

**SOUTH HUNTERDON REGIONAL  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**JUNE 30, 2022**

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



Certified Public Accountants, PC

**SOUTH HUNTERDON REGIONAL  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2022**

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# South Hunterdon Regional School District

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

[www.shrsd.org](http://www.shrsd.org)

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**Andrew Harris**, Business Administrator/Board Secretary (609) 397-0323 (609) 397-2508 Fax  
**Geoff Hewitt**, Director of Curriculum, Instruction & Assessment (609) 397-9311 (609) 397-2470 Fax

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March 2, 2023

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

Dear Board Members:

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

The annual comprehensive financial report is presented in four sections:

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

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

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

**DESCRIPTION OF THE DISTRICT**

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

The District has four buildings located in the Township of West Amwell, City of Lambertville and Stockton Borough. The State of New Jersey requires submission of enrollment data as of October 15 of each year. The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, as well as education for special needs students. The District completed the 2021-22 Fiscal Year with an Average Daily Enrollment of 768. The following details the changes in the student enrollment of the District over the last seven years since regionalization.

AVERAGE DAILY ENROLLMENT		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2021-22	768	(14.29)%
2020-21	896	(2.79)%
2019-20	921	1.77%
2018-19	905	(0.96)%
2017-18	935	(0.53)%
2016-17	940	0.11%
2015-16	939	(2.19)%
2014-15	960	(0.21)%
2013-14	962	N/A

**Economic Condition and Outlook**

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

**Major Initiatives**

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

## **1. Facilities**

Projects included 2021-22 budget:

Improvements to the MS/HS Auditorium

Construct a Pole Barn for additional outdoor storage

Installation of Security Cameras in our School Bus Fleet

Update and modernize classrooms

Upcoming Projects:

Renovation of Lambertville Public School into a district PreK-4 Elementary School

Construction of a new 5-8 Middle School

Installation of a Fitness Course at the new 5-8 Middle

Creation of an Outdoor Learning Center at the High School

## **2. Administrative Team**

In July of 2022, the Board of Education hired James Nesmith as the Director of Pupil Services.

## **3. Strategic Planning/District Goals/Board Goals**

With the assistance of New Jersey School Boards Association, the District will be developing a new strategic plan in 2022-2023

## **4. Student Achievement**

Increasing student achievement continued to be a district goal for 2021-2022. Teachers are committed to deliver content rich standards-based curriculum. State and local assessments provide data to guide strategies that will support all students.

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

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

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

Student achievement is reviewed by administration via classroom observations and review of teacher SGO's throughout the school year.



## **5. Academic Partnerships**

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

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

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

## **6. Communication with Public**

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

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

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

## **7. Technology**

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

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

## **8. Parent Involvement**

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

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

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

### **Internal Accounting Controls**

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

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

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

### **Budgetary Controls**

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

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

### **Accounting System and Reports**

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

### **Debt Administration**

The District's debt service payment for principal and interest during 2021-2022 school year were \$1,426,161 and \$300,713, respectively.

### **Cash Management**

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

### **Risk Management**

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

### **Other Information**

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

**Acknowledgements**

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

Respectfully submitted,

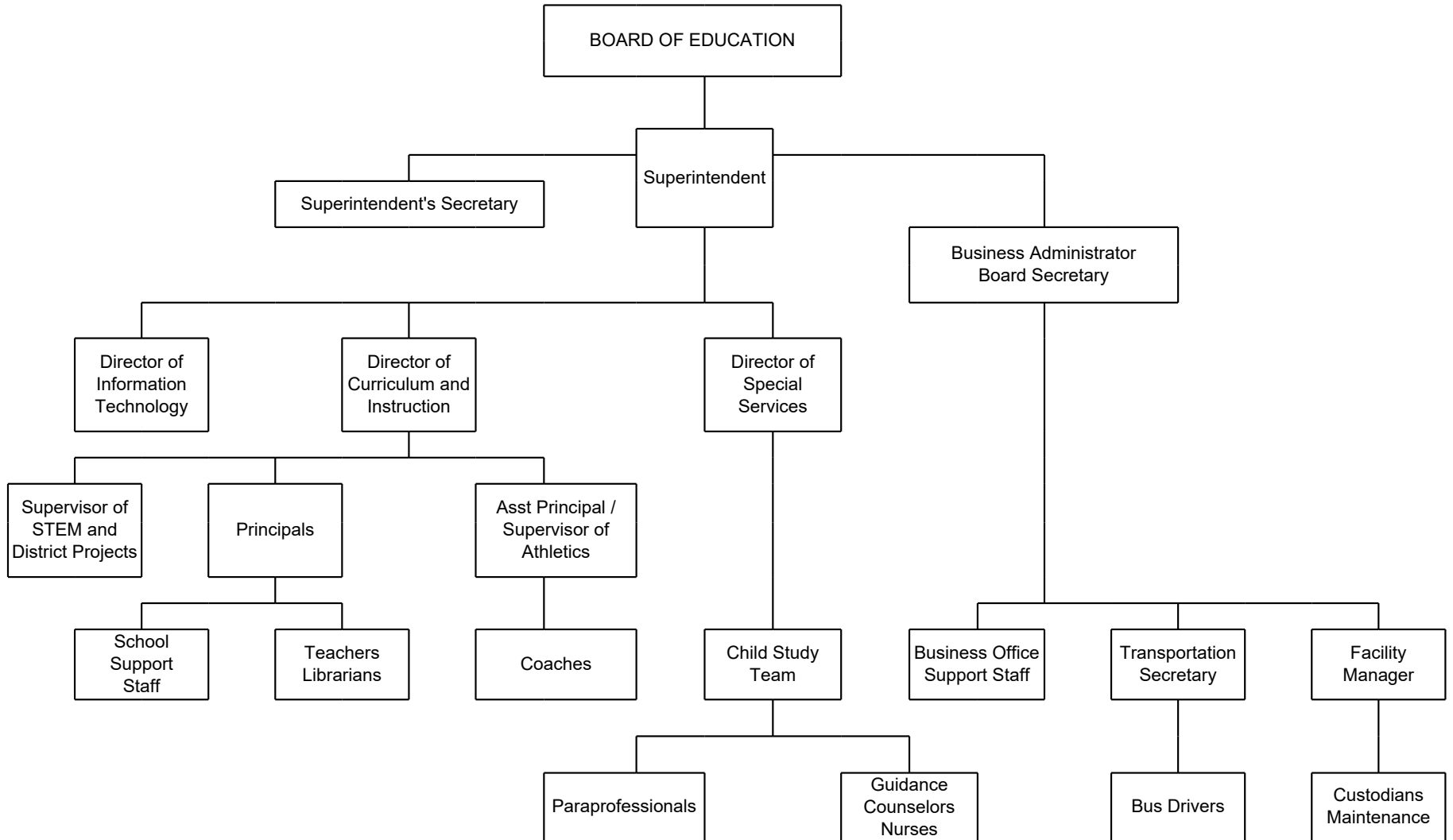


Anthony Suozzo  
Superintendent



Andrew Harris  
Business Administrator/Board Secretary

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT  
Organizational Chart**



**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT  
BOARD OF EDUCATION  
Roster of Officials  
June 30, 2022**

<b>Members of the Board of Education</b>	<b>Title</b>	<b>Term Expires</b>
Kevin Koveloski	President	2022
Roni Todd-Marino	Vice President	2023
Shaun Ellis		2022
Jim Gallagher		2022
Diana Pursell		2023
Meagan Warner		2023
Brian Keyes		2024
Sean Lewis		2024
Traci Paciulli		2024

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

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT  
BOARD OF EDUCATION  
Consultants and Advisors  
June 30, 2022**

**AUDIT FIRM**

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## Independent Auditors' Report

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

### Report on the Financial Statements

#### Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Hunterdon Regional School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2022, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, 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.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management 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, and for 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.



In preparing the financial statements, Management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits listed in the Table of Contents be presented to supplement the Basic Financial Statements. Such information is the responsibility of Management and, 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.

### Supplementary Information

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

Such information is the responsibility of Management and were derived from and relates directly to the underlying accounting and other records used to prepare the Basic Financial Statements. The 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 Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the Basic Financial Statements as a whole.

### Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory, Combining and Individual Non-Major Fund Financial Schedules and Statistical Sections but does not include the Basic Financial Statements and our auditor's report thereon. Our opinion on the Basic Financial Statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the Basic Financial Statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the Basic Financial Statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**BKC, CPAs, PC**



Michael Holk, CPA, PSA  
NO. 20CS00265600

March 2, 2023  
Flemington, New Jersey

**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
**Unaudited**

The discussion and analysis of South Hunterdon Regional School District's (the District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2022 are as follows:

- In total, net position increased \$1,896,657 which represents a 14.92% increase from 2021.
- General revenues accounted for \$33,590,603 in revenue or 93.56% of all revenues. Program specific revenues in the form of charges for services, operating grants, and contributions accounted for \$2,310,220 or 6.44% to total revenues of \$35,900,823.
- Total assets of governmental activities decreased by \$95,846, as cash and cash equivalents decreased by \$366,008, receivables and other assets increased by \$220,530, and capital assets increased by \$49,632.
- The School District had \$34,004,166 in expenses; only \$2,310,220 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$33,590,603 were adequate to provide for these programs.
- Among major funds, the general fund had \$27,667,886 in revenues, \$28,021,493 in expenditures and \$215,153 in other financing sources. The general fund's balance decreased \$138,454 from 2021.

**Using this Annual Comprehensive Financial Report (ACFR)**

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

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

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
**Unaudited**

**Reporting the School District as a Whole**

**Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2022?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
**Unaudited**

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

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

**Governmental Funds**

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

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

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
**Unaudited**

**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position at June 30, 2022 compared to June 30, 2021.

**Table 1**  
**Net Position**

	06/30/22	06/30/21	Variance	
			Dollars	Percent
<b>Assets</b>				
Current & other assets	\$ 4,330,290	\$ 4,342,217	\$ (11,927)	-0.27%
Capital assets	22,984,770	22,949,908	34,862	0.15%
Total assets	<u>27,315,060</u>	<u>27,292,125</u>	<u>22,935</u>	0.08%
<b>Deferred outflows of resources</b>				
Deferred amount on pension activity	1,479,803	2,828,191	(1,348,388)	-47.68%
Deferred amount on bond premium	399,368	499,211	(99,843)	-20.00%
Deferred amount on loss on refunding long-term debt	7,203	9,003	(1,800)	-19.99%
Total deferred outflows of resources	<u>1,886,374</u>	<u>3,336,405</u>	<u>(1,450,031)</u>	-43.46%
<b>Liabilities</b>				
Long-term liabilities	10,772,829	13,317,450	(2,544,621)	-19.11%
Other liabilities	678,090	570,671	107,419	18.82%
Total liabilities	<u>11,450,919</u>	<u>13,888,121</u>	<u>(2,437,202)</u>	-17.55%
<b>Deferred inflows of resources</b>				
Deferred amount on pension liability	3,098,032	3,974,151	(876,119)	-22.05%
Deferred amount on gain on refunding long-term debt	41,731	52,163	(10,432)	-20.00%
Total deferred inflows of resources	<u>3,139,763</u>	<u>4,026,314</u>	<u>(886,551)</u>	-22.02%
<b>Net position</b>				
Net investment in capital assets	16,798,058	15,561,748	1,236,310	7.94%
Restricted	2,284,024	2,344,414	(60,390)	-2.58%
Unrestricted	(4,471,330)	(5,192,067)	720,737	13.88%
Total net position	<u>\$ 14,610,752</u>	<u>\$ 12,714,095</u>	<u>\$ 1,896,657</u>	14.92%

Total assets increased \$22,935. Cash and cash equivalents decreased by \$288,861, receivables and other assets increased by \$276,934, and capital assets increased by \$34,862. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District increased by \$720,737.



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

Table 2 shows the changes in net position for the fiscal year ended June 30, 2022 compared to June 30, 2021.

**Table 2**  
**Changes in Net Position**

	06/30/22	06/30/21	Variance	
			Dollars	Percent
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 288,219	\$ 296,759	\$ (8,540)	-2.88%
Operating grants and contributions	2,022,001	883,426	1,138,575	128.88%
General revenues				
Property taxes	20,596,783	20,210,892	385,891	1.91%
Grants and entitlements	12,957,048	13,955,705	(998,657)	-7.16%
Other	36,772	82,571	(45,799)	-55.47%
Total revenues	<u>35,900,823</u>	<u>35,429,353</u>	<u>471,470</u>	1.33%
<b>Expenses</b>				
Instruction				
Regular	13,509,323	13,615,495	(106,172)	-0.78%
Special	4,277,009	4,686,367	(409,358)	-8.74%
Other	2,569,939	2,583,048	(13,109)	-0.51%
Support services				
Tuition	1,811,026	1,572,811	238,215	15.15%
Student & instructional related services	5,036,837	5,022,300	14,537	0.29%
General & business administration	1,244,382	1,898,954	(654,572)	-34.47%
School administration	1,293,902	856,294	437,608	51.10%
Maintenance	2,010,195	2,070,850	(60,655)	-2.93%
Transportation	1,535,434	1,221,320	314,114	25.72%
Food service	475,274	247,462	227,812	92.06%
Interest on long-term debt	240,845	287,268	(46,423)	-16.16%
Total expenses	<u>34,004,166</u>	<u>34,062,169</u>	<u>(58,003)</u>	-0.17%
Change in net position	<u>\$ 1,896,657</u>	<u>\$ 1,367,184</u>	<u>\$ 529,473</u>	38.73%

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
**Unaudited**

**Governmental Activities**

Local property taxes made up 58.33% of revenues for governmental activities for the South Hunterdon Regional School District for Fiscal Year 2022.

Instruction comprises 59.86% of district expenses. Support services expenses make up 40.14% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 provides a summary of the School District's cost of governmental services in fiscal year ending June 30, 2022 compared to June 30, 2021.

**Table 3**  
**Cost of Governmental Services**

	Total Cost of Services		Net Cost of Services	
	06/30/22	06/30/21	06/30/22	06/30/21
Instruction	\$ 20,356,271	\$ 20,884,910	\$ 19,674,412	\$ 20,534,641
Support services				
Tuition	1,811,026	1,572,811	1,546,701	1,348,388
Student & instructional staff	5,036,837	5,022,300	4,544,369	4,779,021
General & business administration	1,244,382	1,898,954	1,244,382	1,898,954
School administration	1,293,902	856,294	1,227,179	856,294
Plant operations & maintenance	2,010,195	2,070,850	1,858,855	1,958,350
Pupil transportation	1,535,434	1,221,320	1,474,335	1,179,677
Food services	475,274	247,462	(117,132)	39,391
Interest on long-term debt	240,845	287,268	240,845	287,268
Total expenses	\$ 34,004,166	\$ 34,062,169	\$ 31,693,946	\$ 32,881,984

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

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

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

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

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

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
**Unaudited**

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

The dependence upon tax revenues is apparent. For all activities, general revenue support is 93.56%. The community, as a whole, is the primary support or funding source for the South Hunterdon Regional School District.

**The School District's Funds**

Information about the School District's major funds starts in the section entitled Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$30,871,316, expenditures of \$31,458,635 and other financing sources of \$318,483. The general fund had a decrease in fund balance of \$138,454.

**General Fund Budgeting Highlights**

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

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

For the general fund, budgetary basis revenue was \$22,549,199, \$444,721 above original budgeted estimates of \$22,104,478. This difference was due primarily to receiving unbudgeted extraordinary aid.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
**Unaudited**

**Capital Assets**

At the end of the fiscal year 2022, the School District had \$22,984,770 invested in land, building, furniture, equipment and vehicles. Table 4 shows June 30, 2022 balances compared to June 30, 2021.

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

	06/30/22	06/30/21	Variance	
			Dollars	Percent
Land	\$ 498,143	\$ 498,143	\$ -	0.00%
Construction in progress	129,885	128,029	1,856	1.45%
Buildings & improvements	20,846,771	21,137,269	(290,498)	-1.37%
Furniture & equipment	1,112,474	802,290	310,184	38.66%
Vehicles	397,497	384,177	13,320	3.47%
	<u>\$ 22,984,770</u>	<u>\$ 22,949,908</u>	<u>\$ 34,862</u>	0.15%

Overall capital assets increased \$34,862 from fiscal year 2021 to fiscal year 2022. Increases in capital assets were offset by depreciation expenses for the year.

**Long-term liabilities**

At June 30, 2022, the School District had \$10,772,829 of outstanding long-term liabilities. This amount is detailed in Table 5 below for June 30, 2021 compared to June 30, 2022.

**Table 5**  
**Long-Term Liabilities at Year End**

	06/30/22	06/30/21	Variance	
			Dollars	Percent
General obligation bonds payable	\$ 5,900,000	\$ 7,345,000	\$ (1,445,000)	-19.67%
Compensated absences payable	220,987	243,828	(22,841)	-9.37%
PERS net pension liability	4,000,290	5,229,411	(1,229,121)	-23.50%
Leases payable	252,184	-	252,184	*
Bond premium	399,368	499,211	(99,843)	-20.00%
	<u>\$ 10,772,829</u>	<u>\$ 13,317,450</u>	<u>\$ (2,544,621)</u>	-19.11%

\*Undefined

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
**Unaudited**

**For the Future**

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

**Contacting the School District's Financial Management**

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

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2022**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,204,286	\$ 94,150	\$ 1,298,436
Due from other funds, net	-	62,831	62,831
Receivables, net	596,299	31,139	627,438
Inventory	-	10,483	10,483
<b>Restricted assets</b>			
Capital reserve account - cash	1,514,730	-	1,514,730
Maintenance reserve - cash	328,615	-	328,615
Scholarships - cash	49,395	-	49,395
Student activities - cash	150,693	-	150,693
Unemployment claims - cash	287,595	-	287,595
Debt service - cash	74	-	74
<b>Capital assets, net</b>			
Land	498,143	-	498,143
Capital assets not being depreciated	129,885	-	129,885
Other capital assets, net of depreciation	22,265,360	91,382	22,356,742
Total assets	<u>27,025,075</u>	<u>289,985</u>	<u>27,315,060</u>
<b>Deferred outflows of resources</b>			
Deferred amount on pension activity	1,479,803	-	1,479,803
Deferred amount on bond premium	399,368	-	399,368
Deferred amount on loss on refunding long-term debt	7,203	-	7,203
Total deferred outflows of resources	<u>1,886,374</u>	<u>-</u>	<u>1,886,374</u>
<b>Liabilities</b>			
Due to other funds, net	62,831	-	62,831
Accounts payable	162,208	26,212	188,420
Accrued interest	78,663	-	78,663
Payroll deductions and withholdings payable	197,026	-	197,026
Unearned revenue	93,889	10,183	104,072
Unemployment compensation claims payable	47,078	-	47,078
<b>Long-term liabilities</b>			
Due within one year	1,689,823	-	1,689,823
Due beyond one year	9,083,006	-	9,083,006
Total liabilities	<u>11,414,524</u>	<u>36,395</u>	<u>11,450,919</u>
<b>Deferred inflows of resources</b>			
Deferred amount on pension liability	3,098,032	-	3,098,032
Deferred amount on gain on refunding long-term debt	41,731	-	41,731
Total deferred inflows of resources	<u>3,139,763</u>	<u>-</u>	<u>3,139,763</u>

See accompanying notes to financial statements.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Statement of Net Position (continued)**  
**June 30, 2022**

	Governmental Activities	Business-Type Activities	Total
Net position			
Net investment in capital assets	\$ 16,706,676	\$ 91,382	\$ 16,798,058
Restricted for			
Capital reserve	1,514,730	-	1,514,730
Maintenance reserve	328,615	-	328,615
Scholarships	49,340	-	49,340
Student activities	150,748	-	150,748
Unemployment claims	240,517	-	240,517
Debt service	74	-	74
Unrestricted			
General fund	(4,603,231)	162,208	(4,441,023)
Special revenue fund	(30,307)	-	(30,307)
Total net position	\$ 14,357,162	\$ 253,590	\$ 14,610,752

See accompanying notes to financial statements.





