$ (1,910,698.00)				\$ (188,602.00)	\$ (1,910,698.00)	\$ (1,910,698.00)
Categorical Security Aid	21-495-034-5120-084	7/1/20-6/30/21	645,142.00				845,142.00	(645,142.00)				(63,681.00)	(645,142.00)	(645,142.00)
Equalization Aid	21-495-034-5120-076	7/1/20-6/30/21	12,682,743.00				12,682,743.00	(12,682,743.00)				(1,251,697.00)	(12,682,743.00)	(12,682,743.00)
Categorical Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	502,357.00				502,357.00	(502,357.00)				(49,587.00)	(502,357.00)	(502,357.00)
Extraordinary Aid	21-495-034-5120-044	7/1/20-6/30/21	422,011.00					(422,011.00)		\$ (422,011.00)			(422,011.00)	(422,011.00)
Extraordinary Aid	20-495-034-5120-044	7/1/19-6/30/20	370,475.00		\$ (370,475.00)		370,475.00							
Non-public Transportation	21-495-034-5120-014	7/1/20-6/30/21	34,510.00					(34,510.00)			\$ (34,510.00)			(34,510.00)
Non-public Transportation	20-495-034-5120-014	7/1/19-6/30/20	20,116.00		(20,116.00)		20,116.00							
Reimbursed T.P.A.F. Social Security Contribution	21-495-034-5094-003	7/1/20-6/30/21	1,198,346.56				1,139,058.48	(1,198,346.56)				(58,088.08)		(1,198,346.56)
Reimbursed T.P.A.F. Social Security Contribution	20-495-034-5094-003	7/1/19-6/30/20	1,167,681.57		(57,291.13)		57,291.13							
On-behalf TPAF - Pension	21-495-034-5094-002	7/1/20-6/30/21	4,054,832.00				4,054,832.00	(4,054,832.00)						(4,054,832.00)
On-behalf TPAF - Post Retirement Medical	21-495-034-5094-001	7/1/20-6/30/21	1,270,721.00				1,270,721.00	(1,270,721.00)						(1,270,721.00)
On-behalf TPAF - Long Term Disability	21-495-034-5094-004	7/1/20-6/30/21	2,757.00				2,757.00	(2,757.00)						(2,757.00)
Total General Fund					\$ (447,884.13)		\$ 22,656,782.61	\$ (22,724,117.56)			\$ (515,209.08)		\$ (1,553,767.00)	\$ (22,724,117.56)
Enterprise Fund:														
National School Lunch Program	21-100-010-3350-023	7/01/20-6/30/21	\$ 21,853.28				\$ 17,330.79	\$ (21,853.28)			\$ (4,522.49)		\$ (21,853.28)	\$ (21,853.28)
National School Lunch Program	20-100-010-3350-023	7/1/19-6/30/20	14,173.19		(3,971.13)		3,971.13							
Total Enterprise Fund					\$ (3,971.13)		\$ 21,301.92	\$ (21,853.28)			\$ (4,522.49)		\$ (21,853.28)	\$ (21,853.28)

See Accompanying Notes to Schedules of Federal Awards and State Financial Assistance

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor Program Title	Grant or State Project Number	Grant Period	Award Amount	June 30, 2020			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balance	Balance, June 30, 2021			MEMO		
				Due to Grantor	Deferred Revenue	(Accounts Receivable)				Deferred Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
Special Revenue Fund:															
N.J. Nonpublic Aid:															
Textbook Aid	20-100-034-5120-064	7/1/19-6/30/20	\$ 21,294.00	\$ 141.00				\$ 141.00							
Textbook Aid	21-100-034-5120-064	7/1/20-6/30/21	31,584.00			\$ 31,584.00	\$ (29,899.00)			\$ 1,685.00			\$ (29,899.00)		
Nursing	20-100-034-5120-070	7/1/19-6/30/20	39,188.00	4,301.00				4,301.00							
Nursing	21-100-034-5120-070	7/1/20-6/30/21	52,734.00			52,734.00	(28,450.00)			24,284.00			(28,450.00)		
Security	20-100-034-5120-509	7/1/19-6/30/20	60,600.00	53.00				53.00							
Security	21-100-034-5120-509	7/1/20-6/30/21	90,475.00			90,475.00	(89,085.00)			1,390.00			(89,085.00)		
Technology	20-100-034-5120-373	7/1/19-6/30/20	14,544.00	530.00				530.00							
Auxiliary Services:															
Compensatory Education	20-100-034-5120-067	7/1/19-6/30/20	28,716.00		\$ (2,961.62)	2,961.62									
Compensatory Education	21-100-034-5120-067	7/1/20-6/30/21	27,869.00			27,869.00	(18,160.02)			8,708.98			(19,160.02)		
Transportation Aid	20-100-034-5120-067	7/1/19-6/30/20	4,075.00		(407.00)	407.00									
Transportation Aid	21-100-034-5120-067	7/1/20-6/30/21	3,833.00			3,833.00	(3,833.00)						(3,833.00)		
English as a Second Language	20-100-034-5120-067	7/1/19-6/30/20	15,717.00		(1,726.38)	1,726.38									
English as a Second Language	21-100-034-5120-067	7/1/20-6/30/21	8,881.00			8,881.00	(1,776.26)			7,104.74			(1,776.26)		
Handicapped Services:															
Home Instruction	20-100-034-5121-068	7/1/19-6/30/20	2,501.20		(2,501.20)	2,501.20									
Supplemental Instruction	20-100-034-5120-066	7/1/19-6/30/20	6,476.00		(666.81)	666.81									
Supplemental Instruction	21-100-034-5120-066	7/1/20-6/30/21	6,476.00			6,476.00	(1,618.96)			4,857.04			(1,618.96)		
Examination and Classification	20-100-034-5120-066	7/1/19-6/30/20	21,364.00	6,871.00	(3,177.91)	3,177.91		6,871.00							
Examination and Classification	21-100-034-5120-066	7/1/20-6/30/21	11,522.00			11,522.00	(6,468.25)			5,023.75			(6,468.25)		
Corrective Speech	20-100-034-5120-068	7/1/19-6/30/20	12,305.00	1.00	(1,467.28)	1,467.28		1.00							
Corrective Speech	21-100-034-5120-068	7/1/20-6/30/21	12,760.00			12,760.00	(6,380.00)			6,380.00			(6,380.00)		
Preschool Expansion Aid	20-495-034-5120-088	7/1/19-6/30/20	1,308,860.00	\$ 122,471.65	(138,400.00)	138,400.00		(122,471.65)							
Preschool Expansion Aid	21-495-034-5120-088	7/1/20-6/30/21	1,601,030.00			1,442,994.00	(1,472,082.13)	122,471.65	\$ 93,383.52		\$ (158,036.00)		(1,472,082.13)		
Total Special Revenue Fund				\$ 11,897.00	\$ 122,471.65	\$ (152,308.20)	\$ 1,841,436.20	\$ (1,658,782.62)	\$ 11,897.00	\$ 93,383.52	\$ 59,433.51	\$ (158,036.00)	\$ (1,658,782.62)		
Total State Financial Assistance				\$ 11,897.00	\$ 122,471.65	\$ (804,163.46)	\$ 24,518,530.73	\$ (24,404,753.46)	\$ 11,897.00	\$ 93,383.52	\$ (519,731.57)	\$ 59,433.51	\$ (1,711,803.00)	\$ (24,404,753.46)	
Less On-behalf TPAF:															
Pension	21-495-034-5094-002						\$ 4,054,832.00								
Post-Retirement Medical	21-495-034-5094-001						1,270,721.00								
Non Contributory Insurance	21-495-034-5094-004						2,757.00								
Total for State Assistance Major Program							\$ (19,076,443.46)								

