

SCHOOL DISTRICT

OF

ATLANTIC HIGHLANDS

**ATLANTIC HIGHLANDS BOARD OF EDUCATION
ATLANTIC HIGHLANDS, NEW JERSEY**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

OF THE

ATLANTIC HIGHLANDS BOARD OF EDUCATION

ATLANTIC HIGHLANDS, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PREPARED BY

**ATLANTIC HIGHLANDS BOARD OF EDUCATION
FINANCE DEPARTMENT**

ATLANTIC HIGHLANDS SCHOOL DISTRICT

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INTRODUCTORY SECTION



Atlantic Highlands Board of Education

December 22, 2023

Honorable President and
Members of the Board of Education
Atlantic Highlands School District
County of Monmouth, New Jersey

Dear Board Members:

The annual comprehensive financial report of the Atlantic Highlands School District for the fiscal year ended June 30, 2023 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The annual comprehensive financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditors report thereon. The statistical section includes selected financial and demographic information generally presented on a multi-year basis. This District is required to undergo an annual single audit in conformity with the provisions of the single Audit Act of 1984 and the U.S. Office of Management and Title 2 U.S. Code of Federal Regulations, Part 200, "Audits of State and Local Governments," and the state Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Atlantic Highlands School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the district are included in this report. The Atlantic Highlands Board of Education and its elementary school constitute the District's reporting entity.

The district provides a full range of education programs and services appropriate to grades Pre-K through 6. These include regular and special education for students with disabilities. The district completed the 2022-2023 fiscal year with an average daily enrollment of 258 students.

2. ECONOMIC CONDITION AND OUTLOOK:

Atlantic Highlands is a stable, older, year-round community. There is a heightened interest in property ownership with property values increasing. This is also evidenced in an increase in the ratables and the renovation of the main business district. Many previously vacant properties are being developed as combination business units and residential units. The appeal of this shoreline community is due in part to its proximity to Manhattan and the high speed ferry service to New York City. In addition, the town has a prosperous harbor as part of the downtown area.

3. MAJOR INITIATIVES:

Atlantic Highlands Elementary School continues to provide an exceptional educational experience for all students. The breadth of programs from special education to gifted and talented meets each child's unique needs. The 2022-2023 school year demonstrated a continuing emphasis on curriculum alignment to the national standards. The district has implemented a teacher's evaluation system mandated by the state. Our teachers continue to receive professional development throughout the year. Often in an effort to reduce cost, Atlantic Highlands holds professional development days in conjunction with other districts.

The elementary school building is 100 years old. The district is beginning a restoration project to repoint the brickwork on the building as part of the ongoing building maintenance needed. In addition, the district was awarded a Direct Install grant through New Jersey Natural Gas that has allowed the district to upgrade all the lighting fixtures, boilers and rooftop units. NJNG will fund 72.4% of the project and allow the district 27.6% share paid through NJNG over 60 payments interest free.

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

5. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2023.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. FINANCIAL INFORMATION AT FISCAL YEAR-END:

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

8. DEBT ADMINISTRATION:

At June 30, 2023, the District had outstanding debt issues in the amount of \$515,000.

In March 2003 voters of the Borough of Atlantic Highlands approved a \$6,292,000 referendum for capital project #0130-020-02-1112/Renovations and Addition to the Atlantic Highlands Elementary School. Bonds were sold in August of 2003 in the amount of \$4,063,000 to fund the project along with a state grant in the amount of \$2,083,130. The proceeds of this bond issue were placed in the District's capital projects fund to finance capital improvements to the District's building and grounds. These improvements included an 11,000 sq. ft addition to house a new cafeteria, library/media center, a science classroom, special education classroom and an elevator to enable the district to be ADA compliant. Renovations to the existing building included reroofing, a total overhaul of the HVAC system, rehabilitation of kindergarten, pre-school disabled and music/band classrooms, small group instruction space and much needed upgrades to the electrical and communications systems. Repayment of interest began in August of 2004; repayment of principal began in August 2005. The bonds were refunded in April 2012.

9. 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 Government Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect the Government 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.

10. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, boiler and machinery, workers' compensation, hazard and theft insurance on property and contents, cyber insurance and fidelity bonds.

11. OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart and Company was selected by the Board of Education. 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 of 1984 and the Title 2 U.S. Code of Federal Regulations, Part 200 and state OMB Circular Letter 15-08.

The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

The auditor's reports related specifically to the single audit are included in the single audit section of this report.

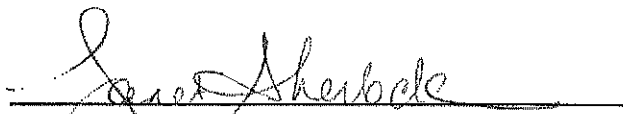
12. ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Atlantic Highlands School 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,



Dr. Tara Beams
Superintendent of Schools



Janet Sherlock
School Business Administrator /Board Secretary

ATLANTIC HIGHLANDS BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2023

Members of the Board of Education

Term Expires

Molly Murphy, President	2023
Karin Masina, Vice President	2024
Deborah Appello	2025
Melissa Baxendine	2023
Allison Jacobs	2024
Jeffery Margolick	2024
Ryan Palamara	2025
Daniel Sutton	2023
Cory Wingerter	2025

Other Officials

Dr. Tara Beams, Superintendent

Ms. Janet Sherlock, School Business Administrator/Board Secretary

Ms. Maureen Rexer, Director of Curriculum & Instruction

Ms. Denise Lombardi, Supervisor of Special Services

ATLANTIC HIGHLANDS BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Audit Firm

Robert A. Hulsart & Co.
2807 Hurley Pond Road
Wall, N.J. 07719

Attorneys

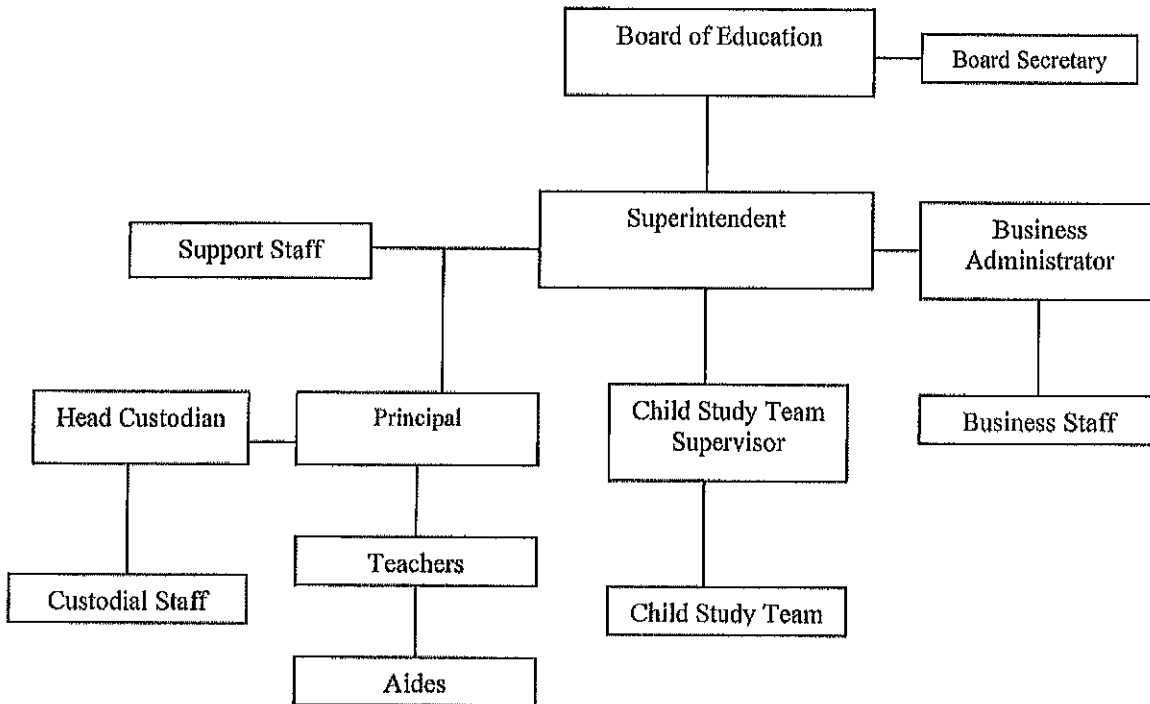
Kenney, Gross, Kovats & Parton
130 Maple Avenue - Building 8
Red Bank, NJ 07701

Official Depository

Wells Fargo Bank, N.A.
111 First Avenue
Atlantic Highlands, N.J. 07716

ATLANTIC HIGHLANDS BOARD OF EDUCATION

ORGANIZATIONAL CHART (Unit Control)



FINANCIAL SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

8.