## **FUND FINANCIAL STATEMENTS**

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

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2022**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 1,204,286	\$ -	\$ -	\$ -	\$ 1,204,286
Due from other funds	148,357	-	-	-	148,357
Receivables from other governments					
State	276,196	-	-	-	276,196
Federal	-	272,246	-	-	272,246
Other accounts receivable	47,857	-	-	-	47,857
Restricted cash and cash equivalents	2,130,940	200,088	-	74	2,331,102
<b>Total assets</b>	<b>\$ 3,807,636</b>	<b>\$ 472,334</b>	<b>\$ -</b>	<b>\$ 74</b>	<b>\$ 4,280,044</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Due to other funds	\$ 62,831	\$ 148,357	\$ -	\$ -	\$ 211,188
Accounts payable	101,801	60,407	-	-	162,208
Payroll deductions and withholdings payable	197,026	-	-	-	197,026
Unearned revenue	100	93,789	-	-	93,889
Unemployment compensation claims payable	47,078	-	-	-	47,078
<b>Total liabilities</b>	<b>408,836</b>	<b>302,553</b>	<b>-</b>	<b>-</b>	<b>711,389</b>

See accompanying notes to financial statements.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet (continued)**  
**June 30, 2022**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances					
Fund balances					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures	\$ 136,109	\$ -	\$ -	\$ -	\$ 136,109
Excess surplus - current year	151,501	-	-	-	151,501
Capital reserve	1,514,730	-	-	-	1,514,730
Maintenance reserve	328,615	-	-	-	328,615
Scholarships	-	49,340	-	-	49,340
Student activities	-	150,748	-	-	150,748
Unemployment claims	240,517	-	-	-	240,517
Committed fund balance					
Year-end encumbrances	30,771	-	-	-	30,771
Assigned fund balance					
Debt service fund balance	-	-	-	74	74
Designated for subsequent year's expenditures	143,027	-	-	-	143,027
Unassigned fund balance	853,530	(30,307)	-	-	823,223
Total fund balances	<u>3,398,800</u>	<u>169,781</u>	<u>-</u>	<u>74</u>	<u>3,568,655</u>
Total liabilities and fund balances	<u>\$ 3,807,636</u>	<u>\$ 472,334</u>	<u>\$ -</u>	<u>\$ 74</u>	

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

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$36,393,201 and the accumulated depreciation is \$13,499,813.	22,893,388
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.	(1,253,389)
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(10,772,829)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(78,663)</u>
Total net position of governmental activities	<u>\$ 14,357,162</u>

See accompanying notes to financial statements.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2022**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>					
<b>Local sources</b>					
Local tax levy	\$ 19,245,663	\$ -	\$ -	\$ 1,351,120	\$ 20,596,783
Transportation fees	61,099	-	-	-	61,099
Interest	5,165	-	-	-	5,165
Rents and royalties	151,340	-	-	-	151,340
Miscellaneous	31,346	216,945	-	-	248,291
Total local sources	<u>19,494,613</u>	<u>216,945</u>	<u>-</u>	<u>1,351,120</u>	<u>21,062,678</u>
State sources	8,016,174	225,027	-	346,935	8,588,136
Federal sources	157,099	1,063,403	-	-	1,220,502
Total revenues	<u>27,667,886</u>	<u>1,505,375</u>	<u>-</u>	<u>1,698,055</u>	<u>30,871,316</u>
<b>Expenditures</b>					
<b>Current</b>					
<b>Instructional</b>					
Regular instruction	6,250,754	574,258	-	-	6,825,012
Special education instruction	2,251,478	3,624	-	-	2,255,102
Other special instruction	586,236	108,700	-	-	694,936
Other instruction	708,987	-	-	-	708,987
<b>Support service &amp; undistributed costs</b>					
Tuition	1,555,013	256,013	-	-	1,811,026
Student & instruction related services	2,363,468	501,093	-	-	2,864,561
General & business administrative services	842,786	-	-	-	842,786
School administrative services	825,785	-	-	-	825,785
Plant operations & maintenance	1,703,325	-	-	-	1,703,325
Pupil transportation	1,126,417	-	-	-	1,126,417
Unallocated benefits	8,892,560	102,470	-	-	8,995,030

See accompanying notes to financial statements.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 900,938	\$ 66,336	\$ 126,590	\$ -	\$ 1,093,864
Debt service					
Principal	-	-	-	1,445,000	1,445,000
Interest & other charges	13,746	-	-	253,058	266,804
Total expenditures	<u>28,021,493</u>	<u>1,612,494</u>	<u>126,590</u>	<u>1,698,058</u>	<u>31,458,635</u>
Excess (deficit) of revenues over (under) expenditures	<u>(353,607)</u>	<u>(107,119)</u>	<u>(126,590)</u>	<u>(3)</u>	<u>(587,319)</u>
Other financing sources (uses)					
Lease proceeds	318,483	-	-	-	318,483
Operating transfers in (out)	(103,330)	64,288	39,042	-	-
Total other financing sources (uses)	<u>215,153</u>	<u>64,288</u>	<u>39,042</u>	<u>-</u>	<u>318,483</u>
Net change in fund balance	(138,454)	(42,831)	(87,548)	(3)	(268,836)
Fund balances, July 1	<u>3,537,254</u>	<u>212,612</u>	<u>87,548</u>	<u>77</u>	<u>3,837,491</u>
Fund balances, June 30	<u><u>\$ 3,398,800</u></u>	<u><u>\$ 169,781</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 74</u></u>	<u><u>\$ 3,568,655</u></u>

See accompanying notes to financial statements.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2022**

Total net changes in fund balances - Governmental fund (from B-2) \$ (268,836)

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

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

Capital outlays	\$ 1,093,864	
Depreciation expense	<u>(1,044,232)</u>	49,632

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

Debt principal payments	1,445,000	
Lease payments	<u>66,299</u>	1,511,299

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

Amortization of bond premium		99,843
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In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.

17,327

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

(91,211)

See accompanying notes to financial statements.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities (continued)**  
**For the Fiscal Year Ended June 30, 2022**

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	\$ 756,852
Governmental fund report lease proceeds as financing sources whereas issuing debt increase long-term liabilities in the government-wide statements.	(318,483)
In the Statement of Activities, compensated absences and early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.	<u>22,841</u>
Change in net position of governmental activities	<u><u>\$ 1,779,264</u></u>

See accompanying notes to financial statements.



**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2022**

	Food Service Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 94,150
Interfund receivable	62,831
Receivable from other Governments	
State	549
Federal	30,590
Inventory	10,483
Total current assets	198,603
Noncurrent assets	
Capital assets	249,302
Less: accumulated depreciation	157,920
Total noncurrent assets	91,382
Total assets	289,985
Liabilities	
Current liabilities	
Accounts payable	26,212
Unearned revenues - commodities	3,337
Unearned revenues - prepaid sales	6,846
Total liabilities	36,395
Net position	
Invested in capital assets, net of related debt	91,382
Unrestricted	162,208
Total net position	\$ 253,590

See accompanying notes to financial statements.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2022**

	<u>Food Service Fund</u>
Operating revenues	
Charges for services	
Daily sales - non-reimbursable programs	\$ 75,780
Total operating revenues	<u>75,780</u>
 Operating expenses	
Cost of sales - reimbursable programs	132,317
Cost of sales - non-reimbursable programs	88,105
Commodity food costs	28,873
Salaries	140,967
Supports services - employee benefits	19,972
Purchased professional/technical services	1,565
Other purchased services	
Insurance	20,390
Management fee	22,712
Supplies and materials	5,471
Depreciation	14,770
Miscellaneous expenditures	132
Total operating expenses	<u>475,274</u>
 Operating income (loss)	 <u>(399,494)</u>

See accompanying notes to financial statements.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Net Position (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Food Service Fund
Non-operating revenues (expenses)	
State sources	
State school lunch program	\$ 8,778
Federal sources	
National school breakfast program	
Cash assistance	100,760
National school lunch program	
Cash assistance	376,973
Non-cash assistance (commodities)	28,873
P-EBT administrative	1,242
Other sources	
Interest earned on investments	81
Miscellaneous	180
Total non-operating revenues (expenses)	516,887
Change in net position	\$ 117,393
Net position, beginning	136,197
Net position, ending	\$ 253,590

See accompanying notes to financial statements.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2022**

	<u>Food Service Fund</u>
Cash flows from operating activities	
Receipts from customers	\$ 71,650
Payments to Food Service Management Company	(424,664)
Payments to vendors (net)	(114)
Net cash provided by (used for) operating activities	<u>(353,128)</u>
Cash flows from non-capital financing activities	
State sources	9,202
Federal sources	467,611
Interfund receipts	(46,799)
Miscellaneous	180
Net cash provided by (used for) non-capital financing activities	<u>430,194</u>
Cash flows from investing activities	
Interest earned on investments	81
Net cash provided by (used for) investing activities	<u>81</u>
Net increase (decrease) in cash and cash equivalents	77,147
Cash and cash equivalents, beginning	<u>17,003</u>
Cash and cash equivalents, ending	<u><u>\$ 94,150</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (399,494)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	14,770
Federal food donation program	28,873
Increase (decrease) in accounts payable	8,079
(Increase) decrease in inventory	1,335
Increase (decrease) in deferred revenue	(6,691)
Net cash provided by (used for) operating activities	<u><u>\$ (353,128)</u></u>

See accompanying notes to financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

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

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

A. Reporting entity

The District is a Type II District located in the County of Hunterdon, State of New Jersey. As a Type II District, the school district functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the District is to educate students in Grades K-12. The District serves the communities of the Borough of Stockton, City of Lambertville and Township of West Amwell. The District had an approximate enrollment at June 30, 2022 of 817 students.

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

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

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

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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



**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

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

Additionally, the District reports the following fund types:

Proprietary fund types

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

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

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

Equipment	12 - 20 Years
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Fiduciary fund types

The District does not have funds that meet the criteria of a fiduciary fund as defined by GASB Statement No. 84, *Fiduciary Activities*.

D. Budgets/budgetary control

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

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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

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

E. Encumbrances

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

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

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

F. Tuition receivable

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

G. Tuition payable

Tuition charges for the fiscal year 2021-2022 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable and payables

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

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2022.

J. Capital assets

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

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

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

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

K. Compensated absences

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

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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

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

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

L. Unearned revenue

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

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

M. Long-term obligations

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

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

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

N. Net position

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

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

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

O. Fund balances - governmental funds

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

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

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

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

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

P. Use of estimates

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

Q. Allocation of indirect expenses

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

R. Deferred outflows/inflows of resources

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

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 2 - Tax assessments and property taxes

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

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

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

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

Note 3 - Deposits and cash equivalents and investments

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

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

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.



**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

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

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

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

As of June 30, 2022, the District’s bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	3,799,485
Total bank balances	\$ 4,049,485

Deposits at June 30, 2022 appear in the financial statements as summarized below:

Cash		\$ 3,629,538
	<u>Ref.</u>	
Unrestricted cash		
Governmental funds, Balance Sheet	B-1	\$ 1,204,286
Enterprise funds, Statement of Net Position	B-4	94,150
Restricted cash		
Governmental funds, Balance Sheet	B-1	2,331,102
Total cash		\$ 3,629,538

Investments

As of June 30, 2022, the District had one annuity with a cash value of \$28,430 and a surrender value of \$28,430. These funds were uninsured and uncollateralized.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated or amortized				
Land	\$ 498,143	\$ -	\$ -	\$ 498,143
Construction in progress	128,029	90,385	88,529	129,885
Total	<u>626,172</u>	<u>90,385</u>	<u>88,529</u>	<u>628,028</u>
Capital assets, being depreciated or amortized				
Building & improvements	31,588,840	503,049	-	32,091,889
Furniture & equipment	1,876,870	467,384	-	2,344,254
Vehicles	1,261,455	121,575	54,000	1,329,030
Total	<u>34,727,165</u>	<u>1,092,008</u>	<u>54,000</u>	<u>35,765,173</u>
Accumulated depreciation or amortization				
Building & improvements	10,451,571	793,547	-	11,245,118
Furniture & equipment	1,180,732	142,430	-	1,323,162
Vehicles	877,278	108,255	54,000	931,533
Total	<u>12,509,581</u>	<u>1,044,232</u>	<u>54,000</u>	<u>13,499,813</u>
Total capital assets, being depreciated or amortized, net	<u>22,217,584</u>	<u>47,776</u>	<u>88,529</u>	<u>22,265,360</u>
Transfers	-	(88,529)	(88,529)	-
Governmental activities capital assets, net	<u>\$ 22,843,756</u>	<u>\$ 49,632</u>	<u>\$ -</u>	<u>\$ 22,893,388</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 249,302	\$ -	\$ -	\$ 249,302
Less: accumulated depreciation or amortization	143,150	14,770	-	157,920
Business type activities capital assets, net	<u>\$ 106,152</u>	<u>\$ (14,770)</u>	<u>\$ -</u>	<u>\$ 91,382</u>

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 4 - Capital assets (continued)

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

Instruction		
Regular	\$	421,352
Special education		137,923
Other special instruction		42,503
Other instruction		43,362
Support services		
Student & instruction		175,198
General & business administration		51,545
School administration		50,505
Plant maintenance		13,591
Transportation		108,254
Total depreciation expense, governmental activities	<u>\$</u>	<u>1,044,232</u>

Note 5 - Long-term debt

Long-term liability activity for the fiscal year ended June 30, 2022 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 7,345,000	\$ -	\$ 1,445,000	\$ 5,900,000	\$ 1,490,000
Compensated absences payable	243,828	-	22,841	220,987	10,337
PERS net pension liability	5,229,411	-	1,229,121	4,000,290	-
Leases Payable	-	318,483	66,299	252,184	89,643
Bond premium	499,211	-	99,843	399,368	99,843
Total governmental activities long-term liabilities	<u>\$ 13,317,450</u>	<u>\$ 318,483</u>	<u>\$ 2,863,104</u>	<u>\$ 10,772,829</u>	<u>\$ 1,689,823</u>

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

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2022, including interest payments are listed as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2023	\$ 1,490,000	\$ 204,135	\$ 1,694,135
2024	1,435,000	154,663	1,589,663
2025	1,490,000	104,385	1,594,385
2026	1,485,000	52,185	1,537,185
Total	<u>\$ 5,900,000</u>	<u>\$ 515,368</u>	<u>\$ 6,415,368</u>

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 5 - Long-term debt (continued)

*General Obligation Bonds* - General obligation school building bonds payable at June 30, 2022, with their outstanding balances are comprised of the following individual issues:

\$835,000 - 2014 refunding school bonds, interest at 2.20%, due in annual installments beginning July 1, 2015 to July 1, 2022.	\$ 110,000
\$9,600,000 - 2014 refunding school bonds, interest at 4.00%, due in annual installments beginning February 15, 2017 to February 15, 2026.	4,240,000
\$3,375,000 - 2015 refunding school bonds, interest at 2.15%, due in annual installments beginning February 15, 2015 to February 15, 2026.	1,550,000
Total	\$ 5,900,000

The general obligation bonded debt of the District is limited by state law to 4% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2022 is \$58,454,551. General obligation debt at June 30, 2022 is \$5,900,000, resulting in a legal debt margin of \$52,554,551.

*Leases payable* - Leases payable at June 30, 2022, with their outstanding balances are comprised of the following:

Fiscal Year Ended June 30,	Principal	Interest	Total
2023	\$ 89,643	\$ 3,023	\$ 92,666
2024	89,188	3,476	92,664
2025	23,876	1,752	25,628
2026	24,447	1,181	25,628
2027	25,030	598	25,628
Total	\$ 252,184	\$ 10,030	\$ 262,214

\$121,575 - Lease commencing 5/3/22, 2.388% interest, due in annual installments beginning August 1, 2022 to August 1, 2026.	\$ 121,575
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\$169,112 - Lease commencing 1/1/22, 6.264% interest, due in annual installments beginning March 1, 2022 to March 1, 2024.	112,646
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\$27,796 - Lease commencing 10/1/21, 1.040% interest, due in annual installments beginning October 1, 2021 to October 1, 2023.	17,963
Total	\$ 252,184

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans

Description of systems

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

A. Public employees' retirement systems (PERS)

Plan description

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

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

The following represents the membership tiers for PERS:

Tier	Member Eligibility
1	Enrolled prior to July 1, 2007
2	Enrolled on or after July 1, 2007 and prior to November 2, 2008
3	Enrolled on or after November 2, 2008 and prior to May 22, 2010
4	Enrolled on or after May 22, 2010 and prior to June 28, 2011
5	Enrolled on or after June 28, 2011

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

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

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

Allocation methodology and reconciliation to financial statements

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedule of pension amounts by employer and nonemployer. The allocation percentages for each group as of June 30, 2021 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2021 measurement date.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2020 through June 30, 2021. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For State fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

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

Contributions (continued)

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

The District's contractually required contribution rate for the year ended June 30, 2022 was 15.23% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

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

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of the measurement date of June 30, 2021:

Net pension liability	\$	4,000,290
Proportionate share		0.0337676988%

Plan fiduciary net position as a percentage of the total pension liability	70.33%
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The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

Inflation rate	
Price	2.75%
Wage	3.25%

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

Investment rate of return	7.00%
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**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

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

Collective net pension liability and actuarial information (continued)

Preretirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real assets	3.00%	7.40%
Real estate	8.00%	9.15%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%



**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

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

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the collective net pension liability of the District as of June 30, 2021, measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (7.00%)	\$	4,000,290
At a 1% lower rate (6.00%)		5,505,655
At a 1% higher rate (8.00%)		2,801,606

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2021 measurement date, 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
Differences between expected and actual experience	\$ 63,090	\$ 28,637
Changes of assumptions	20,833	1,424,129
Net difference between projected and actual earnings on pension plan investments	-	1,053,782
Changes in proportion and differences between district contributions and proportionate share of contributions	1,000,421	591,484
District contributions subsequent to the measurement date	395,459	-
Total	<u>\$ 1,479,803</u>	<u>\$ 3,098,032</u>

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

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

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

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e., for the school year ended June 30, 2022, the Plan measurement date is June 30, 2021) of \$395,459 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2022.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2021 measurement date:

	Beginning Balance	Net Change in Activity	Ending Balance
Deferred outflows of resources			
Differences between expected and actual experience	\$ 95,219	\$ (32,129)	\$ 63,090
Changes of assumptions	169,648	(148,815)	20,833
Differences between expected and experience	178,745	(178,745)	-
Deferred inflows of resources			
Differences between expected and actual experience	(18,493)	(10,144)	(28,637)
Changes of assumptions	(2,189,604)	765,475	(1,424,129)
Difference between projected and actual earnings on pension plan investments	-	(1,053,782)	(1,053,782)
Net of deferred outflows	\$ (1,764,485)	\$ (658,140)	\$ (2,422,625)

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

<u>Fiscal Year Ended June 30,</u>	
2022	\$ (943,894)
2023	(673,938)
2024	(459,511)
2025	(345,416)
2026	134
Total	\$ (2,422,625)

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

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

Pension expense (benefit)

For the fiscal year ended June 30, 2022, the District recognized net pension expense (benefit) of (\$361,393), which represents the District's proportionate share of allocable plan pension expense (benefit) of (\$546,277), plus the net amortization of deferred amounts from changes in proportion of \$229,538, and plus other adjustments to the net pension liability of (\$44,654). The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2021 measurement date are as follows:

Service cost	\$	235,573
Interest on total pension liability		925,737
Benefit changes		-
Member contributions		(191,659)
Administrative expense		3,351
Expected investment return net of investment expense		(505,044)
Pension expense related to specific liabilities of individual employers		(2,361)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		25,939
Changes of assumptions		(702,698)
Difference between projected and actual investment earnings on pension plan investments		(335,115)
Pension expense (benefit)	\$	(546,277)

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

Plan description

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

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

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)  
B. Teacher’s pension and annuity fund (TPAF) (continued)  
Plan description (continued)

The following represents the membership tiers for TPAF:

Tier	Member Eligibility
1	Enrolled prior to July 1, 2007
2	Enrolled on or after July 1, 2007 and prior to November 2, 2008
3	Enrolled on or after November 2, 2008 and prior to May 22, 2010
4	Enrolled on or after May 22, 2010 and prior to June 28, 2011
5	Enrolled on or after June 28, 2011

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

Contributions

The State’s pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the State fiscal year 2021, the State’s pension contribution was less than the actuarial determined amount.

Special funding situation

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

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

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

Special funding situation (continued)

During the State fiscal year ended June 30, 2021, the State of New Jersey contributed \$2,494,361 to the TPAF for normal pension benefits on behalf of the District.

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

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2021 measurement date is as follows:

District proportionate share of net pension liability	\$ 63,461,715
Less: State proportionate share of net pension liability	22,541,610
Net pension liability	\$ 40,920,105
 Proportionate share	 0.0851168894%
 Plan fiduciary net position as a percentage of the total pension liability	 35.52%

Actuarial assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

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

Actuarial assumptions (continued)

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF’s target asset allocation as of June 30, 2021 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real assets	3.00%	7.40%
Real estate	8.00%	9.15%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of 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. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments after that date in determining the total pension liability.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

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

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

The following presents the collective net pension liability of the District as of June 30, 2021 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (7.00%)	\$ 40,920,105
At a 1% lower rate (6.00%)	48,415,320
At a 1% higher rate (8.00%)	34,624,596

Pension expense

The components of allocable pension expense, which exclude amounts related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2021 measurement date are as follows:

Service cost	\$ 1,494,816
Interest on total pension liability	3,989,349
Benefit changes	-
Member contributions	(750,725)
Administrative expense	7,682
Expected investment return net of investment expense	(1,239,429)
Pension expense related to specific liabilities of individual employers	(343)
Recognition (amortization) of deferred inflows/outflows of resources	
Differences between projected and actual experience	171,494
Changes of assumptions	(1,917,264)
Difference between projected and actual investment earnings on pension plan investments	(792,712)
Pension expense	<u>\$ 962,868</u>

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,400 in 2022) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: [www.prudential.com/njdcrp](http://www.prudential.com/njdcrp).