See Accompanying Notes to Schedules of Federal Awards and State Financial Assistance

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2021

1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Borough of South River School District. The information in this Schedule is presented in accordance with the requirements of Title 2, *US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and NJOMB 15-08. The Board of Education is defined in Note 1 (A) to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules or expenditures of federal awards and state financial assistance.

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2, *US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and NJOMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

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.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two (2) state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last two (2) 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.

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED JUNE 30, 2021

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$70,546.00 for the General Fund and an increase of \$16,928.35 for the Special Revenue Fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 101,687.52	\$ 22,653,671.56	\$ 22,755,359.08
Special Revenue Fund	2,379,660.17	1,675,710.97	4,055,371.14
Food Service Fund	<u>821,909.59</u>	<u>21,853.28</u>	<u>843,762.87</u>
	<u>\$ 3,303,257.28</u>	<u>\$ 24,351,235.81</u>	<u>\$ 27,654,493.09</u>

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.

5. FEDERAL AND STATE LOANS OUTSTANDING

The District had no loans outstanding payable to federal or state entities at June 30, 2021.

6. OTHER

The amount reported as TPAF Pension Contributions and Post Retirement Medical Contributions represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2021. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share social security contributions for TPAF members for the year ended June 30, 2021.

The State of New Jersey also makes TPAF post-retirement medical and pension contribution expenditures on-behalf of the District. These expenditures are not subject to New Jersey OMB Circular 15-08 because the contributions are made by the State directly and do not have any compliance related requirements, and therefore have not been included on the Schedule of State Awards, as directed by the funding agency.

7. INDIRECT COSTS

The District did not use the 10% de minimus indirect cost rate.

**BOARD OF EDUCATION
 BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
 COUNTY OF MIDDLESEX
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified, dated
 March 9, 2022

Internal control over financial reporting:

1. Material weakness(es) identified? yes X no
2. Reportable condition(s) identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

Federal Awards

Internal control over major programs:

1. Material weakness(es) identified? yes X no
2. Reportable condition(s) identified that are not considered to be material weaknesses? yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified, dated
 March 9, 2022

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of *Uniform Guidance*? yes X no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010A</u>	<u>Title I, Title I Reallocated & Title S1A</u>
<u>84.027 & 84.173</u>	<u>IDEA Regular & IDEA Preschool</u>
<u>10.553 & 10.555</u>	<u>National School Lunch/Breakfast Program</u>
<u>84.425D</u>	<u>Educational Stabilization Fund</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes X no

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

State Financial Assistance

Internal control over major programs:

- 1. Material weakness(es) identified? _____ yes X no
- 2. Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified, dated
March 9, 2022

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08? _____ yes X no

Identification of major programs:

<u>GMIS Number</u>	<u>Name of State Program or Cluster</u>
<u>21-495-034-5120-089</u>	Cluster: <u>Categorical Special Education</u>
<u>21-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>21-495-034-5120-084</u>	<u>Categorical Security Aid</u>
<u>21-495-034-5094-003</u>	<u>Reimbursed TPAF FICA Contribution</u>
<u>21-495-034-5120-086</u>	<u>Preschool Education</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

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

Section II - Schedule of Financial Statement Findings

No financial statement findings noted that are required to be reported under *Government Auditing Standards*.

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

No federal or state award findings or questioned costs noted that are required to be reported in accordance with the Uniform Guidance or NJ OMB 15-08.

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021

FOR THE YEAR ENDED JUNE 30, 2020:

There were no findings for the year ended June 30, 2020.