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1950-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
ROBERT A. HULSART, JR., C.P.A., P.S.A.

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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Atlantic Highlands School District
County of Monmouth
Atlantic Highlands, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Atlantic Highlands Board of Education, as of and for the year ended June 30, 2023, 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 accompanying 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 Atlantic Highlands Board of Education, as of June 30, 2023, 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 Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section in our report. We are required to be independent of the Atlantic Highlands Board of Education, 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 opinions.

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.

Auditor's Responsibility 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 opinions. 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; a 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 require that the management's discussion and analysis, budgetary comparison information and pension and post-employment benefit trend information as noted 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 opinions on the financial statements that collectively comprise the Atlantic Highlands Board of Education's basic financial statements. The combining and individual non-major fund financial statements, and the schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 combining and individual non-major fund financial statements, and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions 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 December 22, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** the District's internal control over financial reporting and compliance.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

A handwritten signature in black ink, appearing to read "Robert A. Hulsart", is written over a horizontal line.

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company
Wall Township, New Jersey

December 22, 2023

REQUIRED SUPPLEMENTARY INFORMATION
PART I

ATLANTIC HIGHLANDS SCHOOL DISTRICT
BOROUGH OF ATLANTIC HIGHLANDS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The discussion and analysis of Atlantic Highlands School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Annual Comprehensive Financial Report's (ACFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

The MD & A is a Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – "Basic Financial Statement -and Management's Discussion and Analysis – for State and Local Governments" issued in June 1999.

Financial Highlights

Key Financial highlights for the 2022-2023 fiscal year are as follows:

- General revenues accounted for \$7,758,467 in revenue. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions, and debt service accounted for \$369,572 total revenues of \$8,128,039.
- Net Position of governmental activities increased by \$466,709.
- The School District had \$7,661,330 in expenses; only \$369,572 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$7,758,467 were adequate to provide for these programs.
- The General Fund had \$7,553,824 in revenues and \$7,277,132 in expenditures. The General Fund's balance increased by \$317,794. This increase was anticipated by the Board of Education.

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 Atlantic Highlands 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. In the case of Atlantic Highlands School District, the General Fund is the most significant fund, with the Special Revenue Fund and Capital Project's Fund also having significance.

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

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 the 2022-2023 fiscal year?" The Statement of Net Position and the Statement of Activities helps 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 that position. 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. Non-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 is divided into two distinct kinds of activities:

- Governmental activities – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds begins with Exhibit B-1. 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 are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be 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 provides. 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 Assets and the Statement of Activities) and Governmental Funds is reconciled in the financial statements.

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The School District as a Whole

Table 1 provides a summary of the School District's net position comparisons of fiscal year 2023 with 2022.

Table 1
Net Position

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Current and Other Assets	\$ 2,097,675	2,076,776
Capital Assets, Net	<u>3,678,561</u>	<u>3,896,169</u>
Total Assets	<u>\$ 5,776,236</u>	<u>5,972,945</u>
<u>Deferred Outflow of Resources</u>		
Contribution to Pension Plan	<u>\$ 186,140</u>	<u>147,607</u>
<u>Deferred Inflow of Resources</u>		
Pension Deferrals	<u>\$ 206,401</u>	<u>561,389</u>

Table 1
Net Position (Continued)

	<u>2023</u>	<u>2022</u>
<u>Liabilities</u>		
Current Liabilities	\$ 203,696	756,371
Other Liabilities	<u>1,842,875</u>	<u>1,578,961</u>
Total Liabilities	<u>\$ 2,046,571</u>	<u>2,335,332</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Debt	\$ 3,163,561	2,067,208
Restricted	1,615,642	1,265,702
Unrestricted	<u>(1,069,799)</u>	<u>(109,079)</u>
Total Net Position	<u>\$ 3,709,404</u>	<u>3,223,831</u>

Table 2 shows the changes in net position for fiscal year 2023 and 2022.

Table 2
Changes in Net Position

	<u>2023</u>	<u>2022</u>
<u>Revenues</u>		
Program Revenues		
Charges for Services	\$ 168,039	39,070
Operating Grants and Contributions	354,253	509,286
General Revenues		
Property Taxes	5,643,072	5,548,983
Grants and Entitlements	1,888,318	1,875,105
Other	<u>227,077</u>	<u>17,339</u>
Total Revenues	<u>8,280,759</u>	<u>7,989,783</u>
<u>Program Expenses</u>		
Instruction	2,908,690	2,720,636
Support Services		
Pupils and Instructional Staff	865,736	746,348
General Administration, School Administration, Business	603,126	531,665
Operations and Maintenance of Facilities	489,153	414,359
Pupil Transportation	125,749	102,963
Interest on Debt	21,224	31,200
Enterprise Funds	133,854	118,745
Miscellaneous	<u>2,647,652</u>	<u>2,799,910</u>
Total Expenses	<u>7,795,184</u>	<u>7,465,826</u>
Increase/ (Decrease) in Net Position	<u>\$ 485,575</u>	<u>523,957</u>

Business-Type Activities

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

- Food service expenses were under revenues by \$18,866.
- Charges for services represent \$74,213 of revenue. This represents amount paid by patrons for daily food services.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities was \$78,507. Overall net position as of June 30, 2023 was \$66,572.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

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

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

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

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

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

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.

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

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

Other includes unallocated depreciation and amortization.

The School Board' Funds

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allows the School Board to demonstrate its stewardship over and accountability for resources received from the Borough of Atlantic Highland's taxpayer's and other entities, including the State of New Jersey and the Federal Government. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2023, it reported a combined net position balance of \$3,709,404. The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net position.

The School Board'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.

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in the section of the ACFR, entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

Capital Assets

At June 30, 2023, the School Board had approximately \$3,678,561 million invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2023 fiscal year.

	Governmental Activities	Business Type Activities
Table II Capital Assets at June 30, 2023		
Land	\$ 93,591	
Buildings	3,506,025	
Machinery and Equipment	<u>74,620</u>	<u>4,325</u>
Total	<u>\$ 3,674,236</u>	<u>4,325</u>

Debt Administration

At June 30, 2023, the School District had \$1,842,875 as outstanding debt. Of this amount \$384,323 is for compensated absences, and the balance \$515,000 for bonds for school construction. The District also recorded a deferred pension liability of \$943,552 in 2022-2023.

Economic Factors and Next Year's Budget

The Atlantic Highlands School District is in very good financial condition presently. Future finances are not without challenges as the community continues to grow and state funding is decreased.

The Borough of Atlantic Highlands is primarily a residential community, with very few ratables. The majority of revenues needed to operate the District is derived from homeowners through property tax assessments and collections.

At this time, the most important factor affecting the budget is the unsettled situation with State Aid. While State aid may be frozen, the District may experience growth in student population. The tax levy will be the area that will need to absorb any increase in budget obligations.

In conclusion, the Atlantic Highlands School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge 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 contact Janet Sherlock, School Business Administrator/Board Secretary at Atlantic Highlands Board of Education, 140 First Avenue, Atlantic Highlands, NJ 07716.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

ATLANTIC HIGHLANDS SCHOOL DISTRICTSTATEMENT OF NET POSITION

Exhibit A-1

JUNE 30, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 308,871	74,164	383,035
Receivables, Net	72,638	4,561	77,199
Inventory		1,893	1,893
Restricted Assets:			
Cash and Cash Equivalents	1,635,548		1,635,548
Capital Assets-(Non-Depreciable)	93,591		93,591
Capital Assets, Net	<u>3,580,645</u>	<u>4,325</u>	<u>3,584,970</u>
Total Assets	<u>5,691,293</u>	<u>84,943</u>	<u>5,776,236</u>
<u>Deferred Outflow of Resources</u>			
Contribution to Pension Plan	<u>186,140</u>		<u>186,140</u>
<u>Deferred Inflow of Resources</u>			
Pension Deferrals	<u>206,401</u>		<u>206,401</u>
<u>Liabilities</u>			
Accounts Payable	176,313	18,371	194,684
Accrued Interest	9,012		9,012
Noncurrent Liabilities:			
Due Within One Year	250,000		250,000
Due Beyond One Year	<u>1,592,875</u>		<u>1,592,875</u>
Total Liabilities	<u>2,028,200</u>	<u>18,371</u>	<u>2,046,571</u>
<u>Net Position</u>			
Invested in Capital Assets, Net of Related Debt	3,159,236	4,325	3,163,561
Restricted For:			
Other Purposes	1,615,642		1,615,642
Unrestricted	<u>(1,132,046)</u>	<u>62,247</u>	<u>(1,069,799)</u>
Total Net Position	<u>\$ 3,642,832</u>	<u>66,572</u>	<u>3,709,404</u>

The accompanying notes to financial statements are an integral part of this statement.