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

C. Defined contribution retirement program (continued)

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ended 2022 was \$14,181.

D. Other pension plan information

During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$834,230 to the TPAF for postretirement medical benefits, \$49,675 for non-contributory insurance premiums, \$1,521 for long-term disability insurance, and \$3,520,900 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$743,408 during the year ended June 30, 2022 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement No. 68.

Note 7 - Postretirement benefits

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The State Retired OPEB Plan covers the State, State colleges and universities, the Palisades Interstate Park Commission, and the New Jersey Building Authority (referred to collectively as the employers) for which the State is legally obligated to pay for benefits. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), and the Alternate Benefit Program (ABP). In addition, N.J.S.A. 52:14-17.26 provides that for purposes of the State Retired OPEB Plan, an employee of Rutgers, the State University of New Jersey, and New Jersey Institute of Technology shall be deemed to be an employee of the State. Further, P.L.1966, c.302, addresses the other State colleges and universities, whereas while these institutions were provided autonomy from the State, their employees retained any and all rights to health benefits within the State Retired OPEB Plan and are therefore classified as State employees.



**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired OPEB Plan) is a multiple-employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: TPAF, PERS, PFRS, or ABP.

Pursuant to P.L.2011, c.78, future retirees eligible for postemployment medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. The State, as a non-employer contributing entity, reported a Fiscal Year 2021 total OPEB liability of \$60,007,650,970 for this special funding situation.

Additional information on Pensions and OPEB can be accessed at <https://www.state.nj.us/treasury/taxation/payments-notice.shtml>.

Total OPEB liability

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under Paragraphs 193 and 203 through 205 of GASB Statement No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the District.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)

Total OPEB liability (continued)

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

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2021 measurement date is as follows:

State's proportionate share of the OPEB liability	\$ 60,007,650,970
District's proportionate share of the State's OPEB liability	48,574,722
Employer OPEB expense and related revenue	3,473,972
Allocable proportionate percentage	0.0809475479%

Changes in the total OPEB liability

	Total OPEB Liability
Total OPEB liability at June 30, 2020	\$ 56,010,415
Service cost	2,854,587
Interest cost	1,260,080
Change of benefit terms	(51,701)
Differences between expected and actual experiences	(10,586,206)
Changes of assumptions	47,922
Member contributions	32,214
Gross benefit payments	(992,589)
Total OPEB liability at June 30, 2021	<u>\$ 48,574,722</u>

There were no changes of the benefit terms from June 30, 2020 to June 30, 2021.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% as of the June 30, 2020 plan measurement date to 2.16% as of the June 30, 2021 plan measurement date.

The total non-employer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. 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:

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

Inflation rate 2.50%

	TPAF	PERS
	(based on years of service)	(based on years of service)
Salary increases		
Through 2026	1.55% - 4.45 %	2.00% - 6.00%
Thereafter	2.75% - 5.65 %	3.00% - 7.00%

Preretirement mortality rates were based on the Pub-2010 Healthy Teachers (TPAF/ABP) and General (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 Safety (PFRS), General (PERS), and Teachers (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2013 - June 30, 2018 for TPAF and PERS, respectively.

Health care trend assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount rate

The discount rate for June 30, 2021 was 2.16%. 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.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)

Discount rates (continued)

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

The following presents the total non-employer OPEB liability as of June 30, 2021 measurement date, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB Liability (school retirees)

At current discount rate (2.16%)	\$ 48,574,722
At a 1% lower rate (1.16%)	58,184,891
At a 1% higher rate (3.16%)	41,007,290

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

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

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$ 48,574,722
At a 1% lower rate (1% decrease)	39,321,395
At a 1% higher rate (1% increase)	61,001,256

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

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$3,473,972 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a Trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

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

Note 8 - Deferred compensation

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

- Equitable
- Lincoln Investment Planning

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 9 - Inventory  
 Inventory in the food service fund as of June 30, 2022 consisted of the following:

Food	\$	7,060
Supplies		3,423
Total		10,483

Note 10 - Contingent liabilities  
Litigation

The District is involved in legal proceedings that are incidental to its operations. These legal proceedings are not likely to have material adverse effect on the financial position of the District.

Grantor agencies

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

Note 11 - Risk management

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

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

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

Fiscal Year	Other	Interest Earnings	Employee Contrib.	Amount Reimbursed	Ending Balance Available for Claims
2021 - 2022	\$ -	\$ 279	\$ 24,541	\$ 440	\$ 287,595
2020 - 2021	18,094	311	22,977	-	263,215
2019 - 2020	-	2,274	22,451	45,116	221,833

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 12 - Reserve accounts

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

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

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

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 1,475,324	\$ 500,000	\$ 1,448	\$ -	\$ 462,042	\$ 1,514,730
Maintenance	328,615	-	370	-	370	328,615
Total	<u>\$ 1,803,939</u>	<u>\$ 500,000</u>	<u>\$ 1,818</u>	<u>\$ -</u>	<u>\$ 462,412</u>	<u>\$ 1,843,345</u>

Note 13 - Interfund receivables and payables

The composition of interfund balances as of June 30, 2022 is as follows:

	Receivable	Payable
General fund	\$ 148,357	\$ 62,831
Special revenue fund	-	148,357
Food service fund	62,831	-
Total	<u>\$ 211,188</u>	<u>\$ 211,188</u>

As of June 30, 2022, the following interfund balances were on the District's records. The general fund had an interfund payable to the food service fund of \$62,831 for funds not yet transferred at year end. The balance due from the special revenue fund to the general fund represents a loan from the general fund of \$148,357 due to cash flow issues relating to the delayed receipt of grant revenues.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 14 - Fund balances

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2022 is as follows:

Restricted

Excess surplus - Designated for subsequent year's expenditures. Amount appropriated in the succeeding year's budget to reduce tax requirements.	\$ 136,109
Excess surplus - Represents amount in excess of allowable percentage of expenditures. In accordance with State statute, the excess surplus is designated for utilization in succeeding year's budgets.	151,501
Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	1,514,730
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	328,615
Unemployment - Represents funds accumulated for future unemployment claims.	240,517

Committed

Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	30,771
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Assigned

Designated for subsequent year's expenditures	143,027
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Unassigned

Undesignated - Represents fund balance which has not been restricted or designated.	1,108,290
Total fund balance - Budgetary basis (Exhibit C-1)	3,653,560
Last state aid payments not recognized on GAAP basis	(254,760)
Total fund balance - GAAP basis (Exhibit B-1)	<u>\$ 3,398,800</u>

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2022 is \$151,501.

Note 16 - Recent accounting pronouncements not yet effective

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

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 16 - Recent accounting pronouncements not yet effective (continued)  
In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement is effective for reporting periods beginning after December 15, 2023. The District is evaluating the effect of the pronouncement on financial reporting.

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

Note 17 - Deficit balance in unrestricted net position  
The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2022 of (\$4,633,538) on Schedule A-1 Statement of Net Position. The deficit balance is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the state.

Note 18 - Deficit unassigned fund balance in the special revenue fund  
The District has a deficit unassigned fund balance of (\$30,307) in the special revenue fund as of June 30, 2022 as reported in the fund statements. PL 2005, Chapter 97 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 inter-governmental transactions, GASB Statement No. 33 requires the recognition (revenue, expenditure, asset and 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 state aid payment 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.

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

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

Note 19 - Subsequent events  
The District has evaluated subsequent events through March 2, 2023, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.



**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited		Actual	Variance Final to Actual	
	Original Budget	Budget Transfers			Final Budget
Revenue					
Local sources					
Local tax levy	\$ 19,245,663	\$ -	\$ 19,245,663	\$ 19,245,663	\$ -
Transportation fees from other LEAs	-	-	-	61,099	61,099
Rents and royalties	-	-	-	151,340	151,340
Unrestricted miscellaneous revenues	190,000	-	190,000	34,414	(155,586)
Interest earned on maintenance reserve	100	-	100	370	270
Interest earned on capital reserve funds	1,000	-	1,000	1,448	448
Other restricted miscellaneous revenues	-	-	-	279	279
Total	<u>19,436,763</u>	<u>-</u>	<u>19,436,763</u>	<u>19,494,613</u>	<u>57,850</u>
State sources					
School choice aid	1,411,144	-	1,411,144	1,411,144	-
Categorical transportation aid	314,641	-	314,641	314,641	-
Extraordinary aid	-	-	-	189,266	189,266
Categorical special education aid	792,983	-	792,983	792,983	-
Categorical security aid	125,891	-	125,891	125,891	-
Other state aid	-	-	-	12,760	12,760
State reimbursements from Securing Our Children's Future Bond Act	-	-	-	50,802	50,802
TPAF Pension (on-behalf)	-	-	-	3,520,900	3,520,900
TPAF Non-contributory insurance	-	-	-	49,675	49,675
TPAF Social Security (reimbursed)	-	-	-	743,408	743,408
TPAF Postretirement benefits	-	-	-	834,230	834,230
TPAF Long-term disability insurance	-	-	-	1,521	1,521
Total	<u>2,644,659</u>	<u>-</u>	<u>2,644,659</u>	<u>8,047,221</u>	<u>5,402,562</u>
Federal Sources					
Medicaid reimbursement	23,056	-	23,056	41,980	18,924
FEMA	-	-	-	115,119	115,119
Total	<u>23,056</u>	<u>-</u>	<u>23,056</u>	<u>157,099</u>	<u>134,043</u>
Total revenues	<u>\$ 22,104,478</u>	<u>\$ -</u>	<u>\$ 22,104,478</u>	<u>\$ 27,698,933</u>	<u>\$ 5,594,455</u>

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited		Final Budget	Actual	Variance Final to Actual
	Original Budget	Budget Transfers			
Expenditures					
Current					
Instruction - regular program					
Salaries of teachers					
Preschool	\$ 199,635	\$ (130,139)	\$ 69,496	\$ 69,496	\$ -
Kindergarten	366,736	899	367,635	366,344	1,291
Grades 1-5	1,915,973	(86,486)	1,829,487	1,827,687	1,800
Grades 6-8	1,459,075	7,201	1,466,276	1,427,864	38,412
Grades 9-12	2,045,981	(72,387)	1,973,594	1,971,511	2,083
Home instruction					
Salaries of teacher	6,000	4,647	10,647	10,647	-
Purchased professional - educational services	-	6,415	6,415	6,415	-
Regular programs - undistributed instruction					
Purchased technical services	50,160	19,638	69,798	69,798	-
Other purchased services	289,134	(72,060)	217,074	216,847	227
General supplies	295,299	(12,242)	283,057	267,325	15,732
Textbooks	38,860	(17,461)	21,399	16,820	4,579
Total	<u>6,666,853</u>	<u>(351,975)</u>	<u>6,314,878</u>	<u>6,250,754</u>	<u>64,124</u>
Special education					
Learning and/or language disabilities					
Salaries of teachers	228,093	5,977	234,070	234,069	1
Other salaries for instruction	48,683	(48,683)	-	-	-
General supplies	1,800	(93)	1,707	900	807
Total	<u>278,576</u>	<u>(42,799)</u>	<u>235,777</u>	<u>234,969</u>	<u>808</u>
Multiple disabilities					
Salaries of teachers	-	95,318	95,318	89,277	6,041
Total	<u>-</u>	<u>95,318</u>	<u>95,318</u>	<u>89,277</u>	<u>6,041</u>
Resource room/resource center					
Salaries of teachers	1,533,800	(54,082)	1,479,718	1,479,718	-
Other salaries for instruction	434,065	10,635	444,700	444,700	-
General supplies	3,820	(1,006)	2,814	2,814	-
Total	<u>1,971,685</u>	<u>(44,453)</u>	<u>1,927,232</u>	<u>1,927,232</u>	<u>-</u>
Total special education	<u>2,250,261</u>	<u>8,066</u>	<u>2,258,327</u>	<u>2,251,478</u>	<u>6,849</u>
Basic skills/remedial					
Salaries of teachers	202,689	-	202,689	202,688	1
General supplies	-	328	328	328	-
Total	<u>202,689</u>	<u>328</u>	<u>203,017</u>	<u>203,016</u>	<u>1</u>
Bilingual education - instruction					
Salaries of teachers	373,132	10,018	383,150	383,150	-
General supplies	-	70	70	70	-
Total	<u>373,132</u>	<u>10,088</u>	<u>383,220</u>	<u>383,220</u>	<u>-</u>

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
School-sponsored co/extra curricular activities - instruction					
Salaries	\$ 160,000	\$ (25,249)	\$ 134,751	\$ 134,158	\$ 593
Purchased services	-	246	246	246	-
Supplies and materials	8,550	743	9,293	7,730	1,563
Other objects	500	270	770	770	-
<b>Total</b>	<b>169,050</b>	<b>(23,990)</b>	<b>145,060</b>	<b>142,904</b>	<b>2,156</b>
School-sponsored athletics - instruction					
Salaries	405,615	(1,285)	404,330	404,330	-
Purchased services	42,145	17,177	59,322	59,322	-
Supplies and materials	66,975	(12,869)	54,106	51,313	2,793
Other objects	-	9,310	9,310	9,310	-
Transfers to cover deficit (agency funds)	5,000	(5,000)	-	-	-
<b>Total</b>	<b>519,735</b>	<b>7,333</b>	<b>527,068</b>	<b>524,275</b>	<b>2,793</b>
Summer school - instruction					
Salaries of teachers	41,545	263	41,808	41,808	-
<b>Total</b>	<b>41,545</b>	<b>263</b>	<b>41,808</b>	<b>41,808</b>	<b>-</b>
Total summer school					
	41,545	263	41,808	41,808	-
Total instruction regular					
	<b>\$ 10,223,265</b>	<b>\$ (349,887)</b>	<b>\$ 9,873,378</b>	<b>\$ 9,797,455</b>	<b>\$ 75,923</b>
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - regular	\$ 17,240	\$ (8,769)	\$ 8,471	\$ 8,471	\$ -
Tuition to other LEAs within the state - special	44,792	(44,792)	-	-	-
Tuition to county vocational school district - regular	144,736	(66,412)	78,324	78,324	-
Tuition to county vocational school district - special	47,124	89,524	136,648	136,648	-
Tuition to cssd & regional day schools	137,284	15,336	152,620	148,393	4,227
Tuition to priv. school for the disabled w/i state	1,055,463	(47,454)	1,008,009	997,858	10,151
Tuition to priv. sch. disabled & other LEAs-spl, o/s state	28,232	38,118	66,350	66,025	325
Tuition - other	112,000	7,294	119,294	119,294	-
<b>Total</b>	<b>1,586,871</b>	<b>(17,155)</b>	<b>1,569,716</b>	<b>1,555,013</b>	<b>14,703</b>
Undistributed expenditures - attendance & social work					
Salaries	97,921	2,573	100,494	100,494	-
<b>Total</b>	<b>97,921</b>	<b>2,573</b>	<b>100,494</b>	<b>100,494</b>	<b>-</b>
Undistributed expenditures - health services					
Salaries	214,640	16,860	231,500	231,500	-
Purchased professional and technical services	5,000	9,520	14,520	14,520	-
Other purchased services	2,500	(762)	1,738	1,738	-
Supplies and materials	8,084	1,376	9,460	9,170	290
<b>Total</b>	<b>230,224</b>	<b>26,994</b>	<b>257,218</b>	<b>256,928</b>	<b>290</b>

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - speech, ot, pt & related services					
Salaries	\$ 151,380	\$ 24,882	\$ 176,262	\$ 176,056	\$ 206
Purchased professional - educational services	50,000	(7,339)	42,661	31,494	11,167
Supplies and materials	1,500	-	1,500	377	1,123
Other objects	731	-	731	-	731
<b>Total</b>	<b>203,611</b>	<b>17,543</b>	<b>221,154</b>	<b>207,927</b>	<b>13,227</b>
Undistributed expenditures - other supp. service stds. - extra service					
Salaries	10,393	-	10,393	9,769	624
<b>Total</b>	<b>10,393</b>	<b>-</b>	<b>10,393</b>	<b>9,769</b>	<b>624</b>
Undistributed expenditures - guidance					
Salaries of other professional staff	491,156	(1,888)	489,268	459,916	29,352
Salaries of secretarial and clerical assistants	98,324	90	98,414	96,708	1,706
Purchased professional - educational services	2,000	(1,134)	866	-	866
Other purchased professional & technical services	25,210	(9,235)	15,975	15,870	105
Other purchased services	2,000	-	2,000	178	1,822
Supplies and materials	3,750	2,047	5,797	4,766	1,031
Other objects	1,020	-	1,020	150	870
<b>Total</b>	<b>623,460</b>	<b>(10,120)</b>	<b>613,340</b>	<b>577,588</b>	<b>35,752</b>
Undistributed expenditures - child study teams					
Salaries of other professional staff	380,057	19,494	399,551	383,641	15,910
Salaries of secretarial and clerical assistants	97,788	1,031	98,819	98,819	-
Purchased professional - educational services	19,763	2,551	22,314	22,314	-
Other purchased professional & technical services	34,028	(3,846)	30,182	24,843	5,339
Other purchased services	1,500	(175)	1,325	1,005	320
Supplies and materials	4,155	2,336	6,491	6,491	-
Other objects	2,000	130	2,130	2,130	-
<b>Total</b>	<b>539,291</b>	<b>21,521</b>	<b>560,812</b>	<b>539,243</b>	<b>21,569</b>
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	327,519	(2,494)	325,025	315,298	9,727
Salaries of other professional staff	30,000	(25,000)	5,000	2,163	2,837
Salaries of secretarial & clerical assist	98,324	1,111	99,435	98,605	830
Other purchased professional & technical services	-	3,358	3,358	3,358	-
Other purchased services	2,100	(9)	2,091	2,000	91
Supplies and materials	2,550	-	2,550	1,381	1,169
Other objects	1,650	(716)	934	934	-
<b>Total</b>	<b>462,143</b>	<b>(23,750)</b>	<b>438,393</b>	<b>423,739</b>	<b>14,654</b>
Undistributed expenditures - edu. media service/sch. library					
Salaries	217,690	(2,655)	215,035	212,522	2,513
Salaries of technology coordinators	35,641	(35,641)	-	-	-
Purchased professional and technical services	-	1,765	1,765	1,765	-
Other purchased services	2,400	-	2,400	947	1,453
Supplies and materials	13,400	(1,836)	11,564	8,848	2,716
<b>Total</b>	<b>269,131</b>	<b>(38,367)</b>	<b>230,764</b>	<b>224,082</b>	<b>6,682</b>

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - instructional staff training services					
Salaries of supervisor of instruction	\$ 1,795	\$ 2,449	\$ 4,244	\$ 4,244	\$ -
Purchased professional - educational services	19,775	(12,700)	7,075	7,075	-
Other purchased services	12,000	(115)	11,885	11,799	86
Other objects	-	580	580	580	-
<b>Total</b>	<b>33,570</b>	<b>(9,786)</b>	<b>23,784</b>	<b>23,698</b>	<b>86</b>
Undistributed expend. - support service - general admin.					
Salaries	263,239	1,391	264,630	263,777	853
Legal services	29,921	82,426	112,347	112,347	-
Audit fees	23,000	2,350	25,350	25,350	-
Architectural/engineering services	3,600	(3,600)	-	-	-
Other purchased professional services	2,000	(1,000)	1,000	1,000	-
Communications/telephone	40,000	(8,757)	31,243	30,715	528
BOE other purchased services	870	5,030	5,900	5,900	-
Miscellaneous purch services	49,500	19,686	69,186	69,186	-
General supplies	500	505	1,005	1,005	-
Miscellaneous expenditures	5,325	(1,005)	4,320	4,243	77
BOE membership dues and fees	11,025	-	11,025	10,806	219
<b>Total</b>	<b>428,980</b>	<b>97,026</b>	<b>526,006</b>	<b>524,329</b>	<b>1,677</b>
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	385,484	(6,201)	379,283	378,928	355
Salaries of secretarial and clerical assistants	177,019	(3,170)	173,849	169,288	4,561
Purchased professional and technical services	-	725	725	650	75
Other purchased services	1,800	(1,725)	75	75	-
Supplies and materials	7,000	3,654	10,654	10,654	-
Other objects	5,000	(1,900)	3,100	2,164	936
<b>Total</b>	<b>576,303</b>	<b>(8,617)</b>	<b>567,686</b>	<b>561,759</b>	<b>5,927</b>
Undistributed expenditures - central services					
Salaries	295,510	(16,295)	279,215	275,589	3,626
Purchased professional services	5,000	520	5,520	5,520	-
Purchased technical services	37,000	(606)	36,394	34,314	2,080
Miscellaneous purchased services	2,100	-	2,100	1,074	1,026
Supplies and materials	1,200	(125)	1,075	775	300
Other objects	1,200	125	1,325	1,185	140
<b>Total</b>	<b>342,010</b>	<b>(16,381)</b>	<b>325,629</b>	<b>318,457</b>	<b>7,172</b>
Undistributed expenditures - admin. info. technology					
Salaries	224,782	39,244	264,026	264,026	-
<b>Total</b>	<b>224,782</b>	<b>39,244</b>	<b>264,026</b>	<b>264,026</b>	<b>-</b>
Undistributed expenditures - required maint. for school facilities					
Salaries	270,038	(27,856)	242,182	236,044	6,138
Cleaning, repair, and maintenance services	239,085	39,358	278,443	263,549	14,894
General supplies	79,500	(20,460)	59,040	35,506	23,534
Other objects	560	-	560	375	185
<b>Total</b>	<b>589,183</b>	<b>(8,958)</b>	<b>580,225</b>	<b>535,474</b>	<b>44,751</b>

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - custodial services					
Salaries	\$ 508,046	\$ (10,930)	\$ 497,116	\$ 495,794	\$ 1,322
Salaries of non-instructional aides	3,000	(3,000)	-	-	-
Purchased professional and technical services	24,360	2,228	26,588	23,720	2,868
Cleaning, repair, and maintenance service	50,339	(14,337)	36,002	22,525	13,477
Other purchased property services	7,125	-	7,125	6,289	836
Insurance	66,150	2,233	68,383	68,383	-
General supplies	201,409	(67,189)	134,220	102,493	31,727
Energy (natural gas)	16,651	5,938	22,589	22,215	374
Energy (electricity)	203,000	23,416	226,416	224,582	1,834
Energy (oil)	70,018	22,593	92,611	91,605	1,006
<b>Total</b>	<b>1,150,098</b>	<b>(39,048)</b>	<b>1,111,050</b>	<b>1,057,606</b>	<b>53,444</b>
Undistributed expenditures - security					
Salaries	106,000	(106,000)	-	-	-
Purchased professional and technical services	18,000	96,505	114,505	110,245	4,260
<b>Total</b>	<b>124,000</b>	<b>(9,495)</b>	<b>114,505</b>	<b>110,245</b>	<b>4,260</b>
Undistributed expenditures - student transportation service					
Salaries of non-instructional aides	-	2,016	2,016	2,016	-
Salaries for pupil trans. (between home & school) - reg.	381,391	(20,005)	361,386	361,386	-
Salaries for pupil trans. (between home & school) - sp. ed.	166,109	(1,706)	164,403	163,435	968
Salaries for pupil trans. (other than between home & school)	21,000	9,230	30,230	27,830	2,400
Management fee - esc & ctsa trans. program	6,500	28,457	34,957	32,190	2,767
Other purchased professional and technical service	3,500	-	3,500	-	3,500
Cleaning, repair, & maint. services	76,000	30,315	106,315	101,531	4,784
Lease purchase payments - school buses	94,500	(36,032)	58,468	57,230	1,238
Contract service - aid in lieu pymts. - non-public schools	54,494	(7,494)	47,000	47,000	-
Contract service (sp. ed. stds.) - vendors	75,000	54,065	129,065	123,742	5,323
Contract service (sp ed stds) - joint agreements	-	73,265	73,265	71,215	2,050
Miscellaneous purchased services - transportation	26,180	(11,837)	14,343	10,682	3,661
General supplies	900	2,603	3,503	3,503	-
Transportation supplies	66,000	58,657	124,657	124,657	-
<b>Total</b>	<b>971,574</b>	<b>181,534</b>	<b>1,153,108</b>	<b>1,126,417</b>	<b>26,691</b>
Unallocated benefits - employee benefits					
Social Security contributions	311,100	23,247	334,347	334,347	-
Other retirement contributions - PERS	360,400	35,059	395,459	395,459	-
Other retirement contributions - ERIP	7,000	3,733	10,733	10,733	-
Workmen's compensation	140,000	(4,788)	135,212	135,212	-
Health benefits	2,741,746	(166,500)	2,575,246	2,553,180	22,066
Tuition reimbursement	95,113	4,867	99,980	80,667	19,313
Other employee benefits	197,014	-	197,014	194,862	2,152
Unused sick payment to terminated/retired staff	15,000	23,366	38,366	38,366	-
<b>Total</b>	<b>3,867,373</b>	<b>(81,016)</b>	<b>3,786,357</b>	<b>3,742,826</b>	<b>43,531</b>

See independent auditors' report.



**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
On-behalf TPAF Pension contribution	\$ -	\$ -	\$ -	\$ 3,520,900	\$ (3,520,900)
On-behalf TPAF Non-contributory insurance	-	-	-	49,675	(49,675)
On-behalf TPAF Postretirement medical benefits	-	-	-	834,230	(834,230)
On-behalf TPAF Long-term disability insurance	-	-	-	1,521	(1,521)
Reimbursed TPAF Social Security contribution	-	-	-	743,408	(743,408)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,149,734</u>	<u>(5,149,734)</u>
Total undistributed expenditures	<u>\$ 12,330,918</u>	<u>\$ 123,742</u>	<u>\$ 12,454,660</u>	<u>\$ 17,309,354</u>	<u>\$ (4,854,694)</u>
Total current	<u>\$ 22,554,183</u>	<u>\$ (226,145)</u>	<u>\$ 22,328,038</u>	<u>\$ 27,106,809</u>	<u>\$ (4,778,771)</u>
Capital outlay					
Equipment					
Special education - instruction					
Multiple disabilities	-	18,492	18,492	18,492	-
Undistributed					
Undistributed expenditures - general admin.	-	96	96	-	96
Undistributed expend. - required maint. for school facilities	-	251,172	251,172	251,172	-
Total equipment	<u>-</u>	<u>269,760</u>	<u>269,760</u>	<u>269,664</u>	<u>96</u>
Facilities acquisition and construction service					
Architectural/engineering services	19,896	(17,976)	1,920	1,920	-
Other purchased professional and technology services	250,000	(10,190)	239,810	225,516	14,294
Construction services	163,000	(69,309)	93,691	85,355	8,336
Assessment for debt service on SDA funding	13,746	-	13,746	13,746	-
Total facilities acquisition and construction service	<u>446,642</u>	<u>(97,475)</u>	<u>349,167</u>	<u>326,537</u>	<u>22,630</u>
Assets acquired under leases (non-budgeted)					
Undistributed					
Undistributed expenditures - instructional supplies	-	-	-	196,908	(196,908)
Undistributed expenditures student transportation	-	-	-	121,575	(121,575)
Total assets acquired under leases	<u>-</u>	<u>-</u>	<u>-</u>	<u>318,483</u>	<u>(318,483)</u>
Total capital outlay	<u>\$ 446,642</u>	<u>\$ 172,285</u>	<u>\$ 618,927</u>	<u>\$ 914,684</u>	<u>\$ (295,757)</u>
Total expenditures	<u>\$ 23,000,825</u>	<u>\$ (53,860)</u>	<u>\$ 22,946,965</u>	<u>\$ 28,021,493</u>	<u>\$ (5,074,528)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (896,347)</u>	<u>\$ 53,860</u>	<u>\$ (842,487)</u>	<u>\$ (322,560)</u>	<u>\$ 519,927</u>
Other financing sources (uses)					
Operating transfer out					
Transfer to special revenue fund - preschool programs	-	(64,288)	(64,288)	(64,288)	-
Capital reserve - transfer to capital projects fund	-	-	-	(39,042)	(39,042)
Leases (non-budgeted)	-	-	-	318,483	318,483
Total other financing sources (uses)	<u>-</u>	<u>(64,288)</u>	<u>(64,288)</u>	<u>215,153</u>	<u>279,441</u>

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	(896,347)	(10,428)	(906,775)	(107,407)	799,368
Fund balances, July 1	3,760,967	-	3,760,967	3,760,967	-
Fund balances, June 30	<u>\$ 2,864,620</u>	<u>\$ (10,428)</u>	<u>\$ 2,854,192</u>	<u>\$ 3,653,560</u>	<u>\$ 799,368</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (183,742)	\$ -	\$ (183,742)	\$ (183,742)	\$ -
Increase in capital reserve	-	500,000	500,000	500,000	-
Interest deposit to capital reserve	1,000	-	1,000	1,448	448
Withdrawal from capital reserve	(423,000)	(39,042)	(462,042)	(462,042)	-
Interest earned on maintenance reserve	100	-	100	370	270
Withdrawal from maintenance reserve	-	(370)	(370)	(370)	-
Increase in unemployment compensation	10,000	(10,000)	-	-	-
Interest earned on unemployment compensation	-	-	-	279	279
Budgeted fund balance	<u>(300,705)</u>	<u>(461,016)</u>	<u>(761,721)</u>	<u>36,650</u>	<u>798,371</u>
	<u>\$ (896,347)</u>	<u>\$ (10,428)</u>	<u>\$ (906,775)</u>	<u>\$ (107,407)</u>	<u>\$ 799,368</u>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 136,109	
Excess surplus - current year				151,501	
Capital reserve				1,514,730	
Maintenance reserve				328,615	
Unemployment compensation				240,517	
Committed fund balance					
Year-end encumbrances				30,771	
Assigned fund balance					
Designated for subsequent year's expenditures				143,027	
Unassigned fund balance				<u>1,108,290</u>	
Fund balance per budgetary basis				3,653,560	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(254,760)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 3,398,800</u>	

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
<b>Revenues</b>					
Federal sources	\$ 2,724,238	\$ (323,327)	\$ 2,400,911	\$ 966,732	\$ (1,434,179)
State sources	21,751	367,360	389,111	255,334	(133,777)
Local sources	-	44,498	44,498	211,463	166,965
Total revenues	<u>2,745,989</u>	<u>88,531</u>	<u>2,834,520</u>	<u>1,433,529</u>	<u>(1,400,991)</u>
<b>Other financing sources</b>					
Transfer in from general fund	-	64,288	64,288	64,288	-
Total revenues and other financing sources	<u>\$ 2,745,989</u>	<u>\$ 152,819</u>	<u>\$ 2,898,808</u>	<u>\$ 1,497,817</u>	<u>\$ (1,400,991)</u>
<b>Expenditures</b>					
<b>Instruction</b>					
Salaries	\$ 330,911	\$ 24,521	\$ 355,432	\$ 306,831	\$ 48,601
Purchased professional & technical services	6,199	(1,802)	4,397	4,397	-
Other purchased services	730,000	-	730,000	-	730,000
Travel	3,473	-	3,473	-	3,473
Supplies	444,569	(2,314)	442,255	326,682	115,573
Total	<u>1,515,152</u>	<u>20,405</u>	<u>1,535,557</u>	<u>637,910</u>	<u>897,647</u>
<b>Support services</b>					
Tuition	256,013	-	256,013	256,013	-
Salaries	431,501	(53,923)	377,578	144,609	232,969
Employee benefits	203,717	59	203,776	102,470	101,306
Purchased professional & technical services	95,814	9,111	104,925	30,711	74,214
Other purchased services	161,428	(5,465)	155,963	127,984	27,979
Supplies	32,910	(7,251)	25,659	7,659	18,000
Other objects	400	(400)	-	-	-
Scholarships awarded	-	1,873	1,873	1,873	-
Student activities	-	188,257	188,257	188,257	-
Total	<u>1,181,783</u>	<u>132,261</u>	<u>1,314,044</u>	<u>859,576</u>	<u>454,468</u>
<b>Capital outlay</b>					
Equipment	49,054	153	49,207	12,855	36,352
Total	<u>49,054</u>	<u>153</u>	<u>49,207</u>	<u>12,855</u>	<u>36,352</u>
Total expenditures	<u>\$ 2,745,989</u>	<u>\$ 152,819</u>	<u>\$ 2,898,808</u>	<u>\$ 1,510,341</u>	<u>\$ 1,388,467</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ (12,524)	\$ (12,524)
Fund balances, July 1	<u>212,612</u>	<u>-</u>	<u>212,612</u>	<u>212,612</u>	<u>-</u>
Fund balances, June 30	<u>\$ 212,612</u>	<u>\$ -</u>	<u>\$ 212,612</u>	<u>\$ 200,088</u>	<u>\$ (12,524)</u>
Recapitulation of fund balance					
Restricted fund balance					
Scholarships				\$ 49,340	
Student activities				150,748	
Fund balance per budgetary basis				<u>\$ 200,088</u>	

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budget-to-GAAP Reconciliation**  
**For the Fiscal Year Ended June 30, 2022**

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

Sources/Inflows of Resources	General Fund	Special Revenue Fund
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 27,698,933	\$ 1,433,529
Differences - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - prior year	-	116,656
Outstanding encumbrances - prior year canceled	-	(12,297)
Outstanding encumbrances - current year	-	(2,206)
Differences - Budget to GAAP		
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State aid receivable prior year	223,713	-
State aid receivable current year	(254,760)	(30,307)
Total revenues (GAAP basis)	\$ 27,667,886	\$ 1,505,375
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 28,021,493	\$ 1,510,341
Differences - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - prior year	-	116,656
Outstanding encumbrances - prior year canceled	-	(12,297)
Outstanding encumbrances - current year	-	(2,206)
Total expenditures (GAAP basis)	\$ 28,021,493	\$ 1,612,494

See independent auditors' report.

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

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

	District's proportion of the net pension liability (asset)		District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
	Percentage	Value			
2013	0.0253488540%	\$ 4,843,719	N/A	N/A	48.72%
2014	0.0261730678%	4,900,314	\$ 1,812,411	270.38%	52.08%
2015	0.0272854859%	6,125,045	1,952,858	313.65%	47.93%
2016	0.0291500635%	8,633,414	2,064,720	418.14%	40.14%
2017	0.0313398241%	7,295,410	2,155,498	338.46%	48.10%
2018	0.0311568500%	6,134,629	2,298,715	266.87%	53.60%
2019	0.0313538000%	5,808,006	2,254,639	257.60%	56.27%
2020	0.0320677490%	5,229,411	2,390,716	218.74%	58.32%
2021	0.0337676988%	4,000,290	2,451,169	163.20%	70.33%
2022	N/A	N/A	2,596,224	N/A	N/A

N/A = Information not available

See independent auditors' report.

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

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2013	N/A	N/A	N/A	N/A	N/A
2014	\$ 215,767	\$ (215,767)	\$ -	\$ 1,812,411	11.90%
2015	234,582	(234,582)	-	1,952,858	12.01%
2016	258,965	(258,965)	-	2,064,720	12.54%
2017	260,260	(260,260)	-	2,155,498	12.07%
2018	295,818	(295,818)	-	2,298,715	12.87%
2019	309,910	(309,910)	-	2,254,639	13.75%
2020	313,538	(313,538)	-	2,390,716	13.11%
2021	350,805	(350,805)	-	2,451,169	14.31%
2022	395,459	(395,459)	-	2,596,224	15.23%

N/A = Information not available

See independent auditors' report.



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

	<u>Proportionate share of net pension liability (asset)</u>				District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as as a percentage of the total pension liability
	<u>District's proportion</u>		State's proportion	Total			
	Percentage	Value					
2013	0.00%	\$ -	\$ -	\$ -	\$ 7,379,913	0.00%	33.76%
2014	0.00%	-	-	-	7,825,831	0.00%	33.64%
2015	0.00%	-	-	-	7,739,908	0.00%	28.71%
2016	0.00%	-	-	-	8,039,439	0.00%	22.33%
2017	0.00%	-	-	-	8,709,653	0.00%	25.41%
2018	0.00%	-	51,897,307	51,897,307	N/A	N/A	26.49%
2019	0.00%	-	51,537,530	51,537,530	9,161,360	0.00%	26.95%
2020	0.00%	-	55,305,044	55,305,044	9,508,755	0.00%	24.60%
2021	0.00%	-	40,920,105	40,920,105	10,287,516	0.00%	35.52%
2022	N/A	N/A	N/A	N/A	10,218,204	N/A	N/A

N/A = Information not available

See independent auditors' report.

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

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2013	\$ 245,467	\$ (245,467)	\$ -	\$ 7,379,913	3.33%
2014	158,792	(158,792)	-	7,825,831	2.03%
2015	406,863	(406,863)	-	7,739,908	5.26%
2016	574,414	(574,414)	-	8,039,439	7.14%
2017	841,051	(841,051)	-	8,709,653	9.66%
2018	1,201,336	(1,201,336)	-	N/A	N/A
2019	1,686,199	(1,686,199)	-	9,161,360	18.41%
2020	1,688,479	(1,688,479)	-	9,508,755	17.76%
2021	1,903,190	(1,903,190)	-	10,287,516	18.50%
2022	2,494,361	(2,494,361)	-	10,218,204	24.41%

N/A = Information not available

See independent auditors' report.

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

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

	Proportionate share of other postemployment employee benefits liability (asset)			Total	District's covered employee payroll	District's proportion of the other postemployment employee liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total other postemployment employee benefits liability
	District's proportion		State's				
	Percentage	Value	proportion				
2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2017	0.00%	\$ -	\$ 39,447,139	\$ 39,447,139	\$ 11,008,368	0.00%	0.00%
2018	0.00%	-	36,196,560	36,196,560	N/A	N/A	0.00%
2019	0.00%	-	33,620,783	33,620,783	11,226,080	0.00%	0.00%
2020	0.00%	-	56,010,415	56,010,415	11,461,613	0.00%	0.00%
2021	0.00%	-	48,574,722	48,574,722	12,099,927	0.00%	0.00%
2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A = Information not available

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Required Supplementary Information - Part III**  
**(Unaudited)**  
**June 30, 2022**

- Note 1 - Special funding situation - TPAF and other postretirement benefits  
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF  
The discount rate was 5.40% in State fiscal year 2020 and 7.00% in State fiscal year 2021. The inflation rate was 2.75% in State fiscal year 2020 and 2.75% in State fiscal year 2021.
- Note 3 - Changes in assumptions - PERS  
The discount rate was 7.00% in State fiscal year 2020 and 7.00% in State fiscal year 2021. The inflation rate was 2.75% for State fiscal year 2020 and 2.75% for State fiscal year 2021.
- Note 4 - Changes in assumptions - other postretirement employee benefits  
The other postretirement employee benefits discount rate decreased from 2.21% in State fiscal year 2020 to 2.16% in State fiscal year 2021. The inflation rate was 2.50% for State fiscal year 2020 and 2021.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits  
For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.
- Note 6 - Changes in benefit term assumptions - other postretirement employee benefits  
There was a decrease in liability from June 30, 2020 to June 30, 2021 due to employers adopting Chapter 44 provisions.