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit A-2
Sheet 1 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Functions/Programs</u>						
Governmental Activities:						
Instruction:						
Regular	\$ 1,919,706			(1,919,706)		(1,919,706)
Special Education	743,893		52,327	(691,566)		(691,566)
Other Instruction	245,091			(245,091)		(245,091)
Support Services:						
Tuition	93,826	93,826		-		-
Student & Instruction Related Services	771,910		202,744	(569,166)		(569,166)
School Administrative Services	200,829			(200,829)		(200,829)
General and Business Administrative Services	402,297			(402,297)		(402,297)
Plant Operations and Maintenance	489,153			(489,153)		(489,153)
Pupil Transportation	125,749			(125,749)		(125,749)
Employee Benefits	2,354,870			(2,354,870)		(2,354,870)
Capital Outlay	79,612		20,675	(58,937)		(58,937)
Interest on Long-Term Debt	21,224			(21,224)		(21,224)
Unallocated Depreciation	213,170			(213,170)		(213,170)
Total Government Activities	<u>7,661,330</u>	<u>93,826</u>	<u>275,746</u>	<u>(7,291,758)</u>	<u>-</u>	<u>(7,291,758)</u>
Business-Type Activities:						
Food Service	133,854	74,213	78,507	-	18,866	18,866
Total Business-Type Activities	<u>133,854</u>	<u>74,213</u>	<u>78,507</u>	<u>-</u>	<u>18,866</u>	<u>18,866</u>
Total Primary Government	<u>7,795,184</u>	<u>168,039</u>	<u>354,253</u>	<u>(7,291,758)</u>	<u>18,866</u>	<u>(7,272,892)</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit A-2

Sheet 2 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purpose, Net	5,367,472		5,367,472
Taxes Levied for Debt Service	275,600		275,600
Federal and State Aid Not Restricted	1,888,318		1,888,318
Miscellaneous Income	227,077		227,077
Total General Revenues	<u>7,758,467</u>	<u>-</u>	<u>7,758,467</u>
Change in Net Position	466,709	18,866	485,575
Net Position - Beginning	<u>3,176,123</u>	<u>47,706</u>	<u>3,223,829</u>
Net Position - Ending	<u>\$ 3,642,832</u>	<u>66,572</u>	<u>3,709,404</u>

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

FUND FINANCIAL STATEMENTS – B

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 308,870		1	308,871
Cash and Cash Equivalents-Restricted	1,626,387	9,161		1,635,548
Receivables from Other Governments	31,140	41,498		72,638
Interfund Receivable	18,876			18,876
Total Assets	\$ 1,985,273	50,659	1	2,035,933
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts Payable	\$ 71,822	22,622		94,444
Payroll Deductions and Withholdings Payable	81,869			81,869
Interfund Payable		18,876		18,876
Total Liabilities	153,691	41,498	-	195,189
Fund Balance:				
Restricted for:				
Excess Surplus	571,211			571,211
Excess Surplus - Designed for Subsequent Years				
Expenditures	440,367			440,367
Debt Service Fund			1	1
Unemployment Fund	19,907			19,907
Student Funds		9,161		9,161
Designated by the BOE for Subsequent Year's				
Expenditures - Maintenance Reserve	134,937			134,937
Designated by the BOE for Subsequent Year's				
Expenditures - Capital Reserve	250,000			250,000
Committed To:				
Maintenance Reserve	128,703			128,703
Capital Reserve Account	61,355			61,355
Assigned To:				
Designated by the BOE for Subsequent Year's				
Expenditures	6,960			6,960
Unassigned:				
General Fund	218,142			218,142
Total Fund Balances	1,831,582	9,161	1	1,840,744
Total Liabilities and Fund Balance	\$ 1,985,273	50,659	1	

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$9,270,534 and the accumulated depreciation is \$5,596,298.	3,674,236
Deferred outflow of resources - contributions to the pension plan	186,140
Deferred inflow of resources - acquisition of assets applicable to future reporting periods	(206,401)
Accrued Interest	(9,012)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(1,842,875)
Net position of governmental activities	\$ 3,642,832

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

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit B-2
Sheet 1 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 5,367,472			275,600	5,643,072
Tuition Charges	206,360				206,360
Miscellaneous - Unrestricted	85,605				85,605
Miscellaneous - Restricted	6,069	20,785			26,854
Total Local Sources	<u>5,665,506</u>	<u>20,785</u>	<u>-</u>	<u>275,600</u>	<u>5,961,891</u>
State Sources	1,888,318	17,920			1,906,238
Federal Sources		237,041			237,041
Total Revenues	<u>7,553,824</u>	<u>275,746</u>	<u>-</u>	<u>275,600</u>	<u>8,105,170</u>
<u>Expenditures</u>					
Current:					
Regular Instruction	1,919,706				1,919,706
Special Education Instruction	691,566	52,327			743,893
Other Instruction	245,091				245,091
Support Services and Undistributed Costs:					
Tuition	93,826				93,826
Student and Instruction Related Services	569,276	202,634			771,910
School Administrative Services	200,829				200,829
Other Administrative Services	402,297				402,297
Plant Operations and Maintenance	489,153				489,153
Pupil Transportation	125,749				125,749
Unallocated Benefits	2,484,477				2,484,477
Capital Outlay	55,162	20,675			75,837
Debt Service Principal				250,000	250,000
Interest on Debt Service				25,600	25,600
Total Expenditures	<u>7,277,132</u>	<u>275,636</u>	<u>-</u>	<u>275,600</u>	<u>7,828,368</u>

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

ATLANTIC HIGHLANDS SCHOOL DISTRICT

**Exhibit B-2
Sheet 2 of 2**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>276,692</u>	<u>110</u>	<u>-</u>	<u>-</u>	<u>276,802</u>
Other Financing Sources (Uses):					
Accounts Payable Cancelled	9,537		13,332		22,869
Transfer from Capital Projects	<u>31,565</u>		<u>(31,565)</u>		<u>-</u>
Total Other Financing Sources (Uses)	<u>41,102</u>	<u>-</u>	<u>(18,233)</u>	<u>-</u>	<u>22,869</u>
Net Change in Fund Balance	317,794	110	(18,233)	-	299,671
Fund Balance, July 1	<u>1,513,788</u>	<u>9,051</u>	<u>18,233</u>	<u>1</u>	<u>1,541,073</u>
Fund Balance, June 30	<u>\$ 1,831,582</u>	<u>9,161</u>	<u>-</u>	<u>1</u>	<u>1,840,744</u>

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

ATLANTIC HIGHLANDS SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit B-3

TO THE STATEMENT OF ACTIVITIESFOR THE YEAR END JUNE 30, 2023

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ 299,671
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:	
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation Expense	(213,170)
Fixed Asset Retirement	(3,775)
Repayment of bond principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities	250,000
In the Statement of activities certain operating activities are measured by the amount earned while in the government funds. Expenses are reported in the amount of financial resources used:	
Compensated Absences	(44,322)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	38,533
Pension Related Deferrals	354,988
Net Pension Liability	(219,591)
Accrued Interest	4,375
Change in Net Position of Governmental Activities	<u>\$ 466,709</u>

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

ATLANTIC HIGHLANDS SCHOOL DISTRICTSTATEMENT OF NET POSITION

Exhibit B-4

PROPRIETARY FUNDSJUNE 30, 2023

	<u>Enterprise Fund</u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 74,164
Accounts Receivable:	
State	148
Federal	2,839
Other	1,574
Inventory	1,893
Total Current Assets	<u>80,618</u>
Noncurrent Assets:	
Equipment	86,487
Less: Accumulated Depreciation	<u>(82,162)</u>
Total Noncurrent Assets	<u>4,325</u>
Total Assets	<u>\$ 84,943</u>
<u>Liabilities</u>	
Accounts Payable	<u>\$ 18,371</u>
<u>Net Position</u>	
Investment in Capital Assets	\$ 4,325
Unrestricted	<u>62,247</u>
Total Net Position	<u>\$ 66,572</u>