## **SPECIAL REVENUE FUND**

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

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues**  
**and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2022**

	Total Brought Forward	IDEA Basic	IDEA Preschool	ESSA Title IA	ESSA Title IIA	Total
<b>Revenues</b>						
Federal sources	\$ 587,462	\$ 215,231	\$ 8,035	\$ 144,415	\$ 11,589	\$ 966,732
State sources	255,334	-	-	-	-	255,334
Local sources	211,463	-	-	-	-	211,463
Total revenues	<u>1,054,259</u>	<u>215,231</u>	<u>8,035</u>	<u>144,415</u>	<u>11,589</u>	<u>1,433,529</u>
<b>Other financing sources</b>						
Transfer from general fund	64,288	-	-	-	-	64,288
<b>Total revenues and other financing sources</b>	<u>\$ 1,118,547</u>	<u>\$ 215,231</u>	<u>\$ 8,035</u>	<u>\$ 144,415</u>	<u>\$ 11,589</u>	<u>\$ 1,497,817</u>
<b>Expenditures</b>						
<b>Instruction</b>						
Salaries	\$ 200,344	\$ -	\$ -	\$ 106,487	\$ -	\$ 306,831
Purchased professional & technical services	4,397	-	-	-	-	4,397
Supplies	320,846	-	3,010	2,212	614	326,682
Total	<u>525,587</u>	<u>-</u>	<u>3,010</u>	<u>108,699</u>	<u>614</u>	<u>637,910</u>
<b>Support services</b>						
Tuition	40,782	215,231	-	-	-	256,013
Salaries	144,609	-	-	-	-	144,609
Employee benefits	66,754	-	-	35,716	-	102,470
Purchased professional & technical services	21,600	-	-	-	9,111	30,711
Other Purchased services	121,095	-	5,025	-	1,864	127,984
Supplies	7,659	-	-	-	-	7,659
Scholarships awarded	1,873	-	-	-	-	1,873
Student activities	188,257	-	-	-	-	188,257
Total	<u>592,629</u>	<u>215,231</u>	<u>5,025</u>	<u>35,716</u>	<u>10,975</u>	<u>859,576</u>
<b>Capital outlay</b>						
Equipment	12,855	-	-	-	-	12,855
Total	<u>12,855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,855</u>
<b>Total expenditures</b>	<u>\$ 1,131,071</u>	<u>\$ 215,231</u>	<u>\$ 8,035</u>	<u>\$ 144,415</u>	<u>\$ 11,589</u>	<u>\$ 1,510,341</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	\$ (12,524)	\$ -	\$ -	\$ -	\$ -	\$ (12,524)
<b>Fund balances, July 1</b>	<u>212,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>212,612</u>
<b>Fund balances, June 30</b>	<u>\$ 200,088</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,088</u>

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues**  
**and Expenditures - Budgetary Basis (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Total Brought Forward	ESSA Title III	ESSA Title IV	CARES Emergency Act	CRRSA ESSER II	CRRSA Learning Acceleration	Total Carried Forward
<b>Revenues</b>							
Federal sources	\$ 153,473	\$ 15,874	\$ 13,713	\$ 2,611	\$ 375,468	\$ 26,323	\$ 587,462
State sources	255,334	-	-	-	-	-	255,334
Local sources	211,463	-	-	-	-	-	211,463
Total revenues	<u>620,270</u>	<u>15,874</u>	<u>13,713</u>	<u>2,611</u>	<u>375,468</u>	<u>26,323</u>	<u>1,054,259</u>
<b>Other financing sources</b>							
Transfer from general fund	64,288	-	-	-	-	-	64,288
<b>Total revenues and other financing sources</b>	<u>\$ 684,558</u>	<u>\$ 15,874</u>	<u>\$ 13,713</u>	<u>\$ 2,611</u>	<u>\$ 375,468</u>	<u>\$ 26,323</u>	<u>\$ 1,118,547</u>
<b>Expenditures</b>							
<b>Instruction</b>							
Salaries	\$ 164,166	\$ -	\$ -	\$ -	\$ 14,855	\$ 21,323	\$ 200,344
Purchased professional & technical services	-	-	4,397	-	-	-	4,397
Supplies	119,053	7,535	9,316	-	184,942	-	320,846
Total	<u>283,219</u>	<u>7,535</u>	<u>13,713</u>	<u>-</u>	<u>199,797</u>	<u>21,323</u>	<u>525,587</u>
<b>Support services</b>							
Tuition	40,782	-	-	-	-	-	40,782
Salaries	85,799	-	-	-	58,810	-	144,609
Employee benefits	66,754	-	-	-	-	-	66,754
Purchased professional & technical services	16,600	-	-	-	-	5,000	21,600
Other Purchased services	8,750	8,339	-	-	104,006	-	121,095
Supplies	5,048	-	-	2,611	-	-	7,659
Scholarships awarded	1,873	-	-	-	-	-	1,873
Student activities	188,257	-	-	-	-	-	188,257
Total	<u>413,863</u>	<u>8,339</u>	<u>-</u>	<u>2,611</u>	<u>162,816</u>	<u>5,000</u>	<u>592,629</u>
<b>Capital outlay</b>							
Equipment	-	-	-	-	12,855	-	12,855
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,855</u>	<u>-</u>	<u>12,855</u>
<b>Total expenditures</b>	<u>\$ 697,082</u>	<u>\$ 15,874</u>	<u>\$ 13,713</u>	<u>\$ 2,611</u>	<u>\$ 375,468</u>	<u>\$ 26,323</u>	<u>\$ 1,131,071</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	\$ (12,524)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (12,524)
<b>Fund balances, July 1</b>	212,612	-	-	-	-	-	212,612
<b>Fund balances, June 30</b>	<u>\$ 200,088</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,088</u>

See independent auditors' report.



**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues**  
**and Expenditures - Budgetary Basis (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Total Brought Forward	CRRSA Mental Health	ARP ESSER III	ARP Summer Learning	ARP IDEA Basic	ARP IDEA Preschool	Total Carried Forward
<b>Revenues</b>							
Federal sources	\$ -	\$ 13,798	\$ 93,533	\$ 3,154	\$ 40,782	\$ 2,206	\$ 153,473
State sources	255,334	-	-	-	-	-	255,334
Local sources	211,463	-	-	-	-	-	211,463
Total revenues	466,797	13,798	93,533	3,154	40,782	2,206	620,270
<b>Other financing sources</b>							
Transfer from general fund	64,288	-	-	-	-	-	64,288
<b>Total revenues and other financing sources</b>	<b>\$ 531,085</b>	<b>\$ 13,798</b>	<b>\$ 93,533</b>	<b>\$ 3,154</b>	<b>\$ 40,782</b>	<b>\$ 2,206</b>	<b>\$ 684,558</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Salaries	\$ 164,166	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 164,166
Purchased professional & technical services	-	-	-	-	-	-	-
Supplies	50,220	-	63,473	3,154	-	2,206	119,053
Total	214,386	-	63,473	3,154	-	2,206	283,219
<b>Support services</b>							
Tuition	-	-	-	-	40,782	-	40,782
Salaries	72,339	-	13,460	-	-	-	85,799
Employee benefits	66,754	-	-	-	-	-	66,754
Purchased professional & technical services	-	-	16,600	-	-	-	16,600
Other Purchased services	-	8,750	-	-	-	-	8,750
Supplies	-	5,048	-	-	-	-	5,048
Scholarships awarded	1,873	-	-	-	-	-	1,873
Student activities	188,257	-	-	-	-	-	188,257
Total	329,223	13,798	30,060	-	40,782	-	413,863
<b>Capital outlay</b>							
Equipment	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>\$ 543,609</b>	<b>\$ 13,798</b>	<b>\$ 93,533</b>	<b>\$ 3,154</b>	<b>\$ 40,782</b>	<b>\$ 2,206</b>	<b>\$ 697,082</b>
Excess (deficiency) of revenues over (under) expenditures	\$ (12,524)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (12,524)
Fund balances, July 1	212,612	-	-	-	-	-	212,612
Fund balances, June 30	\$ 200,088	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,088

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues**  
**and Expenditures - Budgetary Basis (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	SDA Emergent and Capital Maintenance Needs	Preschool Expansion Aid	Local	Scholarships	Student Activities	Total Carried Forward
Revenues						
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	21,751	233,583	-	-	-	255,334
Local sources	-	-	33,857	583	177,023	211,463
Total revenues	<u>21,751</u>	<u>233,583</u>	<u>33,857</u>	<u>583</u>	<u>177,023</u>	<u>466,797</u>
Other financing sources						
Transfer from general fund	-	64,288	-	-	-	64,288
Total revenues and other financing sources	<u>\$ 21,751</u>	<u>\$ 297,871</u>	<u>\$ 33,857</u>	<u>\$ 583</u>	<u>\$ 177,023</u>	<u>\$ 531,085</u>
Expenditures						
Instruction						
Salaries	\$ -	\$ 158,778	\$ 5,388	\$ -	\$ -	\$ 164,166
Purchased professional & technical services	-	-	-	-	-	-
Supplies	21,751	-	28,469	-	-	50,220
Total	<u>21,751</u>	<u>158,778</u>	<u>33,857</u>	<u>-</u>	<u>-</u>	<u>214,386</u>
Support services						
Tuition	-	-	-	-	-	-
Salaries	-	72,339	-	-	-	72,339
Employee benefits	-	66,754	-	-	-	66,754
Purchased professional & technical services	-	-	-	-	-	-
Other Purchased services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Scholarships awarded	-	-	-	1,873	-	1,873
Student activities	-	-	-	-	188,257	188,257
Total	<u>-</u>	<u>139,093</u>	<u>-</u>	<u>1,873</u>	<u>188,257</u>	<u>329,223</u>
Capital outlay						
Equipment	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 21,751</u>	<u>\$ 297,871</u>	<u>\$ 33,857</u>	<u>\$ 1,873</u>	<u>\$ 188,257</u>	<u>\$ 543,609</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ (1,290)	\$ (11,234)	\$ (12,524)
Fund balances, July 1	-	-	-	50,630	161,982	212,612
Fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,340</u>	<u>\$ 150,748</u>	<u>\$ 200,088</u>

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Schedule of Preschool Education Aid - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures			
Instruction			
Salaries	\$ 174,114	\$ 158,778	\$ 15,336
Total	<u>174,114</u>	<u>158,778</u>	<u>15,336</u>
Support services			
Salaries	101,401	72,339	29,062
Employee benefits	91,845	66,754	25,091
Total	<u>193,246</u>	<u>139,093</u>	<u>54,153</u>
 Total expenditures	 <u>\$ 367,360</u>	 <u>\$ 297,871</u>	 <u>\$ 69,489</u>

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Schedule of Preschool Education Aid - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2022**

Calculation of Budget and Carryover

Total revised 2021 - 2022 preschool education aid allocation	\$ 303,072
Add: actual ECPA/PEA carryover (June 30, 2021)	-
Add: budgeted transfer from general fund	64,288
Total preschool education aid funds available for 2020 - 2021 budget	<u>367,360</u>
Less: 2021 - 2022 budgeted preschool education aid	<u>(367,360)</u>
Available and unbudgeted preschool education aid funds as of June 30, 2022	-
Add: 2021 - 2022 unexpended preschool education aid	<u>69,489</u>
2021 - 2022 Actual carryover preschool education aid	<u>\$ 69,489</u>
2021 - 2022 Preschool education aid carryover budgeted for Preschool programs 2022 - 2023	<u>\$ 69,489</u>

See independent auditors' report.

## **CAPITAL PROJECTS FUND**

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

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Schedule of Project Expenditures**  
**For the Fiscal Year Ended June 30, 2022**

Description	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/22
			Prior Years	Current Year	
Score boards	2019	\$ 64,477	\$ -	\$ 64,477	\$ -
Well room renovation	2019	206,585	206,585	-	-
ASPIRE Informacast System	2020	314,345	314,345	-	-
Soccer field and irrigation	2021	822,436	760,323	62,113	-
Parking lot	2021	373,345	373,345	-	-
Security vestibule	2021	84,608	84,608	-	-
		<u>\$ 1,865,796</u>	<u>\$ 1,739,206</u>	<u>\$ 126,590</u>	<u>\$ -</u>

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2022**

Revenues	
Local sources	
Transfer from capital reserve	\$ 39,042
Total revenues	<u>39,042</u>
Expenditures and other financing uses	
Purchased professional & technical services	27,870
Construction	98,720
Total expenditures	<u>126,590</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures & other financing uses	(87,548)
Fund balance - beginning	<u>87,548</u>
Fund balance - ending	<u><u>\$ -</u></u>

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status**  
**Budgetary Basis**  
**Score Boards**  
**For the Fiscal Year Ended June 30, 2022**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Transfers in from capital reserve	\$ -	\$ 64,477	\$ 64,477	\$ 64,477
Total revenues	-	64,477	64,477	64,477
Expenditures and other financing uses				
Construction	-	64,477	64,477	64,477
Total expenditures	-	64,477	64,477	64,477
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -

Additional Project Information

Project number	N/A
Authorization date	N/A
Bond authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 64,477
Additional authorized cost	-
Revised authorized cost	64,477
Percentage completion	100.00%

See independent auditors' report.



**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status**  
**Budgetary Basis**  
**Well Room Renovation**  
**For the Fiscal Year Ended June 30, 2022**

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

Additional Project Information

Project number	N/A
Authorization date	2020
Bond authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 340,000
Additional authorized cost	(133,415)
Revised authorized cost	206,585
Percentage completion	100.00%

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status**  
**Budgetary Basis**  
**ASPIRE Informacast System**  
**For the Fiscal Year Ended June 30, 2022**

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

Additional Project Information

Project number	N/A
Authorization date	2020
Bond authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 327,781
Additional authorized cost	(13,436)
Revised authorized cost	314,345
Percentage completion	100.00%

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status**  
**Budgetary Basis**  
**Soccer Field & Irrigation**  
**For the Fiscal Year Ended June 30, 2022**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Transfers in from capital reserve	\$ 827,201	\$ (4,765)	\$ 822,436	\$ 822,436
Total revenues	<u>827,201</u>	<u>(4,765)</u>	<u>822,436</u>	<u>822,436</u>
Expenditures and other financing uses				
Purchased professional & technical services	65,475	27,870	93,345	93,345
Construction	694,848	34,243	729,091	729,091
Total expenditures	<u>760,323</u>	<u>62,113</u>	<u>822,436</u>	<u>822,436</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 66,878</u>	<u>\$ (66,878)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information

Project number	N/A
Authorization date	2021
Bond authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 825,800
Additional authorized cost	(3,364)
Revised authorized cost	822,436
Percentage completion	100.00%

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status**  
**Budgetary Basis**  
**Parking Lot**  
**For the Fiscal Year Ended June 30, 2022**

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

Additional Project Information

Project number	N/A
Authorization date	2021
Bond authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 530,000
Additional authorized cost	(156,655)
Revised authorized cost	373,345
Percentage completion	100.00%

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status**  
**Budgetary Basis**  
**Security Vestibule**  
**For the Fiscal Year Ended June 30, 2022**

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

Additional Project Information

Project number	N/A
Authorization date	2021
Bond authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 86,410
Additional authorized cost	(1,802)
Revised authorized cost	84,608
Percentage completion	100.00%

See independent auditors' report.

## **PROPRIETARY FUND**

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

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

## **FIDUCIARY FUNDS**

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

(NOT APPLICABLE TO THIS REPORT)

## **LONG-TERM DEBT SCHEDULES**

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



**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Serial Bonds**  
**June 30, 2022**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/21	Issued	Retired	Balance 06/30/22
			Date	Amount					
Refunding school bonds of 2015	09/03/15	\$ 3,375,000	02/15/23	\$ 375,000	2.15%	\$ 1,915,000	\$ -	\$ 365,000	\$ 1,550,000
			02/15/24	385,000	2.15%	-	-	-	-
			02/15/25	400,000	2.15%	-	-	-	-
			02/15/26	390,000	2.15%	-	-	-	-
Refunding school bonds of 2014	06/12/14	9,600,000	02/15/23	1,005,000	4.00%	5,205,000	-	965,000	4,240,000
			02/15/24	1,050,000	4.00%	-	-	-	-
			02/15/25	1,090,000	4.00%	-	-	-	-
			02/15/26	1,095,000	4.00%	-	-	-	-
Refunding school bonds of 2014	11/06/14	835,000	07/01/22	110,000	2.20%	225,000	-	115,000	110,000
						<u>\$ 7,345,000</u>	<u>\$ -</u>	<u>\$ 1,445,000</u>	<u>\$ 5,900,000</u>

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Obligations Under Leases**  
**For the Fiscal Year Ended June 30, 2022**

Description	Interest Rate	Amount of Original Issue	Balance 07/01/21	Issued	Retired	Balance 06/30/22
54-Passenger School Bus	2.388%	\$ 121,575	\$ -	\$ 121,575	\$ -	\$ 121,575
Dell Latitude Laptops	1.040%	169,112	-	169,112	56,466	112,646
Dell OptiPlex Computers	6.264%	27,796	-	27,796	9,833	17,963
			<u>\$ -</u>	<u>\$ 318,483</u>	<u>\$ 66,299</u>	<u>\$ 252,184</u>

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Debt Service Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 1,351,120	\$ -	\$ 1,351,120	\$ 1,351,120	\$ -
State sources					
Debt service aid	346,935	-	346,935	346,935	-
Total revenues	<u>1,698,055</u>	<u>-</u>	<u>1,698,055</u>	<u>1,698,055</u>	<u>-</u>
Expenditures					
Regular debt service					
Interest on bonds	253,058	-	253,058	253,058	-
Redemption of principal	1,445,000	-	1,445,000	1,445,000	-
Total expenditures	<u>1,698,058</u>	<u>-</u>	<u>1,698,058</u>	<u>1,698,058</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(3)	-	(3)	(3)	-
Fund balance, July 1	<u>77</u>	<u>-</u>	<u>77</u>	<u>77</u>	<u>-</u>
Fund balance, June 30	<u>\$ 74</u>	<u>\$ -</u>	<u>\$ 74</u>	<u>\$ 74</u>	<u>\$ -</u>

See independent auditors' report.

## **STATISTICAL SECTION**

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Statistical Section J Series**

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

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Government activities</b>										
Net investment in capital assets	\$ -	\$ -	\$ 4,102,393	\$ 5,699,633	\$ 7,900,283	\$ 9,384,469	\$ 10,891,792	\$ 13,220,018	\$ 15,455,596	\$ 16,706,676
Restricted	-	-	4,680,534	5,043,129	5,433,049	5,652,000	4,480,684	3,746,385	2,344,414	2,284,024
Unrestricted	-	-	(4,394,286)	(5,011,789)	(5,647,241)	(5,935,160)	(5,316,515)	(5,790,045)	(5,222,112)	(4,633,538)
<b>Total governmental activities</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,388,641</u>	<u>\$ 5,730,973</u>	<u>\$ 7,686,091</u>	<u>\$ 9,101,309</u>	<u>\$ 10,055,961</u>	<u>\$ 11,176,358</u>	<u>\$ 12,577,898</u>	<u>\$ 14,357,162</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ -	\$ -	\$ 198,764	\$ 228,544	\$ 89,856	\$ 77,775	\$ 77,226	\$ 118,707	\$ 106,152	\$ 91,382
Unrestricted	-	-	166,122	162,212	89,311	114,514	116,072	51,846	30,045	162,208
<b>Total business-type activities</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 364,886</u>	<u>\$ 390,756</u>	<u>\$ 179,167</u>	<u>\$ 192,289</u>	<u>\$ 193,298</u>	<u>\$ 170,553</u>	<u>\$ 136,197</u>	<u>\$ 253,590</u>
<b>District-wide</b>										
Net investment in capital assets	\$ -	\$ -	\$ 4,301,157	\$ 5,928,177	\$ 7,990,139	\$ 9,462,244	\$ 10,969,018	\$ 13,338,725	\$ 15,561,748	\$ 16,798,058
Restricted	-	-	4,680,534	5,043,129	5,433,049	5,652,000	4,480,684	3,746,385	2,344,414	2,284,024
Unrestricted	-	-	(4,228,164)	(4,849,577)	(5,557,930)	(5,820,646)	(5,200,443)	(5,738,199)	(5,192,067)	(4,471,330)
<b>Total district-wide</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,753,527</u>	<u>\$ 6,121,729</u>	<u>\$ 7,865,258</u>	<u>\$ 9,293,598</u>	<u>\$ 10,249,259</u>	<u>\$ 11,346,911</u>	<u>\$ 12,714,095</u>	<u>\$ 14,610,752</u>
	*	*						**		

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

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

\*\* as restated

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities										
Instruction										
Regular	\$ -	\$ -	\$ 9,304,431	\$ 9,696,253	\$ 10,154,438	\$ 10,532,416	\$ 11,754,926	\$ 11,326,376	\$ 13,615,495	\$ 13,509,323
Special education	-	-	2,949,443	3,462,066	3,936,546	4,456,762	4,534,366	4,334,615	4,686,367	4,277,009
Other special education	-	-	-	-	-	-	1,225,662	1,350,238	1,738,154	1,539,932
Other instruction	-	-	1,227,505	1,334,209	1,532,487	1,854,495	689,687	1,204,941	844,894	1,030,007
Support services										
Tuition	-	-	773,455	985,888	1,030,917	1,146,656	1,408,860	1,490,348	1,572,811	1,811,026
Student & instruction related services	-	-	3,247,647	3,471,679	3,753,130	4,071,068	4,339,269	4,421,506	5,022,300	5,036,837
General & business administrative services	-	-	1,144,315	1,210,935	1,347,999	1,314,495	1,716,121	1,594,351	1,898,954	1,244,382
School administration	-	-	382,848	760,615	769,596	930,533	860,577	857,511	856,294	1,293,902
Plant operations & maintenance	-	-	1,594,246	1,732,483	1,979,654	1,867,435	2,035,753	2,157,943	2,070,850	2,010,195
Pupil transportation	-	-	957,575	1,038,097	1,200,066	1,191,612	1,325,485	1,244,432	1,221,320	1,535,434
Transfer to charter schools	-	-	17,172	33,798	-	-	-	-	-	-
Interest on long-term debt	-	-	450,536	517,218	463,027	435,944	280,145	334,612	287,268	240,845
Total governmental activities expenses	-	-	22,049,173	24,243,241	26,167,860	27,801,416	30,170,851	30,316,873	33,814,707	33,528,892
Business-type activities										
Food services	-	-	310,955	325,706	305,033	326,911	335,489	306,787	247,462	475,274
Transportation	-	-	73,900	27,575	-	-	-	-	-	-
Total business-type activities	-	-	384,855	353,281	305,033	326,911	335,489	306,787	247,462	475,274
Total district expenses	\$ -	\$ -	\$ 22,434,028	\$ 24,596,522	\$ 26,472,893	\$ 28,128,327	\$ 30,506,340	\$ 30,623,660	\$ 34,062,169	\$ 34,004,166
	*	*								

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

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program revenues										
Governmental activities										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 179,969	\$ 61,012	\$ 294,363	\$ 212,439
Operating grants & contributions	-	-	4,150,667	5,937,536	6,807,157	8,604,750	460,092	510,470	677,751	1,505,375
Total governmental activities	-	-	4,150,667	5,937,536	6,807,157	8,604,750	640,061	571,482	972,114	1,717,814
Business-type activities										
Charges for services										
Food service	-	-	205,330	192,980	191,245	203,828	193,487	144,077	2,396	75,780
Operating grants & contributions	-	-	107,714	122,596	118,773	135,001	138,403	153,836	205,675	516,626
Total business-type activities	-	-	313,044	315,575	310,018	338,829	331,890	297,913	208,071	592,406
Total district-wide program revenues	\$ -	\$ -	\$ 4,463,711	\$ 6,253,111	\$ 7,117,174	\$ 8,943,579	\$ 971,951	\$ 869,395	\$ 1,180,185	\$ 2,310,220
Net (expense) revenues										
Governmental activities	\$ -	\$ -	\$ (17,898,506)	\$ (18,305,705)	\$ (19,360,703)	\$ (19,196,666)	\$ (29,530,790)	\$ (29,745,391)	\$ (32,842,593)	\$ (31,811,078)
Business-type activities	-	-	(71,811)	(37,706)	4,985	11,918	(3,599)	(8,874)	(39,391)	117,132
Total district-wide net expenses	\$ -	\$ -	\$ (17,970,317)	\$ (18,343,411)	\$ (19,355,718)	\$ (19,184,748)	\$ (29,534,389)	\$ (29,754,265)	\$ (32,881,984)	\$ (31,693,946)
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes	\$ -	\$ -	\$ 16,412,071	\$ 16,740,311	\$ 17,075,119	\$ 17,416,621	\$ 17,912,309	\$ 18,398,914	\$ 18,841,727	\$ 19,245,663
Taxes levied for debt service	-	-	1,350,922	1,323,054	1,329,896	1,327,799	1,354,794	1,325,040	1,369,165	1,351,120
Unrestricted grants & contributions	-	-	2,433,749	1,568,399	1,477,160	1,516,778	10,935,459	10,490,631	13,955,705	12,957,048
Disposal of capital assets	-	-	-	-	(21,028)	-	-	(5,331)	-	-
Investment earnings	-	-	-	-	-	-	101,070	55,769	6,993	5,165
Miscellaneous income	-	-	119,254	80,106	564,250	350,686	48,605	184,833	75,543	31,346
Transfers in (out)	-	-	-	(63,828)	265,138	-	-	-	(5,000)	-
Total governmental activities	-	-	20,315,996	19,648,042	20,690,535	20,611,884	30,352,237	30,449,856	34,244,133	33,590,342
	*	*								

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

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

See independent auditors' report.



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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General revenues & other changes in net position (cont'd)										
Business-type activities										
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,325	\$ 801	\$ 35	\$ 81
Miscellaneous income	-	-	125	189	392	1,204	3,283	9,896	-	180
Transfer in (out)	-	-	-	63,828	(265,138)	-	-	-	5,000	-
Disposal of capital assets	-	-	-	-	-	-	-	(24,568)	-	-
Prior year receivables canceled	-	-	(5,500)	(442)	-	-	-	-	-	-
Total business-type activities	-	-	(5,375)	63,575	(264,746)	1,204	4,608	(13,871)	5,035	261
Total district-wide	\$ -	\$ -	\$ 20,310,621	\$ 19,711,617	\$ 20,425,789	\$ 20,613,088	\$ 30,356,845	\$ 30,435,985	\$ 34,249,168	\$ 33,590,603
Change in net position										
Governmental activities	\$ -	\$ -	\$ 2,417,490	\$ 1,342,337	\$ 1,329,832	\$ 1,415,218	\$ 821,447	\$ 704,465	\$ 1,401,540	\$ 1,779,264
Business-type activities	-	-	(77,186)	25,870	(259,761)	13,122	1,009	(22,745)	(34,356)	117,393
Total district	\$ -	\$ -	\$ 2,340,304	\$ 1,368,207	\$ 1,070,071	\$ 1,428,340	\$ 822,456	\$ 681,720	\$ 1,367,184	\$ 1,896,657
	*	*								

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

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Restricted	\$ -	\$ -	\$ 4,178,789	\$ 4,624,371	\$ 5,577,737	\$ 5,614,701	\$ 3,786,126	\$ 3,911,020	\$ 2,480,991	\$ 2,371,472
Committed	-	-	172,050	106,340	-	35,343	130,152	42,355	183,742	30,771
Assigned	-	-	505,616	223,067	125,828	195,296	69,416	-	-	143,027
Unassigned	-	-	219,481	200,383	270,045	290,636	329,275	302,474	872,521	853,530
Total general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,075,936</u>	<u>\$ 5,154,161</u>	<u>\$ 5,973,610</u>	<u>\$ 6,135,976</u>	<u>\$ 4,314,969</u>	<u>\$ 4,255,849</u>	<u>\$ 3,537,254</u>	<u>\$ 3,398,800</u>
								**		
All other governmental funds										
Restricted										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 194,099	\$ 212,612	\$ 200,088
Capital projects fund	-	-	304,210	262,204	-	-	-	235,292	87,548	-
Debt service fund	-	-	27,021	15,644	5,722	40,001	-	-	-	-
Committed	-	-	4	27,021	15,644	5,722	1,322,902	-	-	-
Assigned										
Debt service fund	-	-	197,534	113,889	-	141,174	40,001	3	77	74
Unassigned, reported in										
Special revenue fund	-	-	-	-	-	-	-	-	-	(30,307)
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 528,769</u>	<u>\$ 418,758</u>	<u>\$ 21,366</u>	<u>\$ 186,897</u>	<u>\$ 1,362,903</u>	<u>\$ 429,394</u>	<u>\$ 300,237</u>	<u>\$ 169,855</u>
	*	*						**		

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

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

\*\* as restated

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Tax levy	\$ -	\$ -	\$ 17,762,993	\$ 18,063,365	\$ 18,405,015	\$ 18,744,420	\$ 19,267,103	\$ 19,723,954	\$ 20,210,892	\$ 20,596,783
Tuition charges	-	-	28,873	21,300	-	27,590	30,000	16,900	21,075	-
Transportation fees from other LEA's	-	-	-	-	63,775	47,934	-	44,112	41,643	61,099
Interest earnings	-	-	24,033	30,900	45,000	129,603	101,070	55,769	6,993	5,165
Rents and royalties	-	-	-	-	91,667	112,500	149,969	156,244	112,500	151,340
Sale of property	-	-	-	-	328,320	2,629	-	-	-	-
Miscellaneous	-	-	116,074	130,327	77,682	132,933	118,954	95,513	246,401	248,291
State sources	-	-	4,437,723	4,676,131	4,917,092	5,415,018	5,906,308	6,101,091	7,069,461	8,588,136
Federal sources	-	-	327,821	426,128	442,940	440,853	414,049	466,020	674,024	1,220,502
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>22,697,517</b>	<b>23,348,151</b>	<b>24,371,491</b>	<b>25,053,480</b>	<b>25,987,453</b>	<b>26,659,603</b>	<b>28,382,989</b>	<b>30,871,316</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular instruction	-	-	5,811,159	5,893,559	5,947,624	5,652,852	5,667,066	5,902,496	6,209,654	6,250,754
Special education instruction	-	-	1,909,026	2,239,113	2,376,641	2,507,368	2,263,954	2,147,893	2,161,288	2,251,478
Other special instruction	-	-	-	-	-	-	438,858	504,322	629,351	586,236
Other instruction	-	-	777,916	818,743	909,913	993,861	651,048	706,909	602,502	708,987
<b>Support services</b>										
Tuition	-	-	773,456	985,888	1,030,917	1,146,656	1,199,617	1,276,601	1,348,388	1,555,013
Student & instructional related services	-	-	2,082,378	2,191,242	2,265,777	2,206,356	2,293,723	2,369,773	2,410,674	2,363,468
General administration	-	-	517,966	539,378	424,811	426,596	421,815	423,998	437,009	524,329
School administration services	-	-	236,241	456,282	435,919	484,208	568,918	542,663	565,309	561,759
Central services	-	-	270,136	263,918	284,723	293,657	317,098	312,784	321,114	318,457
Administration info technology	-	-	139,736	142,326	176,057	201,869	241,254	247,681	245,219	264,026
Plant operations & maintenance	-	-	1,342,020	1,344,713	1,455,377	1,449,138	1,616,403	1,792,344	1,648,431	1,703,325
Pupil transportation	-	-	809,795	834,069	766,956	843,017	1,053,145	957,585	854,835	1,126,417
Employee benefits	-	-	4,547,842	4,883,736	5,332,263	5,939,932	3,634,751	3,634,333	3,613,747	3,742,826
On-behalf TPAF Pension & Social Security contributions	-	-	-	-	-	-	3,110,811	3,280,835	4,060,623	5,149,734
Capital outlay	-	-	765,616	1,175,432	918,881	872,368	250,108	95,001	162,256	900,938
Charter school	-	-	17,172	33,798	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	909,285	1,626,363	1,435,745	126,590
Special revenue funds	-	-	-	-	-	-	460,092	510,470	778,976	1,612,494
<b>Debt service</b>										
Principal	-	-	1,254,784	1,165,748	1,226,750	1,272,790	1,323,871	1,374,994	1,426,161	1,445,000
Interest & other charges	-	-	488,953	550,750	481,575	434,913	405,793	361,119	314,459	266,804
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>21,744,196</b>	<b>23,518,695</b>	<b>24,034,184</b>	<b>24,725,581</b>	<b>26,827,610</b>	<b>28,068,164</b>	<b>29,225,741</b>	<b>31,458,635</b>

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

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 953,321	\$ (170,544)	\$ 337,307	\$ 327,899	\$ (840,157)	\$ (1,408,561)	\$ (842,752)	\$ (587,319)
Other financing sources (uses)										
Leases (non-budgeted)	-	-	-	202,585	-	-	195,156	-	-	-
Bond proceeds	-	-	10,435,000	3,375,000	-	-	-	-	-	-
Premium on sale of bonds	-	-	976,182	-	-	-	-	-	-	-
Cost of issuance	-	-	(133,515)	(38,465)	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	(11,277,667)	(3,336,535)	-	-	-	-	-	-
Transfers in (out)	-	-	-	(63,828)	84,750	-	-	-	(5,000)	318,483
Total other financing sources (uses)	-	-	-	138,757	84,750	-	195,156	-	(5,000)	318,483
Net change in fund balances	\$ -	\$ -	\$ 953,321	\$ (31,787)	\$ 422,057	\$ 327,899	\$ (645,001)	\$ (1,408,561)	\$ (847,752)	\$ (268,836)
	*	*								
Debt service as a percentage of non-capital expenditures	0.00%	0.00%	9.07%	8.32%	7.98%	7.71%	7.23%	7.05%	6.72%	5.96%

Source: District Records

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

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Tuition	\$ -	\$ -	\$ 28,873	\$ 21,300	\$ -	\$ 27,590	\$ 30,000	\$ 16,900	\$ 21,075	\$ -
Interest income	-	-	18,110	22,569	34,221	87,185	101,070	55,769	6,400	5,165
Transportation fees	-	-	21,216	-	63,775	47,933	-	44,112	41,643	61,099
Rental income	-	-	-	-	91,667	112,500	149,969	156,244	112,500	151,340
Sales of assets	-	-	-	-	328,320	2,629	-	-	-	-
Student activities fees	-	-	20,525	25,955	26,600	23,750	25,000	17,800	12,000	19,635
Miscellaneous	-	-	25,701	10,282	13,951	49,098	3,952	3,541	28,161	4,491
Prior year refunds	-	-	-	-	-	-	16,353	7,248	17,288	7,220
Old outstanding checks canceled	-	-	-	-	-	-	3,300	-	18,094	-
Annual totals	\$ -	\$ -	\$ 114,425	\$ 80,106	\$ 558,534	\$ 350,685	\$ 329,644	\$ 301,614	\$ 257,161	\$ 248,950
	*	*								

Source: District Records

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

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

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Vacant land	\$ 13,954,500	\$ 14,379,200	\$ 14,724,683	\$ 14,395,983	\$ 15,823,683	\$ 14,573,083	\$ 14,073,083	\$ 13,771,883	\$ 14,687,857	\$ 15,535,857
Residential	976,816,000	984,863,000	996,474,900	1,028,646,200	1,043,534,600	1,058,497,300	1,081,966,200	1,100,790,100	1,126,801,200	1,192,527,400
Farm regular	81,288,900	82,844,300	84,354,900	82,174,400	78,779,000	83,824,300	85,023,300	87,382,200	92,585,300	98,608,600
Q farm	2,579,663	2,576,662	2,405,051	2,359,006	2,258,906	2,325,706	2,333,906	2,321,416	2,347,416	2,332,616
Commercial	150,256,009	150,168,809	152,328,609	158,567,009	163,363,709	167,596,809	171,705,409	173,726,709	174,926,409	179,083,909
Industrial	24,350,200	23,856,000	25,223,000	25,757,900	26,136,400	26,288,300	26,228,000	26,357,000	27,671,500	28,467,000
Apartment	25,066,600	24,987,800	25,044,100	26,158,193	26,548,493	27,056,193	27,015,093	27,334,493	26,846,193	30,736,293
<b>Total assessed value</b>	<b>1,274,311,872</b>	<b>1,283,675,771</b>	<b>1,300,555,243</b>	<b>1,338,058,691</b>	<b>1,356,444,791</b>	<b>1,380,161,691</b>	<b>1,408,344,991</b>	<b>1,431,683,801</b>	<b>1,465,865,875</b>	<b>1,547,291,675</b>
Public utilities (a)	2,016,439	1,709,968	1,747,874	1,665,517	1,758,566	607,654	610,479	616,155	616,155	637,446
<b>Net valuation taxable</b>	<b>\$ 1,276,328,311</b>	<b>\$ 1,285,385,739</b>	<b>\$ 1,302,303,117</b>	<b>\$ 1,339,724,208</b>	<b>\$ 1,358,203,357</b>	<b>\$ 1,380,769,345</b>	<b>\$ 1,408,955,470</b>	<b>\$ 1,432,299,956</b>	<b>\$ 1,466,482,030</b>	<b>\$ 1,547,929,121</b>
Estimated actual county equalized value	\$ 1,334,008,594	\$ 1,299,286,047	\$ 1,325,944,232	\$ 1,342,283,737	\$ 1,362,397,513	\$ 1,380,496,893	\$ 1,396,392,159	\$ 1,416,607,658	\$ 1,450,802,594	\$ 1,523,706,107
Percentage of net valuation to estimated actual equalized value	95.68%	98.93%	98.22%	99.81%	99.69%	100.02%	100.90%	101.11%	101.08%	101.59%

Source: Municipal Tax Assessor

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

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

\* Revalued/Reassessed

\*\* Merger of Local and Regional School Districts

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Vacant land	\$ 904,300	\$ 904,300	\$ 904,300	\$ 904,300	\$ 904,300	\$ 904,300	\$ 904,300	\$ 784,300	\$ 784,300	\$ 988,600
Residential	77,278,500	77,013,700	76,583,800	76,225,200	75,780,600	75,932,400	76,184,700	76,111,700	75,926,200	75,761,900
Farm regular	845,100	845,100	845,100	845,100	845,100	845,100	845,100	845,100	845,100	845,100
Q farm	20,500	18,400	18,400	18,400	18,400	18,400	18,400	18,400	18,400	18,400
Commercial	13,455,700	13,667,700	13,667,700	13,667,700	13,181,300	13,408,400	13,011,800	12,709,400	12,709,400	12,709,400
Industrial	-	-	-	-	-	-	-	-	-	-
Apartment	1,018,600	1,018,600	1,018,600	1,018,600	1,018,600	1,018,600	1,018,600	1,018,600	1,018,600	1,018,600
<b>Total assessed value</b>	<b>93,522,700</b>	<b>93,467,800</b>	<b>93,037,900</b>	<b>92,679,300</b>	<b>91,748,300</b>	<b>92,127,200</b>	<b>91,982,900</b>	<b>91,487,500</b>	<b>91,302,000</b>	<b>91,342,000</b>
Public utilities (a)	123,536	94,995	93,730	91,553	90,653	-	-	-	-	-
<b>Net valuation taxable</b>	<b>\$ 93,646,236</b>	<b>\$ 93,562,795</b>	<b>\$ 93,131,630</b>	<b>\$ 92,770,853</b>	<b>\$ 91,838,953</b>	<b>\$ 92,127,200</b>	<b>\$ 91,982,900</b>	<b>\$ 91,487,500</b>	<b>\$ 91,302,000</b>	<b>\$ 91,342,000</b>
Estimated actual county equalized value	\$ 93,562,141	\$ 90,743,623	\$ 92,189,754	\$ 93,719,587	\$ 93,563,431	\$ 89,906,509	\$ 90,135,130	\$ 91,232,050	\$ 88,180,413	\$ 95,596,023
Percentage of net valuation to estimated actual equalized value	100.09%	103.11%	101.02%	98.99%	98.16%	102.47%	102.05%	100.28%	103.54%	95.55%
<b>Total direct school tax rates (b)</b>	<b>\$ 0.691</b>	<b>\$ 1.318</b>	<b>\$ 1.295</b>	<b>\$ 1.291</b>	<b>\$ 1.283</b>	<b>\$ 1.257</b>	<b>\$ 1.235</b>	<b>\$ 1.235</b>	<b>\$ 1.220</b>	<b>\$ 1.308</b>

\*\*

Source: Municipal Tax Assessor

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

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

\* Revalued/Reassessed

\*\* Merger of Local and Regional School Districts

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Vacant land	\$ 4,803,200	\$ 4,720,600	\$ 5,317,183	\$ 4,564,883	\$ 5,475,183	\$ 4,837,683	\$ 4,440,083	\$ 4,544,283	\$ 4,245,183	\$ 5,022,883
Residential	567,122,600	562,452,000	567,428,400	583,301,900	597,964,000	608,592,100	619,195,900	631,429,200	638,712,900	667,878,100
Farm regular	1,343,800	1,343,800	1,355,500	1,492,300	1,494,300	1,495,800	1,503,800	1,523,800	1,678,400	462,000
Q farm	128,562	128,562	3,631	2,206	2,206	2,206	2,206	2,616	2,616	2,616
Commercial	107,765,800	107,578,500	108,516,200	113,908,500	118,411,300	119,991,100	119,082,900	121,350,200	122,353,200	125,843,800
Industrial	10,526,900	10,526,900	10,659,000	10,973,700	11,290,500	11,409,700	11,409,700	11,542,000	11,542,000	12,255,000
Apartment	22,817,900	22,792,900	22,797,100	23,878,593	24,229,693	24,720,293	24,646,993	24,945,893	24,389,693	28,153,993
<b>Total assessed value</b>	<b>714,508,762</b>	<b>709,543,262</b>	<b>716,077,014</b>	<b>738,122,082</b>	<b>758,867,182</b>	<b>771,048,882</b>	<b>780,281,582</b>	<b>795,337,992</b>	<b>802,923,992</b>	<b>839,618,392</b>
Public utilities (a)	1,165,786	1,026,564	1,051,057	1,008,113	1,095,622	-	-	-	-	-
<b>Net valuation taxable</b>	<b>\$ 715,674,548</b>	<b>\$ 710,569,826</b>	<b>\$ 717,128,071</b>	<b>\$ 739,130,195</b>	<b>\$ 759,962,804</b>	<b>\$ 771,048,882</b>	<b>\$ 780,281,582</b>	<b>\$ 795,337,992</b>	<b>\$ 802,923,992</b>	<b>\$ 839,618,392</b>
Estimated actual county equalized value	\$ 733,607,961	\$ 717,529,865	\$ 721,997,393	\$ 742,874,479	\$ 779,684,765	\$ 787,588,235	\$ 778,413,390	\$ 809,916,489	\$ 818,725,392	\$ 865,229,176
Percentage of net valuation to estimated actual equalized value	97.56%	99.03%	99.33%	99.50%	97.47%	97.90%	100.24%	98.20%	98.07%	97.04%
<b>Total direct school tax rates (b)</b>	<b>\$ 0.654</b>	<b>\$ 1.212</b>	<b>\$ 1.240</b>	<b>\$ 1.235</b>	<b>\$ 1.262</b>	<b>\$ 1.298</b>	<b>\$ 1.312</b>	<b>\$ 1.315</b>	<b>\$ 1.345</b>	<b>\$ 1.342</b>
		**							*	*

Source: Municipal Tax Assessor

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

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

\* Revalued/Reassessed

\*\* Merger of Local and Regional School Districts

See independent auditors' report.