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

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit B-5

STATEMENT OF REVENUES, EXPENSES AND CHANGESIN FUND NET POSITIONPROPRIETARY FUNDSJUNE 30, 2023

	<u>Enterprise Fund</u>
Operating Revenues:	
Local Sources:	
Daily Sales Reimbursable Programs	\$ 54,918
Daily Sales Non-Reimbursable Programs	19,295
Total Operating Revenue	<u>74,213</u>
Operating Expenses:	
Salaries	40,027
Management Fee	8,840
Miscellaneous	17,237
Supplies	7,655
Cost of Sales - Reimbursable Programs	43,875
Cost of Sales - Non-Reimbursable Programs	15,559
Depreciation	661
Total Operating Expenses	<u>133,854</u>
Operating (Loss)/Profit	(59,641)
Non-Operating Revenues:	
State Sources:	
State School Lunch Program	1,635
Federal Sources:	
National School Lunch Program	29,839
Federal HHFKA Program	1,819
Supply Chain	26,523
PEBT Program	628
Commodities	18,063
Total Non-Operating Revenues	<u>78,507</u>
Change in Net Position	18,866
Net Position, July 1	<u>47,706</u>
Net Position, June 30	<u>\$ 66,572</u>

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

ATLANTIC HIGHLANDS SCHOOL DISTRICTSTATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUNDSJUNE 30, 2023

	<u>Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from Daily Sales	\$ 74,213
Payments to Suppliers	(94,307)
Net Cash Used by Operating Activities	<u>(20,094)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	1,635
Federal Sources	58,809
Net Cash Provided by Noncapital Financing Activities	<u>60,444</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	40,350
Cash and Cash Equivalents July 1	<u>33,814</u>
Cash and Cash Equivalents June 30	<u>\$ 74,164</u>
Cash Flows from Operating Activities:	
Operating (Loss)/Profit	\$ (59,641)
Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operating Activities:	
Depreciation	661
Federal Commodities	18,063
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	1,152
Increase/(Decrease) in Accounts Payable	12,478
(Increase)/Decrease in Accounts Receivable	<u>7,193</u>
Net Cash Used by Operating Activities	<u>\$ (20,094)</u>

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION

ATLANTIC HIGHLANDS SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1: Summary of Significant Accounting Policies

The financial statements of the Board of Education (Board) of the Atlantic Highlands School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Atlantic Highlands School District is a Type II district located in the County of Monmouth, 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-8. The Atlantic Highlands School District had an approximate enrollment at June 30, 2023 of 286 students.

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

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

B. Government-Wide Financial Statements

The School District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the School District segregates transaction related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the county tax levy. In general, other revenues are recognized when cash is received.

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principles operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

D. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental Fund Types

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

Capital Projects Fund: the capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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

Proprietary Fund Type

Enterprise Fund: To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Fiduciary Fund Types

Agency Funds (Payroll and Student Activities Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Expendable Trust Fund: An expendable trust fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent. Expendable trust funds include Unemployment Compensation Insurance.

E. Basis of Accounting:

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution.

The Public School Education Act of 1975, limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

G. Encumbrances:

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

H. Short-Term Interfund Receivables/Payables:

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

I. Inventories and Prepaid Expenses

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

J. Capital Assets and Depreciation

The District’s property, buildings and improvements, equipment, vehicles, furniture and fixtures with useful lives of five years or more are stated at historical or estimated historical cost and are reported in the government-wide financial statements. Proprietary Fund capital assets are reported in its respective fund.

The District contracted with an outside service company to provide a report with a comprehensive detail of capital assets and depreciation. This report was prepared during 2006. The report included capital assets purchased during the 2005-2006 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2006, fiscal year 2006 depreciation expense, total accumulated depreciation and book values were also provided. The report was updated to include 2022-2023 activity. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	20 – 50
Equipment and Vehicles	5 – 20
Furniture and Fixtures	5 – 20

NOTE 1: Summary of Significant Accounting Policies (Continued)**J. Capital Assets and Depreciation (Continued)**

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Adj.</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2023</u>
Governmental Activities:					
Capital Assets that are					
Not Being Depreciated:					
Land	\$ <u>93,591</u>	_____	_____	_____	_____ <u>93,591</u>
Total Capital Assets Not					
Being Depreciated	_____ <u>93,591</u>	_____	_____	_____	_____ <u>93,591</u>
Depreciable Assets:					
Buildings & Sites	8,355,111				8,355,111
Equipment	<u>825,607</u>	_____	_____	<u>(3,775)</u>	<u>821,832</u>
Total	<u>9,180,718</u>	_____	_____	<u>(3,775)</u>	<u>9,176,943</u>
Less: Accumulated					
Depreciation for:					
Buildings & Sites	(4,646,213)	(202,873)			(4,849,086)
Equipment	<u>(736,915)</u>	<u>(10,297)</u>	_____	_____	<u>(747,212)</u>
Total Accumulated					
Depreciation	<u>(5,383,128)</u>	<u>(213,170)</u>	_____	_____	<u>(5,596,298)</u>
Net Depreciable Assets	<u>3,797,590</u>	<u>(213,170)</u>	_____	<u>(3,775)</u>	<u>3,580,645</u>
Governmental Activities					
Capital Assets, (Net)	<u>\$ 3,891,181</u>	<u>(213,170)</u>	_____	<u>(3,775)</u>	<u>3,674,236</u>
Business-Type Activities:					
Equipment	\$ 86,487				86,487
Less: Accumulated					
Depreciation for:					
Equipment	<u>(81,501)</u>	(661)	_____	_____	<u>(82,162)</u>
Business-Type Activities					
Capital Assets, Net	<u>\$ 4,986</u>	<u>(661)</u>	_____	_____	<u>4,325</u>

Depreciation expense was charged to governmental functions as follows:

Unallocated	<u>\$ 213,170</u>
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NOTE 1: Summary of Significant Accounting Policies (Continued)

K. Compensated Absences

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. 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 District's agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the general long-term debt account group. The current portion of the compensated absence balance is not considered material to the applicable fund total liabilities, and therefore is not shown separately from the long-term liability balance of compensated absences.

L. Deferred Revenue

Deferred revenue in the special revenue fund represents cash, which has been received but not yet earned. See note 1(e) regarding the special revenue fund.

M. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

N. Fund Equity

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Grants, entitlements, or shared revenues which are restricted for the acquisition or construction of capital assets are also recorded as contributed capital. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

O. 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.

P. Tuition Payable

Tuition charges for the fiscal year 2022-2023 was based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Q. Net Position

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation 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 creditors, grantors or laws or regulations of other governments.

Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

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

Fund Balance

The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted – The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) if employed to previously commit those amounts.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Q. Net Position (Continued)

Assigned – The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position and standard operating procedures, approved by the Board of Education.

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

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order; committed, assigned, then unassigned.

NOTE 2: Cash and Cash Equivalents and Investments

Cash and cash equivalents for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

Investments are stated at cost, which approximates market. The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Deposits

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

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

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

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**Deposits (Continued)**

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

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

Investments

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank of Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

As of June 30, 2023, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents
Interest Bearing Checking Accounts	\$ 922,625
Cash Management Fund	<u>1,106,956</u>
Total	<u>\$ 2,029,581</u>

The carrying amount of the Board's cash, cash equivalents and investments at June 30, 2023 was \$2,029,581 and the bank balance was \$2,081,108. Of the bank balance \$250,000 was covered by federal depository insurance and \$672,625 was covered by a collateral pool maintained by the banks as required by New Jersey statutes; and \$1,106,956 was uninsured.

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following categories described below:

Insured:	
FDIC	\$ 250,000
GUDPA	672,625
Uninsured	<u>1,106,956</u>
	<u>\$ 2,029,581</u>

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk.

New Jersey Cash Management Fund

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

As of June 30, 2023, the District had \$1,106,956 on deposit with the New Jersey Cash Management Fund.

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2023, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Long-Term</u> <u>Portion</u>	<u>Amount Due</u> <u>In One Year</u>
Pension Liability	\$ 723,961	219,591		943,552	943,552	
Compensated Absences Payable	340,000	44,323		384,323	384,323	
Bonds Payable	<u>765,000</u>	<u> </u>	<u>(250,000)</u>	<u>515,000</u>	<u>265,000</u>	<u>250,000</u>
	<u>\$ 1,828,961</u>	<u>263,914</u>	<u>(250,000)</u>	<u>1,842,875</u>	<u>1,592,875</u>	<u>250,000</u>

A. Bonds Payable

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 250,000	15,600	265,600
2025	<u>265,000</u>	<u>5,300</u>	<u>270,300</u>
	<u>\$ 515,000</u>	<u>20,900</u>	<u>535,900</u>

NOTE 3: General Long-Term Debt (Continued)

Refunds bonds issued March 6, 2012 for \$2,620,000 at an interest rate of between 2% to 4% maturing August 15, 2024 with a balance of \$515,000 at June 30, 2023.

NOTE 4: Pension Plans

Description of Plans – All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) – The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) – The Public Employee's Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

NOTE 4: Pension Plans (Continued)

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.

Significant Legislation - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

Contribution Requirements -- The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Funding			
6/30/23	\$ 82,942	100%	0
6/30/22	76,357	100%	0
6/30/21	72,345	100%	0

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Funding			
6/30/23	\$ 1,295,984	100%	0
6/30/22	1,426,229	100%	0
6/30/21	963,988	100%	0

NOTE 4: Pension Plans (Continued)

During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$1,295,984 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$329,764 during the year ended June 30, 2023 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenue and expenditure in accordance with GASB 24.

Public Employees' Retirement System (PERS)**Plan Description**

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

The vesting and benefit provisions are set by N.J.S.A. 43:15A, PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more 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.

NOTE 4: Pension Plans (Continued)**Basis of Presentation**

The schedule of employer allocations and the schedule of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Allocation Methodology and Reconciliation to Financial Statements

GASB Statement No. 68, *Accounting and Financial Reporting for Pension*, 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 allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2021 through June 30, 2022. Employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially 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 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 allocations are applied to amounts presented in the schedule of pension amount by employer. The allocation percentages for each group of June 30, 2022 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2022.

NOTE 4: Pension Plans (Continued)

A special funding situation exists for certain Local employers of the Public Employees' Retirement System. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers under Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The Chapter 366, P.L. 2001 legislation established the Prosecutors Part of the PERS which provides enhanced retirement benefits for prosecutors enrolled in the PERS. The State is liable for the increased pension costs to a County that resulted from the enrollment of prosecutors in the Prosecutors Part. The June 30, 2022 State special funding situation net pension liability amount of \$127.8 million is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense of \$50.2 million, for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

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 fiscal year 2022, the State's pension contribution was less than the actuarial determined amount.

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

NOTE 4: Pension Plans (Continued)

For the year ended June 30, 2023, the District recognized pension expense of \$82,943. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 6,810	6,006
Changes of Assumptions	2,923	141,287
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	39,053	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	54,411	59,108
District Contributions Subsequent to the Measurement Date	<u>82,943</u>	<u> </u>
Total	<u>\$ 186,140</u>	<u>206,401</u>

\$82,943 reported as deferred outflows of resources related to pensions resulting from school district, project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2023, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending**June 30,**

2023	\$ (80,257)
2024	(40,888)
2025	(19,940)
2026	43,502
2027	<u>(96)</u>
	<u>\$ (97,679)</u>

Additional Information

Collective balances at December 31, 2022 and 2021 are as follows:

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Collective Deferred Outflows of Resources	\$ 186,140	147,607
Collective Deferred Inflows of Resources	206,401	561,389
Collective Net Pension Liability	943,552	723,961
District's Proportion	0.00620%	0.00605%

NOTE 4: Pension Plans (Continued)**Components of Net Pension Liability**

The components of the collective net pension liability of the participating employers as of June 30, 2022 were as follows:

	2022		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 29,144,869,310	41,029,268,965	70,174,138,275
Plan Fiduciary Net Position	<u>6,758,038,264</u>	<u>25,810,084,045</u>	<u>32,568,122,309</u>
Net Pension Liability	<u>\$ 22,386,831,046</u>	<u>15,219,184,920</u>	<u>37,606,015,966</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	23.19%	62.91%	46.41%

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75% - 6.55%
	Based on years of service
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

NOTE 4: Pension Plans (Continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

NOTE 4: Pension Plans (Continued)**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

The following presents the collective net pension liability of the participating employers as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>2022</u>		
	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
School District's Proportionate Share Of the Net Pension Liability	<u>\$ 1,212,188</u>	<u>943,552</u>	<u>714,932</u>

Teachers Pensions and Annuity Fund (TPAF)**Plan Description**

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

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, member's beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

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

NOTE 4: Pension Plans (Continued)

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

Basis of Presentation

The Schedule of employers and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in TPAF 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 allocation and applied to, presented in the schedule of pension amount by employer and nonemployer are based on the ratio of the State's actual contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2022. 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.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation had modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2022, State's pension contribution was less than the actuarial determined amount.

NOTE 4: Pension Plans (Continued)**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 nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Components of Net Pension Liability

The components of the net pension liability of the State as of June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Total Pension Liability	\$ 76,317,117,835	74,699,133,697
Plan Fiduciary Net Position	<u>24,640,530,532</u>	<u>26,533,142,515</u>
Net Pension Liability	<u>\$ 51,676,587,303</u>	<u>48,165,991,182</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	32.29%	35.52%

State Proportionate Share of Net Pension Liability Attributable to District

	<u>2022</u>	<u>2021</u>
District's Liability	<u>\$ 14,285,088</u>	<u>11,908,960</u>
District's Proportion	.02764%	.02472%

NOTE 4: Pension Plans (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense (benefit) as follows:

Year Ending June 30:	
2023	\$ (734,986)
2024	(1,057,012)
2025	(926,353)
2026	(417,240)
2027	(455,486)
Thereafter	<u>(466,541)</u>
Total	<u>\$ (4,057,618)</u>

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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	2.75% - 5.65%
	Based on years of service
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

NOTE 4: Pension Plans (Continued)**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 in determining the total pension liability.

NOTE 4: Pension Plans (Continued)**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the State as of June 30, 2022 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>2022</u>		
	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
School District's Proportionate Share Of the Net Pension Liability	\$ 0	0	0
State of New Jersey's Proportionate Share Of the District's Net Pension Liability	<u>16,749,569</u>	<u>14,285,088</u>	<u>12,209,072</u>
	<u>\$ 16,749,569</u>	<u>14,285,088</u>	<u>12,209,072</u>

NOTE 5: Post-Retirement Benefits**General Information about the OPEB Plan****Plan description and benefits provided**

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

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

NOTE 5: Post-Retirement Benefits (Continued)

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

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

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

Additional information on Pensions and OPEB can be accessed at state.nj.us/treasury/pensions/financial-reports.shtml.

Total OPEB Liability

The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 20, 2021, with was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Total OPEB Liability \$50,646,462,966

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases	2.75% – 4.25% based on years of service	2.75% - 6.55% based on years of service	3.25% - 16.25% based on years of service

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

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 to June 30, 2021.

NOTE 5: Post-Retirement Benefits (Continued)***(a) Health Care Trend Assumptions***

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

(b) Discount Rate

The discount rate for June 30, 2022 was 3.54%. 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.

Changes in the total OPEB Liability reported by the State of New Jersey:

	Total <u>OPEB Liability</u>
Balances at June 30, 2021	\$ 60,007,650,970
Changes for the Year:	
Service Cost	2,770,618,025
Interest	1,342,187,139
Change of Benefit Terms	
Difference Between Expected and Actual Experience	1,399,200,736
Changes in Assumptions or Other Inputs	(13,586,368,097)
Member Contributions	42,650,252
Benefit Payments	<u>(1,329,476,059)</u>
Balance at June 30, 2022	<u>\$ 50,646,462,966</u>

There were no changes in benefit terms between the June 30, 2021 measurement date and the June 30, 2022 measurement date.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% percent in 2021 to 3.54% percent in 2022.

NOTE 5: Post-Retirement Benefits (Continued)

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

	1% Decrease <u>(2.54%)</u>	Discount Rate <u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
State of New Jersey's Proportionate Share Of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 59,529,589,697</u>	<u>50,646,462,966</u>	<u>43,527,080,995</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the State, as well as what the State's total 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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share Of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 41,862,397,291</u>	<u>50,646,462,966</u>	<u>62,184,866,635</u>

OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

For the year ended June 30, 2022, the Board of Education recognized OPEB expense of \$243,390 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 GASBS No. 75 and in which there is a special funding situation.