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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Vacant land	\$ 8,247,000	\$ 8,754,300	\$ 8,503,200	\$ 8,926,800	\$ 9,444,200	\$ 8,831,100	\$ 8,728,700	\$ 8,443,300	\$ 9,658,374	\$ 9,524,374
Residential	332,414,900	345,397,300	352,462,700	369,119,100	369,790,000	373,972,800	386,585,600	393,249,200	412,162,100	448,887,400
Farm regular	79,100,000	80,655,400	82,154,300	79,837,000	76,439,600	81,483,400	82,674,400	85,013,300	90,061,800	97,301,500
Q farm	2,430,601	2,429,700	2,383,020	2,338,400	2,238,300	2,305,100	2,313,300	2,300,400	2,326,400	2,311,600
Commercial	29,034,509	28,922,609	30,144,709	30,990,809	31,771,109	34,197,309	39,610,709	39,667,109	39,863,809	40,530,709
Industrial	13,823,300	13,329,100	14,564,000	14,784,200	14,845,900	14,878,600	14,818,300	14,815,000	16,129,500	16,212,000
Apartment	1,230,100	1,176,300	1,228,400	1,261,000	1,300,200	1,317,300	1,349,500	1,370,000	1,437,900	1,563,700
<b>Total assessed value</b>	<b>466,280,410</b>	<b>480,664,709</b>	<b>491,440,329</b>	<b>507,257,309</b>	<b>505,829,309</b>	<b>516,985,609</b>	<b>536,080,509</b>	<b>544,858,309</b>	<b>571,639,883</b>	<b>616,331,283</b>
Public utilities (a)	727,117	588,409	603,087	565,851	572,291	607,654	610,479	616,155	616,155	637,446
<b>Net valuation taxable</b>	<b>\$ 467,007,527</b>	<b>\$ 481,253,118</b>	<b>\$ 492,043,416</b>	<b>\$ 507,823,160</b>	<b>\$ 506,401,600</b>	<b>\$ 517,593,263</b>	<b>\$ 536,690,988</b>	<b>\$ 545,474,464</b>	<b>\$ 572,256,038</b>	<b>\$ 616,968,729</b>
Estimated actual county equalized value	\$ 506,838,492	\$ 491,012,559	\$ 511,757,085	\$ 505,689,671	\$ 489,149,317	\$ 503,002,149	\$ 527,843,639	\$ 515,459,119	\$ 543,896,789	\$ 562,880,908
Percentage of net valuation to estimated actual equalized value	92.14%	98.01%	96.15%	100.42%	103.53%	102.90%	101.68%	105.82%	105.21%	109.61%
<b>Total direct school tax rates (b)</b>	<b>\$ 0.821</b>	<b>\$ 1.207</b>	<b>\$ 1.590</b>	<b>\$ 1.558</b>	<b>\$ 1.541</b>	<b>\$ 1.516</b>	<b>\$ 1.514</b>	<b>\$ 1.537</b>	<b>\$ 1.484</b>	<b>\$ 1.381</b>
	*	**							*	*

Source: Municipal Tax Assessor

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

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

\* Revalued/Reassessed

\*\* Merger of Local and Regional School Districts

See independent auditors' report.

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

Assessment Year	School District Direct Rate					Overlapping Rates		Fire District	Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)		Regional School Rate	Municipality	County		
			Total Direct School Tax Rate						
2013	\$ 0.611	\$ 0.080	\$ 0.691	\$ 0.702	\$ 0.366	\$ 0.363	\$ -	\$ 2.122	
2014	** 1.218	0.100	1.318	-	0.382	0.359	-	2.059	
2015	1.197	0.098	1.295	-	0.402	0.368	-	2.065	
2016	1.196	0.095	1.291	-	0.414	0.376	-	2.081	
2017	1.190	0.093	1.283	-	0.434	0.378	-	2.095	
2018	1.168	0.089	1.257	-	0.452	0.369	-	2.078	
2019	1.148	0.087	1.235	-	0.465	0.370	-	2.070	
2020	1.152	0.083	1.235	-	0.465	0.376	-	2.076	
2021	1.137	0.083	1.220	-	0.518	0.364	-	2.102	
2022	1.222	0.086	1.308	-	0.558	0.395	-	2.261	

Sources: Municipal Tax Collector

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

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

\* Revalued/Reassessed

\*\* Merger of Local and Regional School Districts

See independent auditors' report.

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

Assessment Year	School District Direct Rate						Regional School Rate	Overlapping Rates		Fire District	Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)		Municipality	County					
			Total Direct School Tax Rate								
2013	\$ 0.574	\$ 0.080	\$ 0.654	\$ 0.492	\$ 0.357	\$ 0.343	\$ 0.072	\$ 1.918			
2014	** 1.122	0.090	1.212	-	0.362	0.345	0.074	1.993			
2015	1.146	0.094	1.240	-	0.358	0.344	0.075	2.017			
2016	1.145	0.090	1.235	-	0.349	0.344	0.073	2.001			
2017	1.169	0.093	1.262	-	0.351	0.350	0.078	2.041			
2018	1.209	0.089	1.298	-	0.350	0.354	0.083	2.085			
2019	1.220	0.092	1.312	-	0.375	0.347	0.083	2.117			
2020	1.227	0.088	1.315	-	0.404	0.353	0.149	2.221			
2021	* 1.254	0.091	1.345	-	0.419	0.353	0.151	2.268			
2022	* 1.254	0.088	1.342	-	0.461	0.358	0.149	2.310			

Sources: Municipal Tax Collector

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

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

(b) Rates for debt service are based on each year's requirements.

\* Revalued/Reassessed

\*\* Merger of Local and Regional School Districts

See independent auditors' report.

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

Assessment Year	School District Direct Rate						Overlapping Rates		Fire District	Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)		Regional School Rate	Municipality	County			
			Total Direct School Tax Rate							
2013	*	\$ 0.721	\$ 0.100	\$ 0.821	\$ 0.828	\$ 0.316	\$ 0.395	\$ -	\$ 2.360	
2014	**	1.117	0.090	1.207	-	0.309	0.380	-	1.896	
2015		1.469	0.121	1.590	-	0.320	0.386	-	2.296	
2016		1.444	0.114	1.558	-	0.329	0.371	-	2.258	
2017		1.430	0.111	1.541	-	0.340	0.359	-	2.240	
2018		1.409	0.107	1.516	-	0.353	0.367	-	2.236	
2019		1.408	0.106	1.514	-	0.360	0.370	-	2.244	
2020		1.434	0.103	1.537	-	0.376	0.357	-	2.270	
2021	*	1.383	0.101	1.484	-	0.382	0.359	-	2.225	
2022	*	1.290	0.091	1.381	-	0.363	0.344	-	2.088	

Sources: Municipal Tax Collector

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

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

\* Revalued/Reassessed

\*\* Merger of Local and Regional School Districts

See independent auditors' report.

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

	2022			2013		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Deamicis Hospitality Group Inc.	\$ 2,154,400	1	2.36%	\$ -		-
Millett Properties LLC	2,010,000	2	2.20%	1,836,300	2	1.96%
Finale Partners LLC	1,322,700	3	1.45%	1,322,700	4	1.41%
Individual Property Owner	1,032,200	4	1.13%	1,867,100	1	1.99%
Nobalistick II, LLC	977,300	5	1.07%	-		-
Nobilis, LLC	905,800	6	0.99%	-		-
Individual Property Owner	792,900	7	0.87%	1,065,900	5	1.14%
Individual Property Owner	773,800	8	0.85%	1,034,800	6	1.11%
Moorland Farms North, LLC	754,300	9	0.83%	-		-
The Hemenway Group LLC	749,000	10	0.82%	-		-
Harverstick Properties	-		-	1,444,200	3	1.54%
Individual Property Owner	-		-	1,032,200	7	1.10%
Individual Property Owner	-		-	914,900	8	0.98%
Individual Property Owner	-		-	905,800	9	0.97%
Individual Property Owner	-		-	890,300	10	0.95%
	<u>\$ 11,472,400</u>		<u>12.57%</u>	<u>\$ 12,314,200</u>		<u>13.15%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

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

	2022			2013		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Houston-MDL/LSRI Holdings LLC	\$ 10,064,800	1	1.20%	\$ -		-
LV Hotel Property LLC	4,898,700	2	0.58%	-		-
LCP C/O Fedway Assoc.	3,349,000	3	0.40%	-		-
North Union LLC	3,221,400	4	0.38%	-		-
Route 12-1 Properties LLC	3,098,000	5	0.37%	3,413,000	4	0.48%
Individual Property Owner	3,065,500	6	0.37%	2,698,400	7	0.38%
Hart Venture Group LLC	3,028,100	7	0.36%	3,662,000	3	0.51%
Centre Market Place Realty Inc	3,012,000	8	0.36%	-		-
Promar Development Co LLC	2,948,800	9	0.35%	-		-
Woodrose Properties LLC	2,679,000	10	0.32%	2,705,700	6	0.38%
Swan Creek Holding Co LP	-		-	4,000,500	1	0.56%
Delcampo LLC	-		-	3,998,000	2	0.56%
BC Property management	-		-	2,896,800	5	0.40%
DeMarco Investment Company	-		-	2,573,000	8	0.36%
Allied Village Square LLC	-		-	2,406,000	9	0.34%
Opera One Holdings	-		-	2,278,800	10	0.32%
	<u>\$ 39,365,300</u>		<u>4.69%</u>	<u>\$ 30,632,200</u>		<u>4.29%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

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

	2022			2013		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Texas Eastern Transmission Corp	\$ 10,253,700	1	1.66%	\$ 7,100,000	1	1.52%
OFN Properties	6,034,700	2	0.98%	-		-
JMJ Farm Holdings LLC	3,630,200	3	0.59%	2,801,500	3	0.60%
Individual Property Owner	2,881,300	4	0.47%	4,595,200	2	0.98%
Barry Road Properties LLC	2,695,500	5	0.44%	2,304,800	4	0.49%
Individual Property Owner	2,587,600	6	0.42%	1,554,500	9	0.33%
1422 Route 179 Florida Realty	2,469,900	7	0.40%	-		-
GMNJ Properties LLC	2,346,600	8	0.38%	-		-
Breen Real Estate LLC	2,331,200	9	0.38%	1,911,100	5	0.41%
Investment Group LLC	2,236,400	10	0.36%	-		-
Affordable Self Storage Inc	-		-	1,823,100	6	0.39%
Texas Eastern Transmission Corp	-		-	1,630,200	7	0.35%
Bender Realty LLC	-		-	1,618,010	8	0.35%
Individual Property Owner	-		-	1,517,200	10	0.32%
	<u>\$ 37,467,100</u>		<u>6.08%</u>	<u>\$ 26,855,610</u>		<u>5.74%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

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

Fiscal Year Ending June 30,	Taxes Levied for the Year				Collected within the Year of the Levy (a)	
	Borough of Stockton	City of Lambertville	Township of West Amwell	Regional High School	Total Amount	Percentage of Levy
2013	\$ 657,787	\$ 3,688,272	\$ 3,791,804	\$ 9,066,407	\$ 17,204,270	100.00%
2014	657,774	3,688,071	3,866,729	9,240,692	17,453,266	100.00%
2015	** 1,203,248	8,868,570	7,691,175	-	17,762,993	100.00%
2016	1,206,785	8,902,418	7,954,162	-	18,063,365	100.00%
2017	1,189,850	9,353,217	7,861,948	-	18,405,015	100.00%
2018	1,166,739	9,828,979	7,748,702	-	18,744,420	100.00%
2019	1,148,935	10,178,116	7,940,052	-	19,267,103	100.00%
2020	1,122,678	10,299,598	8,301,678	-	19,723,954	100.00%
2021	1,136,069	10,606,502	8,468,321	-	20,210,892	100.00%
2022	1,091,201	10,987,891	8,517,691	-	20,596,783	100.00%

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

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

\*\* Merger of Local and Regional School Districts

See independent auditors' report.



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

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities Leases	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Leases	Bond Anticipation Notes (BANs)				
2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2014	-	-	-	-	-	-	0.00%	-
2015	14,930,314	-	94,373	-	63,828	15,088,515	2.67%	2,104
2016	13,969,566	-	193,184	-	-	14,162,750	2.45%	1,983
2017	12,742,816	-	96,580	-	-	12,839,396	2.15%	1,805
2018	11,470,026	-	-	-	-	11,470,026	1.90%	1,614
2019	10,146,155	-	127,563	-	-	10,273,718	1.65%	1,451
2020	8,771,161	-	65,065	-	-	8,836,226	1.36%	1,251
2021	7,345,000	-	-	-	-	7,345,000	1.10%	1,044
2022	5,900,000	-	252,184	-	-	6,152,184	N/A	803

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

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

N/A Information is not available

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

See independent auditors' report.

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

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2013	* \$ -	\$ -	\$ -	-	\$ -
2014	* -	-	-	-	-
2015	14,930,314	-	14,930,314	1.15%	2,082
2016	13,969,566	-	13,969,566	1.04%	1,956
2017	12,742,816	-	12,742,816	0.94%	1,791
2018	11,470,026	-	11,470,026	0.83%	1,614
2019	10,146,155	-	10,146,155	0.72%	1,433
2020	8,771,161	-	8,771,161	0.61%	1,242
2021	7,345,000	-	7,345,000	0.50%	1,044
2022	5,900,000	-	5,900,000	0.38%	770

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

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

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

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

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, As of December 31, 2021**

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Debt</u>
Debt repaid with property taxes			
Municipality			
Borough of Stockton	\$ 492,898	100.00%	\$ 492,898
City of Lambertville	16,517,272	100.00%	16,517,272
Township of West Amwell	2,999,250	100.00%	2,999,250
County general obligation debt	96,226,693	6.58%	<u>6,329,076</u>
Subtotal, overlapping debt			<u>26,338,496</u>
Regional High School			
Borough of Stockton	7,230,000	6.29%	454,570
City of Lambertville	7,230,000	56.82%	4,107,947
Township of West Amwell	7,230,000	36.89%	<u>2,667,483</u>
School District direct debt			<u>7,230,000</u>
Total direct and overlapping debt			<u><u>\$ 40,798,496</u></u>

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

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

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

See independent auditors' report.

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

Legal Debt Margin Calculation for Fiscal Year 2022

	Equalized Valuation Basis
	2021 \$ 1,523,312,208
	2020 1,447,870,211
	2019 1,412,908,874
	\$ 4,384,091,293
Average equalized valuation of taxable property	\$ 1,461,363,764
Debt limit (4.0% of average equalization value) (a)	\$ 58,454,551
Total net debt applicable to limit	5,900,000
Legal debt margin	\$ 52,554,551

	Fiscal Year				
	2018	2019	2020	2021	2022
Debt limit	\$ 54,357,623	\$ 55,051,999	\$ 55,710,751	\$ 56,662,877	\$ 58,454,551
Total net debt applicable	11,470,026	10,146,155	8,771,161	7,345,000	5,900,000
Legal debt margin	\$ 42,887,597	\$ 44,905,844	\$ 46,939,590	\$ 49,317,877	\$ 52,554,551
Total net debt applicable to the limit as a percentage of debt limit	21.10%	18.43%	15.74%	12.96%	10.09%

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt limit	\$ -	\$ -	\$ 52,666,494	\$ 52,958,717	\$ 53,571,851
Total net debt applicable	-	-	14,930,314	13,969,566	12,742,816
Legal debt margin	\$ -	\$ -	\$ 37,736,180	\$ 38,989,151	\$ 40,829,035
	*	*			
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	28.35%	26.38%	23.79%

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

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

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

See independent auditors' report.

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

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2013	530	\$ 39,950,870	\$ 75,379	7.3%
2014	528	39,713,520	75,215	3.2%
2015	526	41,481,412	78,862	3.6%
2016	523	42,353,063	80,981	3.0%
2017	520	43,556,760	83,763	3.0%
2018	519	44,069,328	84,912	2.3%
2019	515	45,286,010	87,934	2.6%
2020	513	47,168,298	91,946	7.3%
2021	510	48,494,880	95,088	3.7%
2022	496	N/A	N/A	N/A

Sources:

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

See independent auditors' report.

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

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2013	3,873	\$ 291,942,867	\$ 75,379	3.0%
2014	3,866	290,781,190	75,215	3.8%
2015	3,856	304,091,872	78,862	3.1%
2016	3,841	311,048,021	80,981	2.9%
2017	3,824	320,309,712	83,763	2.9%
2018	3,822	324,533,664	84,912	2.5%
2019	3,815	335,468,210	87,934	2.1%
2020	3,808	350,130,368	91,946	5.7%
2021	3,790	360,383,520	95,088	3.6%
2022	4,149	N/A	N/A	N/A

Sources:

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

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

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2013	2,801	\$ 211,136,579	\$ 75,379	3.2%
2014	2,795	210,225,925	75,215	5.0%
2015	2,788	219,867,256	78,862	3.9%
2016	2,777	224,884,237	80,981	3.7%
2017	2,770	232,023,510	83,763	3.4%
2018	2,764	234,696,768	84,912	3.2%
2019	2,749	241,730,566	87,934	2.8%
2020	2,743	252,207,878	91,946	7.2%
2021	2,734	259,970,592	95,088	3.9%
2022	3,015	N/A	N/A	N/A

Sources:

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

See independent auditors' report.

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

2022

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2013

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.



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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Function/Program										
Instruction										
Regular	-	-	73.0	76.0	72.5	70.6	72.5	73.2	74.3	72.9
Special education	-	-	23.9	26.5	28.0	32.0	33.7	32.9	32.5	31.3
Other instruction - aides	-	-	19.3	18.8	21.5	26.0	26.0	25.5	25.0	25.0
Support services										
Student and instruction related services	-	-	17.8	23.8	27.9	28.1	26.5	29.7	30.0	28.6
General administration	-	-	2.5	2.5	2.0	2.0	2.0	2.0	2.0	2.0
School administration services	-	-	9.5	6.0	6.0	6.3	7.3	6.4	6.4	6.0
Central services	-	-	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Administrative information technology	-	-	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0
Plant operations and maintenance	-	-	11.3	11.4	11.9	12.4	12.4	12.4	11.8	11.8
Pupil transportation	-	-	7.0	7.3	7.8	7.7	7.0	6.0	7.5	8.5
Other Support Services	-	-	2.0	2.0	2.0	1.7	1.7	2.6	2.6	2.6
Total	-	-	171.8	179.8	186.1	193.3	195.6	197.2	198.6	195.2
	*	*								

Source: District Personnel Records

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

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Operating Statistics**  
**Last Ten Fiscal Years**

Fiscal Year	June 30 Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2013	*	-	\$ -	-	-	-	-	-	-	-
2014	*	-	-	-	-	-	-	-	-	-
2015	960	19,234,843	20,036	-2.95%	97.9	1 to 9.81	960	917	2.92%	95.49%
2016	938	20,626,765	21,990	9.75%	102.5	1 to 9.15	938.3	896.2	-2.25%	95.52%
2017	940	21,406,978	22,773	3.56%	102.6	1 to 9.16	940.0	880.7	0.18%	93.69%
2018	943	22,145,510	23,484	3.12%	102.6	1 to 9.19	1,020.8	872.7	8.60%	85.49%
2019	925	23,938,553	25,880	10.20%	106.2	1 to 8.71	904.8	859.4	-11.37%	94.98%
2020	971	24,610,687	25,346	-2.06%	108.0	1 to 8.99	921.2	891.3	1.81%	96.76%
2021	885	25,887,120	29,251	15.41%	108.8	1 to 8.13	883.5	836.5	-4.09%	94.68%
2022	817	28,719,303	35,152	20.17%	108.0	1 to 7.56	767.9	712.8	-13.09%	92.83%

Source: District Records

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

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

See independent auditors' report.

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

District Building	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Elementary</b>										
<b>City of Lambertville (1968)</b>										
Square feet	-	-	32,301	32,301	32,301	32,301	32,301	32,301	32,301	32,301
Capacity (students)	-	-	982	982	982	982.0	982.0	982.0	982.0	982.0
Enrollment	-	-	251	250	246	247	231	235	226	219
<b>Borough of Stockton (1872)</b>										
Square feet	-	-	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Capacity (students)	-	-	67	67	67	67.0	67.0	67.0	67.0	67.0
Enrollment	-	-	55	48	55	12	-	-	-	-
<b>Township of West Amwell (1953)</b>										
Square feet	-	-	24,578	24,578	24,578	24,578	24,578	24,578	24,578	24,578
Capacity (students)	-	-	266	266	266	266.0	266.0	266.0	266.0	266.0
Enrollment	-	-	222	211	219	234	227	260	215	187
<b>High School</b>										
<b>South Hunterdon Regional High School (1959)</b>										
Square feet	-	-	99,000	99,000	99,000	99,000	99,000	99,000	99,500	99,500
Capacity (students)	-	-	572	572	572	572.0	572.0	572.0	572.0	572.0
Enrollment	-	-	424	441	452	450	463	476	444	409
	*	*								
<b>Number of schools at June 30, 2022:</b>										
Elementary	3									
Middle School	-									
High School	1									
Other	-									

Source: District Facilities Office

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

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

See independent auditors' report.

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

Undistributed Expenditures - Required Maintenance for School Facilities

Fiscal Year Ending	Borough of Stockton	City of Lambertville	High School	Township of West Amwell	District Total
2013	*	\$ -	\$ -	\$ -	\$ -
2014	*	-	-	-	-
2015	18,793	42,831	198,248	28,768	288,640
2016	20,760	38,808	298,916	60,874	419,358
2017	44,266	131,520	315,515	89,578	580,879
2018	15,850	85,431	331,700	115,991	548,972
2019	6,933	91,649	280,273	146,227	525,082
2020	27,133	128,462	343,841	149,731	649,167
2021	12,381	106,218	283,426	77,201	479,226
2022	20,930	77,376	321,612	115,556	535,474
Total school facilities	<u>\$ 167,046</u>	<u>\$ 702,295</u>	<u>\$ 2,373,531</u>	<u>\$ 783,926</u>	<u>\$ 4,026,798</u>

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

Source: District Records

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

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Insurance Schedule**  
**June 30, 2022**  
**(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy - New Jersey Schools Insurance Group (NJSIG)		
Real & Personal Property (per occurrence)	\$ 500,000,000	\$ 5,000
Blanket Extra Expense	50,000,000	5,000
Blanket Valuable Paper & Records	10,000,000	5,000
Demolition & Increased Cost of Construction	25,000,000	-
Limited Builders Risk	10,000,000	-
Fire Dept. Service Charge	10,000	-
Arson Reward	10,000	-
Pollution Cleanup & Removal	250,000	-
Flood/Earthquake		
Flood Zone A & V	25,000,000	500,000
All Other Flood Zones	75,000,000	10,000
Earthquake	50,000,000	1,000
Terrorism	1,000,000	-
Electronic Data Processing		
Blanket Hardware/Software, Business Income, Transit, Debris Removal	750,000	1,000
Flood (Deductible for Zone A & Z)	-	500,000
Deductible All Other Flood Zones	-	10,000
Equipment Breakdown		
Combined Single Limit/Accident for Property Damage & Business Income	100,000,000	5,000
Property Damage	Included	5,000
Off Premises Property Damage	1,000,000	5,000
Extra Expense	10,000,000	5,000
Service Interruption	10,000,000	5,000
Perishable Goods	1,000,000	5,000
Data Restoration	1,000,000	5,000
Demolition	1,000,000	5,000
Ordinance or Law	1,000,000	5,000
Expediting Expense	1,000,000	5,000
Hazardous Substances	1,000,000	5,000
Newly Acquired Locations - 120 Days' Notice	1,000,000	5,000
Crime Coverage		
Public Employee Dishonesty	100,000	500
Theft, Disapp. & Destruction/Money Orders & Counterfeit Currency	50,000	500
Forgery or Alteration	50,000	500
Computer Fraud	50,000	500
Public Officials Bond		
Board Secretary - A Harris (RLI)	210,000	-

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Insurance Schedule**  
**June 30, 2022**  
**(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
General Liability		
Bodily Injury & Property Damage	11,000,000	-
Products & Completed Operations	11,000,000	-
Sexual Abuse	11,000,000	-
Personal Injury & Advertising Injury	11,000,000	-
Employee Benefits Liability	11,000,000	1,000
Premises Medical Payments	10,000/accident	-
Premises Medical Payments	5,000/person	-
Terrorism	1,000,000	-
Automotive Coverage:		
Combined Single Limit for Bodily Injury and Property Damage	11,000,000	1,000
Personal Injury Protection	250,000	-
Medical Payments	10,000	-
Underinsured	1,000,000	-
Terrorism	1,000,000	-
Garage keepers	Included	-
School Leaders Errors and Omissions		
Coverage A - Protection against "Loss"/Wrongful Acts	11,000,000	10,000
Coverage B - Defense Costs for Specific Administrative Actions	100,000/claim	10,000
	300,000/agg	10,000
Retro Date	7/1/1986	
Workers' Compensation		
Part One	Statutory	-
Part Two - Bodily Injury by Accident & Disease		
Bodily Injury by Accident	2,000,000	-
Bodily Injury by Disease	2,000,000	-
Student Accident		
All School Base (US Fire)	25,000	-
Catastrophic (AIG)	7,500,000	25,000
UST(Nautilus)	1,000,000	25,000

Source: District Records

See independent auditors' report.

**SINGLE AUDIT SECTION**

**OTHER REPORTING REQUIRED BY  
GOVERNMENT AUDITING STANDARDS - PART I**





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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the South Hunterdon Regional School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 2, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as findings number 2022-001.

South Hunterdon Regional School District's Responses to Findings


*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



**BKC, CPAs, PC**



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

March 2, 2023  
Flemington, New Jersey



Certified Public Accountants, PC  
[www.bkc-cpa.com](http://www.bkc-cpa.com)

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

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the South Hunterdon Regional School District's (the District) compliance with the types of compliance requirements as subject to audit in the OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2022. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

### Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal and state programs.

### Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the New Jersey OMB's Circulars 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the New Jersey OMB's Circulars 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and the New Jersey OMB's Circulars 15-08 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002. Our opinion on each major federal and state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance 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, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



**BKC, CPAs, PC**



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

March 2, 2023  
Flemington, New Jersey

## **SUPPLEMENTARY INFORMATION**

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards, Schedule A**  
**For the Fiscal Year Ended June 30, 2022**

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2021		Cash Received	Budgetary Expenditure	Adjust- ment	Repayment of Prior Year Balance	Balance June 30, 2022		
					From	To	(Acct Rec) Def Revenue	Carryover Amount					Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Health and Human Services passed through State Department of Education															
General Fund															
FEMA	97.036	Not available	FEMA-1376-22	\$ 115,119	07/01/21	06/30/22	\$ -	\$ -	\$ 115,119	\$ 115,119	\$ -	\$ -	\$ -	\$ -	\$ -
Medical Assistance Program (SEMI)	93.778	2005NJ5MAP	N/A	41,980	07/01/21	06/30/22	-	-	41,980	41,980	-	-	-	-	-
Total General Fund							-	-	157,099	157,099	-	-	-	-	-
U.S. Department of Education passed through State Department of Education															
Special Revenue Fund															
Special education cluster (IDEA)															
IDEA Basic	84.027A	H027A210100	IDEA-1376-21	215,231	07/01/21	06/30/22	-	-	215,231	215,231	-	-	-	-	-
IDEA Preschool	84.173A	H173A210114	IDEA-1376-21	7,130	07/01/21	06/30/22	-	-	-	2,567	-	-	(2,567)	-	-
IDEA Preschool	84.173A	H173A200114	IDEA-1376-20	7,156	07/01/20	06/30/21	629	-	2,625	5,468	-	-	(2,214)	-	-
Total special education cluster (IDEA)							629	-	217,856	223,266	-	-	(4,781)	-	-
Title I A	84.010A	S010A210030	ESSA-1376-22	139,299	07/01/21	06/30/22	-	-	55,565	136,283	-	-	(80,718)	-	-
Title I A	84.010A	S010A200030	ESSA-1376-21	156,578	07/01/20	06/30/21	(49,467)	-	54,603	8,132	-	-	(2,996)	-	-
Title II A	84.367A	S367A210029	ESSA-1376-22	12,413	07/01/21	06/30/22	-	-	8,206	10,603	-	-	(2,397)	-	-
Title II A	84.367A	S367A200029	ESSA-1376-21	10,483	07/01/20	06/30/21	186	-	146	986	-	-	(654)	-	-
Title III	84.365	S365A210030	ESSA-1376-22	15,487	07/01/21	06/30/22	-	-	6,291	15,487	-	-	(9,196)	-	-
Title III	84.365	S365A200030	ESSA-1376-21	22,461	07/01/20	06/30/21	(11,036)	-	11,317	387	106	-	-	-	-
Title IV	84.424	S424A200031	ESSA-1376-21	14,300	07/01/21	06/30/22	-	-	3,475	11,429	-	-	(7,954)	-	-
Title IV	84.424	S424A190031	ESSA-1376-20	13,115	07/01/20	06/30/21	(8,193)	-	7,605	2,284	-	-	(2,872)	-	-
COVID-19															
CARES Emergency Relief	84.425	S425D200027	CARES-1376-22	125,344	03/13/20	09/30/22	(1,952)	-	11,410	2,611	-	-	-	6,847	-
CRRSA - ESSER II	84.425D	S425D210027	CRSSA-1376-23	513,215	03/13/20	09/30/23	(137,384)	-	474,399	375,468	2,500	-	(35,953)	-	-
CRRSA - Learning Acceleration	84.425D	S425D210027	CRSSA-1376-23	32,936	03/13/20	09/30/23	-	-	21,322	26,323	-	-	(5,001)	-	-
CRRSA - Mental Health	84.425D	S425D210027	CRSSA-1376-23	45,000	03/13/20	09/30/23	-	-	12,473	13,798	-	-	(1,325)	-	-
ARP - ESSER															
ARP - ESSER	84.425U	S425U210027	ESSER-1376-24	1,153,419	03/13/20	09/30/24	-	-	-	93,533	-	-	(93,533)	-	-
Evidenced Based Comprehensive															
Beyond the School Day	84.425U	S425U210027	ESSER-1376-24	40,000	03/13/20	09/30/24	-	-	-	3,154	-	-	(3,154)	-	-
ARP IDEA Basic	84.027X	H027X210100	ARP-1376-22	40,782	07/01/21	09/30/22	-	-	19,070	40,782	-	-	(21,712)	-	-
ARP IDEA Preschool	84.173X	H173X210114	ARP-1376-22	3,473	07/01/21	09/30/22	-	-	-	2,206	-	-	(2,206)	-	-
Total Special Revenue Fund							(207,217)	-	903,738	966,732	2,606	-	(274,452)	6,847	-

See independent auditors' report.



**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards, Schedule A**  
**For the Fiscal Year Ended June 30, 2022**

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2021		Cash Received	Budgetary Expenditure	Adjust- ment	Repayment of Prior Year Balance	Balance June 30, 2022				
					From	To	(Acct Rec) Def Revenue	Carryover Amount					Accounts Receivable	Deferred Revenue	Due to Grantor		
U.S. Department of Agriculture passed through State Department of Agriculture Enterprise Fund																	
Child Nutrition Cluster																	
National School Lunch Program																	
Non-Cash Assistance (Commodities)	10.555	221NJ304N1099	N/A	\$ 26,312	10/01/21	09/30/22	\$ -	\$ -	\$ 26,312	\$ 22,975	\$ -	\$ -	\$ -	\$ 3,337	\$ -		
Non-Cash Assistance (Commodities)	10.555	211NJ304N1099	N/A	14,554	10/01/20	09/30/21	5,898	-	-	5,898	-	-	-	-	-		
Cash Assistance	10.555	221NJ304N1099	N/A	376,973	10/01/21	09/30/22	-	-	353,111	376,973	-	-	(23,862)	-	-		
Cash Assistance	10.555	211NJ304N1099	N/A	131,433	10/01/20	09/30/21	(13,669)	-	13,669	-	-	-	-	-	-		
School Breakfast Program	10.553	221NJ304N1099	N/A	100,760	10/01/21	09/30/22	-	-	94,032	100,760	-	-	(6,728)	-	-		
School Breakfast Program	10.553	211NJ304N1099	N/A	56,744	10/01/20	09/30/21	(5,557)	-	5,557	-	-	-	-	-	-		
Total Child Nutrition Cluster							(13,328)	-	492,681	506,606	-	-	(30,590)	3,337	-		
P-EBT Administrative	10.649	2022225900941	N/A	1,242	07/01/21	06/30/22	-	-	1,242	1,242	-	-	-	-	-		
Total Enterprise Fund							(13,328)	-	493,923	507,848	-	-	(30,590)	3,337	-		
Total Federal Awards							\$ (220,545)	\$ -	\$ 1,554,760	\$ 1,631,679	\$ 2,606	\$ -	\$ (305,042)	\$ 10,184	\$ -		

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance, Schedule B**  
**For the Fiscal Year Ended June 30, 2022**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2021			Budgetary Expenditure	Adjustments	Balance June 30, 2022			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor	Cash Received			Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General Fund														
Transportation Aid	22-495-034-5120-014	\$ 314,641	07/01/21	06/30/22	\$ -	\$ -	\$ 284,332	\$ 314,641	\$ -	\$ -	\$ -	\$ -	\$ 30,309	\$ 314,641
Special Education Categorical Aid	22-495-034-5120-089	792,983	07/01/21	06/30/22	-	-	716,595	792,983	-	-	-	-	76,388	792,983
School Choice Aid	22-495-034-5120-068	1,411,144	07/01/21	06/30/22	-	-	1,275,208	1,411,144	-	-	-	-	135,936	1,411,144
Security Aid	22-495-034-5120-084	125,891	07/01/21	06/30/22	-	-	113,764	125,891	-	-	-	-	12,127	125,891
Extraordinary Special Education Costs Aid	21-495-034-5120-044	184,263	07/01/20	06/30/21	(184,263)	-	184,263	-	-	-	-	-	-	184,263
Extraordinary Special Education Costs Aid	22-495-034-5120-044	189,266	07/01/21	06/30/22	-	-	-	189,266	-	(189,266)	-	-	-	189,266
Non-Public Transportation Aid	21-495-034-5120-014	11,310	07/01/20	06/30/21	(11,310)	-	11,310	-	-	-	-	-	-	11,310
Non-Public Transportation Aid	22-495-034-5120-015	12,760	07/01/21	06/30/22	-	-	-	12,760	-	(12,760)	-	-	-	12,760
Securing Our Children's Future Bond Act	22-100-082-2000-A92	50,802	07/01/20	06/30/22	-	-	50,802	50,802	-	-	-	-	-	50,802
Reimbursed TPAF Social Security Contribution	21-495-034-5094-003	747,459	07/01/20	06/30/21	(36,992)	-	36,992	-	-	-	-	-	-	747,459
Reimbursed TPAF Social Security Contribution	22-495-034-5094-003	743,408	07/01/21	06/30/22	-	-	669,238	743,408	-	(74,170)	-	-	-	743,408
On-Behalf TPAF Pension Contribution - Teacher's Pension & Annuity Fund	22-495-034-5094-002	3,520,900	07/01/21	06/30/22	-	-	3,520,900	3,520,900	-	-	-	-	-	3,520,900
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	22-495-034-5094-004	49,675	07/01/21	06/30/22	-	-	49,675	49,675	-	-	-	-	-	49,675
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	22-495-034-5094-004	1,521	07/01/21	06/30/22	-	-	1,521	1,521	-	-	-	-	-	1,521
On-Behalf TPAF Pension Contribution - Post Retirement Medical	22-495-034-5094-001	834,230	07/01/21	06/30/22	-	-	834,230	834,230	-	-	-	-	-	834,230
Total General Fund					(232,565)	-	7,748,830	8,047,221	-	(276,196)	-	-	254,760	8,990,253
Debt Service Fund														
Debt Service Aid - State Support	22-495-034-5120-017	346,935	07/01/21	06/30/22	-	-	346,935	346,935	-	-	-	-	-	346,935
Total Debt Service Fund					-	-	346,935	346,935	-	-	-	-	-	346,935
State Department of Education														
Special Revenue Fund														
SDA Emergent and Capital Maintenance Needs	22-100-034-5120-519	21,751	07/01/21	06/30/22	-	-	21,751	21,751	-	-	-	-	-	21,751
Preschool Expansion Aid	22-495-034-5120-086	303,072	07/01/21	06/30/22	-	-	272,765	233,583	-	-	69,489	-	30,307	233,583
Total Special Revenue Fund					-	-	294,516	255,334	-	-	69,489	-	30,307	255,334
State Department of Agriculture														
Enterprise Fund														
State School Lunch Program	21-100-010-3350-023	6,854	07/01/20	06/30/21	(973)	-	973	-	-	-	-	-	-	6,854
State School Lunch Program	22-100-010-3350-023	8,778	07/01/21	06/30/22	-	-	8,229	8,778	-	(549)	-	-	-	8,778
Total Enterprise Fund					(973)	-	9,202	8,778	-	(549)	-	-	-	15,632

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance, Schedule B (continued)**  
**For the Fiscal Year Ended June 30, 2022**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2021			Budgetary Expenditure	Adjustments	Balance June 30, 2022			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor	Cash Received			Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
Total State Financial Assistance					\$ (233,538)	\$ -	\$ 8,399,483	\$ 8,658,268	\$ -	\$ (276,745)	\$ 69,489	\$ -	\$ 285,067	\$ 9,608,154
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	22-495-034-5094-002							3,520,900						
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	22-495-034-5094-004							49,675						
On-Behalf TPAF Pension Contribution - Postretirement Medical	22-495-034-5094-001							834,230						
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	22-495-034-5094-004							1,521						
Total for State Financial Assistance - Major Program Determination								\$ 4,251,942						

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2022**

Note 1 - General

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

Note 2 - Basis of accounting

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

Note 3 - Relationship of financial statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$31,047) for the general fund and \$102,153 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2022**

Note 3 - Relationship of financial statement (continued)

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

	Federal	State	Total
General fund	\$ 157,099	\$ 8,016,174	\$ 8,173,273
Special revenue fund	1,063,403	225,027	1,505,375
Debt service fund	-	346,935	346,935
Food service fund	507,848	8,778	516,626
Total awards and financial assistance	\$ 1,728,350	\$ 8,596,914	\$ 10,325,264

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension contributions represents the amount paid by the state on behalf of the District for the fiscal year ended June 30, 2022. TPAF Social Security contribution represents the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the fiscal year ended June 30, 2022.

Note 6 - Indirect Costs

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

**OTHER REPORTING REQUIRED BY  
GOVERNMENT AUDITING STANDARDS - PART II**

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2022**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

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

Noncompliance material to basic financial statements noted?

     Yes   X   No

Federal Awards

Internal Control Over Major Programs:

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

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

Unmodified

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

     Yes   X   No

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
		<i>IDEA Cluster:</i>
<u>84.027</u>	<u>H027A200100</u>	<u>IDEA Basic</u>
<u>84.173</u>	<u>H173A200114</u>	<u>IDEA Preschool</u>
<u>10.553 and 10.555</u>	<u>211NJ304N1099</u>	<u>Child Nutrition Cluster</u>

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

\$ 750,000

Did the auditee qualify as a low-risk auditee?

     Yes   X   No

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2022**

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

State Awards

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

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

Internal Control Over Major Programs:

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

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

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

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
	<i>State Aid Public Cluster:</i>
<u>22-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>22-495-034-5120-084</u>	<u>Security Aid</u>
<u>22-495-034-5120-068</u>	<u>School Choice Aid</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
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**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2022**

Section II - Financial Statement Findings

Finding 2022-001

Criteria

Continuous efforts must be made to ensure that the records and processes for all record keeping be maintained and performed in a complete and accurate manner.

Condition

The District's records were not accurate in some instances.

Context

Record keeping was not maintained and performed in an accurate manner.

Cause

Unknown

Effect

Records were not accurate.

Recommendation

The District must make continuous efforts to ensure that the records and processes for all record keeping be maintained and performed in a complete and accurate manner.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2022-002

Criteria

Accurate student records should be provided to correspond with the amounts reported to the State for the Application for State School Aid (ASSA) and the District Report of Transported Resident Students (DRTRS).

Condition

The District did not maintain accurate records of student registers and supporting document that agreed with the amounts reported to the State.

Context

Our comparison of registers provided for the ASSA and DRTRS were not in agreement with the amounts reported.

Cause

Unknown

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2022**

Section II - Financial Statement Findings (continued)

Effect

Student registers and supporting documentation were not in agreement with the number of students reported for the ASSA and DRTRS.

Recommendation

The District should verify that registers and supporting documentation prepared in connection with the ASSA and DRTRS reports are in agreement with amounts reported.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

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

Finding 2022-001 (State Financial Assistance)

Criteria

Continuous efforts must be made to ensure that the records and processes for all record keeping be maintained and performed in a complete and accurate manner.

Condition

The District's records were not accurate in some instances.

Context

Record keeping was not maintained and performed in an accurate manner.

Cause

Unknown

Effect

Records were not accurate.

Recommendation

The District must make continuous efforts to ensure that the records and processes for all record keeping be maintained and performed in a complete and accurate manner.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2022**

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

Finding 2022-002

Criteria

Accurate student records should be provided to correspond with the amounts reported to the State for the Application for State School Aid (ASSA) and the District Report of Transported Resident Students (DRTRS).

Condition

The District did not maintain accurate records of student registers and supporting document that agreed with the amounts reported to the State.

Context

Our comparison of registers provided for the ASSA and DRTRS were not in agreement with the amounts reported.

Cause

Unknown

Effect

Student registers and supporting documentation were not in agreement with the number of students reported for the ASSA and DRTRS.

Recommendation

The District should verify that registers and supporting documentation prepared in connection with the ASSA and DRTRS reports are in agreement with amounts reported.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT  
Summary Schedule of Prior Year Audit Findings  
and Questioned Costs as Prepared by Management  
For the Fiscal Year Ended June 30, 2022**

Status of Prior Year Findings

There were no prior year findings or questioned costs.