NOTE 5: Post-Retirement Benefits (Continued)

In accordance with GASBS No. 75, the Board of Education's proportionate share of school retirees OPEB is zero; there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows or resources. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 9,042,402,619	(15,462,950,679)
Changes in Proportion	<u>8,765,620,577</u>	<u>(17,237,289,230)</u>
Total	<u>\$ 17,808,023,196</u>	<u>(32,700,239,909)</u>

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

Year Ended June 30:	
2023	\$ (2,517,151,602)
2024	(2,517,151,602)
2025	(2,517,151,602)
2026	(2,175,449,761)
2027	(1,243,951,140)
Thereafter	<u>(3,921,361,006)</u>
	<u>\$ (14,892,216,713)</u>

NOTE 6: Contingent Liabilities

It is the opinion of the school board officials that there is no litigation threatened or pending that would materially affect the financial position of the school district.

NOTE 7: Equity Balance

At June 30, 2023, the General Fund equity balance was as follows:

Restricted Fund Balance:	
Maintenance Reserve	\$ 128,703
Maintenance Reserve – Designated for Subsequent Years Expenditures	134,937
Capital Reserve	61,355
Capital Reserve – Designated for Subsequent Years Expenditures	250,000
Unemployment Compensation	19,907
Excess Surplus – Current Year	571,211
Excess Surplus – Designated for Subsequent Year’s Expenditures	440,367
Assigned Fund Balance:	
Designated for Subsequent Year’s Expenditures:	
By the BOE	6,960
Unassigned Fund Balance	<u>255,928</u>
	<u>\$ 1,869,368</u>

Reserved excess surplus represents a calculation under N.J.S.A. 18A:7F-7 which identifies an amount of surplus under the statute which must be restricted for use in the next succeeding budget.

2% Calculation of Excess Surplus

2022-23 Total General Fund Expenditures Per the ACFR	\$ 7,277,132
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(1,625,748)</u>
Adjusted 2022-23 General Fund Expenditures	<u>\$ 5,651,384</u>
2% of Adjusted 2022-23 General Fund Expenditures	<u>\$ 113,028</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustments	<u>5,928</u>
Maximum Unassigned Fund Balance	<u>\$ 255,928</u>

NOTE 7: Equity Balance**Section 2**

Total General Fund – Fund Balance @ 6-30-23	\$ 1,869,368
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Decreased by:

Designated for Subsequent Years Expenditures – Excess Surplus	(440,367)
Designated for Subsequent Years Expenditures – BOE	(6,960)
Designated for Subsequent Years Expenditures – Capital Reserve	(250,000)
Designated for Subsequent Years Expenditures – Maintenance Reserve	(134,937)
Reserved for Unemployment	(19,907)
Other Reserves	<u>(190,058)</u>

Total Unassigned Fund Balance	<u>\$ 827,139</u>
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Reserved Fund Balance – Excess Surplus	<u>\$ 571,211</u>
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Section 3

Designated for Subsequent Years Expenditures - Excess Surplus	\$ 440,367
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Reserved Fund Balance – Excess Surplus	<u>571,211</u>
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	<u>\$ 1,011,578</u>
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Detail of Allowable Adjustments

Extraordinary Aid	\$
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Non-Public Transportation	<u>5,928</u>
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Total Detail of Allowable Adjustments	<u>\$ 5,928</u>
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Detail of Other Reserved Fund Balance

Maintenance Reserve	\$ 128,703
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Capital Reserve	<u>61,355</u>
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Total Other Reserved Fund Balance	<u>\$ 190,058</u>
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NOTE 8: Risk Management

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

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds.

NOTE 8: Risk Management (Continued)

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Ending Balance</u>
2022-2023	0	6,069	3,388	19,907
2021-2022	0	5,596	103	17,226
2020-2021	0	10,631	301	11,733

NOTE 9: Capital Reserve Account

A Capital Reserve account was established by the Borough of Atlantic Highlands Board of Education by inclusion of \$1,000 on September 1, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Fund placed in the capital reserve account are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Pursuant to N.J.A.C. 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

“A board of education may, by resolution of the board: transfer undesignated general fund balance or excess undesignated general fund balance to the capital reserve account at any time during the budget year; transfer funds from the capital reserve account to the appropriate line item account for the funding of capital projects as contained in the district’s long-range facilities plan; and transfer funds from the capital reserve account to the debt service account for the purpose of offsetting principal and interest payments for bonded projects which are included in the district’s long-range facilities plan.” (N.J.S.A. 18A:7G-31c)

Withdrawals may not be used for current expense. Only funds in a capital reserve account in existence prior to July 18, 2000 can be withdrawn before receiving approval of the district’s LRFP and such withdrawals must be for the original purpose deposited. (N.J.A.C. 6:23A-5.1(f)1).

“Any capital reserve account in existence as of July 18, 2000 shall be subject to EFCFA and these regulations.” (N.J.A.C. 6:23A-5.1(j)).

Balance June 30, 2023

\$ 311,355

NOTE 10: Fair Values of Financial Instruments

The following methods and assumptions were used by the Atlantic Highlands Board of Education in estimating its fair value disclosures for financial instruments.

Cash and Cash Equivalents: The carrying amounts reported in the combined balance sheet for cash and cash equivalents are the fair values of those assets.

NOTE 11: Fund Balance Appropriated

General Fund – Of the \$1,869,368 General Fund fund balance at June 30, 2023; \$128,703 is maintenance reserve; \$61,355 is capital reserve; \$571,211 is excess surplus; \$440,367 is excess surplus designated for subsequent years expenditures; \$6,960 has been appropriated and included as anticipated revenue for the year ending June 30, 2023; \$19,907 is unemployment compensation; \$250,000 is capital reserve – designated for subsequent year's expenditures; \$134,937 is maintenance reserve – designated for subsequent year's expenditures; and \$255,928 is unreserved and undesignated.

NOTE 12: Economic Dependency

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

NOTE 13: Subsequent Events

Subsequent events have been evaluated through December 22, 2023, which is the date the financial statements were available to be issued. On September 26, 2023, voters approved regionalization of both Atlantic Highlands and Highlands into Henry Hudson Regional, creating a new per-kindergarten through grade 12 district. As of July 1, 2024, Atlantic Highlands as a Board of Education will cease to exist. While school operations will continue, the entity will as of that date exist as the Henry Hudson Regional School District.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit C-1
Sheet 1 of 11

GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 5,367,472		5,367,472	5,367,472	-
Tuition		207,025	207,025	206,360	(665)
Interest Earned on Investments	100	25,000	25,100	26,123	1,023
Miscellaneous - Unrestricted	7,000	27,076	34,076	59,482	25,406
Other Restricted Miscellaneous Reserves			-	6,069	6,069
Total Local Sources	<u>5,374,572</u>	<u>259,101</u>	<u>5,633,673</u>	<u>5,665,506</u>	<u>31,833</u>
State Sources:					
Special Education Aid	229,813		229,813	229,813	-
Security Aid	22,613		22,613	22,613	-
Transportation Aid	20,451		20,451	20,451	-
Extraordinary Aid	4,000	(4,000)	-	-	-
Non Public Transportation			-	5,928	5,928
TPAF Social Security (Reimbursed - Non-Budgeted)			-	329,764	329,764
On-Behalf T.P.A.F Pension Contributions - Post Retirement Medical (Non-Budgeted)			-	269,569	269,569
On-Behalf T.P.A.F Pension Contributions - Normal Cost (Non-Budgeted)			-	1,026,156	1,026,156
On-Behalf T.P.A.F Pension Contributions - Long-Term Disability			-	259	259
Total State Sources	<u>276,877</u>	<u>(4,000)</u>	<u>272,877</u>	<u>1,904,553</u>	<u>1,631,676</u>
Total Revenues	<u>5,651,449</u>	<u>255,101</u>	<u>5,906,550</u>	<u>7,570,059</u>	<u>1,663,509</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<u>Expenditures</u>					
Current Expense:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers		50,803	50,803	50,025	778
Kindergarten - Salaries of Teachers	207,206	(1,770)	205,436	205,435	1
Grades 1-5 - Salaries of Teachers	1,243,440	(70,343)	1,173,097	1,173,097	-
Grades 6-8 - Salaries of Teachers	269,705	300	270,005	270,004	1
Home Instruction-Salaries	1,000	400	1,400	1,400	-
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction		2,684	2,684	2,683	1
Purchased Technical Services	94,000	(5,682)	88,318	88,318	-
Other Purchased Services	9,984	(2,928)	7,056	7,055	1
General Supplies	82,095	2,833	84,928	83,747	1,181
Textbooks	41,946	(3,709)	38,237	37,942	295
Total Regular Programs - Instruction	<u>1,949,376</u>	<u>(27,412)</u>	<u>1,921,964</u>	<u>1,919,706</u>	<u>2,258</u>
Resource Room/Resource Center:					
Salaries of Teachers	537,360	(160,564)	376,796	376,796	-
Other Salaries for Instruction		91,233	91,233	90,444	789
General Supplies	1,300	200	1,500	1,320	180
Total Resource Room/Resource Center	<u>538,660</u>	<u>(69,131)</u>	<u>469,529</u>	<u>468,560</u>	<u>969</u>
Pre-School Disabilities - Full Time:					
Salaries of Teachers	99,220	79,468	178,688	178,688	-
Other Salaries for Instruction	21,189	22,343	43,532	43,532	-
General Supplies	3,000	(2,214)	786	786	-
Total Pre-School Disabilities - Full Time:	<u>123,409</u>	<u>99,597</u>	<u>223,006</u>	<u>223,006</u>	<u>-</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Special Education - Instruction	<u>662,069</u>	<u>30,466</u>	<u>692,535</u>	<u>691,566</u>	<u>969</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	109,239	68,623	177,862	176,923	939
General Supplies	600		600	455	145
Total Basic Skills/Remedial - Instruction	<u>109,839</u>	<u>68,623</u>	<u>178,462</u>	<u>177,378</u>	<u>1,084</u>
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	13,015	(2,660)	10,355	10,355	-
Supplies and Materials	2,000	(1,365)	635	40	595
Other Objects	8,000	(200)	7,800	5,297	2,503
Total School Sponsored Co-Curricular	<u>23,015</u>	<u>(4,225)</u>	<u>18,790</u>	<u>15,692</u>	<u>3,098</u>
Other Instructional Programs:					
Salaries		51,904	51,904	43,897	8,007
Summer School:					
Salaries		6,473	6,473	6,472	1
At Risk Programs:					
Salaries		1,652	1,652	1,652	-
Total Instruction	<u>2,744,299</u>	<u>127,481</u>	<u>2,871,780</u>	<u>2,856,363</u>	<u>15,417</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures-Instruction:					
Tuition to LEA's Special Tuition	116,590	(11,000)	105,590	93,826	11,764
Total Undistributed Expenditures-Instruction	<u>116,590</u>	<u>(11,000)</u>	<u>105,590</u>	<u>93,826</u>	<u>11,764</u>
Undistributed Expenditures-Attendance and Social Work Services:					
Salaries	65,812	(47,612)	18,200	15,778	2,422
Salaries of Community/School Coordinators		47,612	47,612	47,610	2
Purchased Professional and Technical Services	8,535		8,535		8,535
Total Undistributed Expenditures-Attendance and Social Work	<u>74,347</u>	<u>-</u>	<u>74,347</u>	<u>63,388</u>	<u>10,959</u>
Undistributed Expenditures-Health:					
Salaries	70,865		70,865	65,965	4,900
Purchased Professional and Technical Services	8,665		8,665	3,809	4,856
Supplies and Materials	3,000	100	3,100	2,691	409
Total Undistributed Expenditures-Health:	<u>82,530</u>	<u>100</u>	<u>82,630</u>	<u>72,465</u>	<u>10,165</u>
Undistributed Expenditures-Speech, OT, PT and Related Services					
Salaries		53,481	53,481	53,481	-
Purchased Professional and Educational Services	85,200	21,723	106,923	104,547	2,376
Supplies and Materials	1,000	(462)	538	144	394
Total Undistributed Expenditures-Speech, OT, PT and Related Services:	<u>86,200</u>	<u>74,742</u>	<u>160,942</u>	<u>158,172</u>	<u>2,770</u>
Undistributed Expenditures-Guidance					
Salaries of Other Professional Staff	31,737	(31,737)	-	-	-
Total Undistributed Expenditures-Guidance:	<u>31,737</u>	<u>(31,737)</u>	<u>-</u>	<u>-</u>	<u>-</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit C-1

Sheet 5 of 11

GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures-Child Study Teams					
Salaries of Other Professional Staff	62,634	(11,061)	51,573	47,650	3,923
Salaries of Secretarial and Clerical Assistants	13,030	(13,030)	-	-	-
Purchased Professional - Educational Services	163,694	(7,645)	156,049	122,715	33,334
Other Purchased Services		18,774	18,774	18,774	-
Supplies and Materials	1,700		1,700	1,681	19
Total Undistributed Expenditures-Child Study Teams	<u>241,058</u>	<u>(12,962)</u>	<u>228,096</u>	<u>190,820</u>	<u>37,276</u>
Undistributed Expenditures-Improvement of Inst. Services:					
Salaries-Supervisor of Instruction	47,208		47,208	38,321	8,887
Salaries-Secretarial and Clerical	37,000	(24,325)	12,675	12,675	-
Purchased Prof - Educational Services		25,225	25,225	14,000	11,225
Supplies and Materials	300	900	1,200	310	890
Other Objects	1,050		1,050	443	607
Total Undistributed Expenditures-Improvement of Inst. Serv:	<u>85,558</u>	<u>1,800</u>	<u>87,358</u>	<u>65,749</u>	<u>21,609</u>
Undistributed Expenditures - Edu. Media Serv./Sch. Library:					
Salaries	13,933		13,933	13,933	-
Supplies and Materials	2,400		2,400	991	1,409
Total Undistributed Expenditures - Edu. Media Serv./ School Library	<u>16,333</u>	<u>-</u>	<u>16,333</u>	<u>14,924</u>	<u>1,409</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit C-1
Sheet 6 of 11

GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Instr. Staff Training Serv:					
Other Purchased Services	5,000		5,000	1,928	3,072
Supplies and Materials	5,000		5,000	1,830	3,170
Other Objects	12,600	(12,600)	-		-
Total Undistributed Expenditures - Inst. Staff Training Serv.	<u>22,600</u>	<u>(12,600)</u>	<u>10,000</u>	<u>3,758</u>	<u>6,242</u>
Undistributed Expenditures - Supp. Serv. - General Administration:					
Salaries	61,800	(1,600)	60,200	60,200	-
Salaries Secr. & Clerical Asst.	24,000	(24,000)	-		-
Legal Services	18,100	37,367	55,467	55,456	11
Audit Fees	11,000	(1,000)	10,000	10,000	-
Internal Control Audit Fees		1,800	1,800	1,800	-
Other Purchased Professional Services(334)		4,914	4,914	2,764	2,150
Other Purchased Services(339)	6,600	21,837	28,437	28,437	-
Purchased Technical Services	8,000	(8,000)	-		-
Communications/Telephone	13,800	(203)	13,597	13,596	1
BOE Other Purchased Services	3,100	(2,905)	195	195	-
Insurance	12,958	1,347	14,305	14,304	1
Other Purchased Services (400-500 Series)	2,250	761	3,011	3,010	1
Supplies and Materials	1,500	(545)	955	773	182
BOE In House Training & Meeting Supplies	2,800	(600)	2,200	2,200	-
Miscellaneous Expenditures	1,750	(257)	1,493	1,492	1
BOE Membership Dues and Fees	7,850	(4,794)	3,056	3,055	1
Total Undistributed Expenditures - Support Services - General Administration	<u>175,508</u>	<u>24,122</u>	<u>199,630</u>	<u>197,282</u>	<u>2,348</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures-Support Serv.-School Admin.					
Salaries of Principals/Assistant Principals	137,654	(2,654)	135,000	135,000	-
Salaries of Secretarial/Clerical Assistants	46,000	15,494	61,494	61,493	1
Supplies and Materials	3,700	(209)	3,491	3,491	-
Other Objects	2,125	(938)	1,187	845	342
Total Undistributed Expend.-Supp. Serv.-School Admin.	<u>189,479</u>	<u>11,693</u>	<u>201,172</u>	<u>200,829</u>	<u>343</u>
Undistributed Expenditures - Support Services - Central Services:					
Salaries	102,508	(2,260)	100,248	100,247	1
Purchased Professional Services	8,639		8,639	8,561	78
Supplies and Materials	2,000	1,199	3,199	3,198	1
Other Objects	8,210	(5,189)	3,021	2,514	507
Total Undist. Expenditures-Support Services - Central Services	<u>121,357</u>	<u>(6,250)</u>	<u>115,107</u>	<u>114,520</u>	<u>587</u>
Undistributed Expenditures - Support Services - Administrative Info.					
Tech. Services:					
Salaries	33,507	134	33,641	33,641	-
Purchased Technical Services	25,555	31,299	56,854	56,854	-
Total Support Services-Adm Info	<u>59,062</u>	<u>31,433</u>	<u>90,495</u>	<u>90,495</u>	<u>-</u>
Undistributed Expenditures-Allow. Maint. School Facilities:					
Cleaning, Repair and Maintenance Services	90,259	14,593	104,852	104,852	-
Total Undistributed Expenditures-Allow. Maint School Facilities	<u>90,259</u>	<u>14,593</u>	<u>104,852</u>	<u>104,852</u>	<u>-</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit C-1
Sheet 8 of 11

GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures-Other Oper. & Maint. Of Plant:					
Salaries	159,606	(26,579)	133,027	133,025	2
Salaries Clerical	18,268	(4,639)	13,629	13,629	-
Purchased Professional and Technical Services	12,736	32,036	44,772	44,539	233
Cleaning, Repair and Maintenance Service	14,835	(398)	14,437	14,437	-
Other Purchased Property Services	10,000		10,000	7,687	2,313
Insurance	43,801	(2,452)	41,349	41,349	-
General Supplies	9,400	(1,123)	8,277	6,122	2,155
Energy (Heat)	29,500	3,132	32,632	27,845	4,787
Energy (Electricity)	45,900	(3,900)	42,000	40,318	1,682
Other Objects	2,400	443	2,843	2,742	101
Total Undistributed Expenditures-Other Oper. & Maint of Plant	<u>346,446</u>	<u>(3,480)</u>	<u>342,966</u>	<u>331,693</u>	<u>11,273</u>
Undistributed Expenditures-Care & Upkeep of Grounds:					
Cleaning, Repair and Maintenance Service		3,625	3,625	3,625	-
General Supplies	1,950	(1,950)	-	-	-
Total Undistributed Expenditures-Care & Upkeep of Grounds	<u>1,950</u>	<u>1,675</u>	<u>3,625</u>	<u>3,625</u>	<u>-</u>
Undistributed Expenditures-Security					
Salaries		48,983	48,983	48,983	-
Purchased Professional Services	27,500	(27,500)	-	-	-
Total Undistributed Expenditures-Security	<u>27,500</u>	<u>21,483</u>	<u>48,983</u>	<u>48,983</u>	<u>-</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit C-1
Sheet 9 of 11

GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Student Transportation Serv:					
Management Fees		4,634	4,634	4,633	1
Contr. Serv. (Other than Bet. Home & Sch.)-Vendors	6,500	1,062	7,562	4,715	2,847
Contr. Serv. (Bet. Home & Sch.)-Joint Agreement	34,000	(14,000)	20,000	18,396	1,604
Contr. Serv. (Reg. Students)-ESCs & CTSA's	139,500	(9,385)	130,115	98,005	32,110
Total Undistributed Expenditures - Student Transportation Services	<u>180,000</u>	<u>(17,689)</u>	<u>162,311</u>	<u>125,749</u>	<u>36,562</u>
Undistributed Expenditures - Unallocated Benefits:					
Social Security Contributions	80,000	(17,176)	62,824	62,823	1
Other Retirement Contribution-PERS	84,000	(1,057)	82,943	82,943	-
Unemployment			-	3,388	(3,388)
Workmen's Compensation	42,610	(4,910)	37,700	36,936	764
Health Benefits	834,759	(39,110)	795,649	630,139	165,510
Tuition Reimbursements	15,000	(3,900)	11,100		11,100
Unused Sick Leave	22,500	20,000	42,500	42,500	-
Total Undistributed Expenditures - Unallocated Benefits	<u>1,078,869</u>	<u>(46,153)</u>	<u>1,032,716</u>	<u>858,729</u>	<u>173,987</u>
On-Behalf T.P.A.F Pension Contributions - Post Retirement Medical (Non-Budgeted)			-	269,569	(269,569)
On-Behalf T.P.A.F Pension Contributions - Normal Cost (Non-Budgeted)			-	1,026,156	(1,026,156)
On-Behalf T.P.A.F Pension Contributions - Long-Term Disability			-	259	(259)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)			-	329,764	(329,764)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,625,748</u>	<u>(1,625,748)</u>
Total Undistributed Expenditures	<u>3,027,383</u>	<u>39,770</u>	<u>3,067,153</u>	<u>4,365,607</u>	<u>(1,298,454)</u>
Total Current Expense	<u>5,771,682</u>	<u>167,251</u>	<u>5,938,933</u>	<u>7,221,970</u>	<u>(1,283,037)</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Capital Outlay:					
Equipment					
Required Maintenance for School Facilities		10,236	10,236	53	10,183
Total Facilities Equipment	-	10,236	10,236	53	10,183
Facilities Acquisition and Construction Services:					
Infrastructure	130,200		130,200		130,200
Construction Services		14,147	14,147	14,147	-
Security		20,000	20,000	20,000	-
Assessment for Debt Service on SDA Funding	20,962		20,962	20,962	-
Total Facilities Acquisition and Construction Services	151,162	34,147	185,309	55,109	130,200
Total Capital Outlay	151,162	44,383	195,545	55,162	140,383
Total Expenditures	5,922,844	211,634	6,134,478	7,277,132	(1,142,654)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(271,395)	43,467	(227,928)	292,927	520,855
Other Financing Sources (Uses):					
Accounts Payable Cancelled			-	9,537	9,537
Transfer from Capital Projects			-	31,565	31,565
Total Other Financing Sources (Uses):	-	-	-	41,102	41,102
Total Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses)	(271,395)	43,467	(227,928)	334,029	561,957

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit C-1
Sheet 11 of 11

GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Fund Balance, July 1	<u>1,535,339</u>		<u>1,535,339</u>	<u>1,535,339</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,263,944</u>	<u>43,467</u>	<u>1,307,411</u>	<u>1,869,368</u>	<u>561,957</u>
 <u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus				\$ 571,211	
Excess Surplus - Designated for Subsequent Years Expenditures				440,367	
Committed To:					
Maintenance Reserve				128,703	
Capital Reserve				61,355	
Maintenance Reserve - Designated for Subsequent Years Expenditures				134,937	
Capital Reserve - Designated for Subsequent Years Expenditures				250,000	
Unemployment Compensation				19,907	
Assigned Fund Balance:					
Designated For Subsequent Year's Expenditures				6,960	
Unassigned Fund Balance				<u>255,928</u>	
				<u>1,869,368</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Final State Audit Payments not Recognized on GAAP Basis				<u>(37,786)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 1,831,582</u>	

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit C-2

Sheet 1 of 2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources	\$ 20,785		20,785	20,785	-
State Sources	17,920		17,920	17,920	-
	<u>38,705</u>	<u>-</u>	<u>38,705</u>	<u>38,705</u>	<u>-</u>
Federal Sources:					
Title I, Part A	11,701		11,701	11,701	-
Title IIA, Part A	5,139		5,139	5,139	-
Title IV, Part A	12,010		12,010	12,010	-
IDEA Part B, Basic	69,809		69,809	69,809	-
IDEA Part B, Preschool	5,428		5,428	5,428	-
CRRSA ESSER II	27,823		27,823	27,823	-
CRRSA Learning Acceleration	10,030		10,030	10,030	-
CRRSA Mental Health	37,686		37,686	37,686	-
ARP ESSER	18,839		18,839	18,839	-
ARP Learning Acceleration	31,976		31,976	31,976	-
ARP Mental Health	6,600		6,600	6,600	-
Total Federal Sources	<u>237,041</u>	<u>-</u>	<u>237,041</u>	<u>237,041</u>	<u>-</u>
Total Revenues	<u>275,746</u>	<u>-</u>	<u>275,746</u>	<u>275,746</u>	<u>-</u>
Expenditures:					
Instruction:					
Salaries of Teachers	22,340		22,340	22,340	-
Other Purchased Services	10,000		10,000	10,000	-
General Supplies	19,987		19,987	19,987	-
Total Instruction	<u>52,327</u>	<u>-</u>	<u>52,327</u>	<u>52,327</u>	<u>-</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit C-2

Sheet 2 of 2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services:					
Other Salaries for Instruction	26,406		26,406	26,406	-
Employee Benefits	15,232		15,232	15,232	-
Purchased Technical Services	108,682		108,682	108,682	-
Other Purchased Services	14,471		14,471	14,471	-
Other Objects	19,704		19,704	19,704	-
General Supplies	18,139		18,139	18,139	-
Total Support Services	<u>202,634</u>	<u>-</u>	<u>202,634</u>	<u>202,634</u>	<u>-</u>
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment	20,675		20,675	20,675	-
Total Facilities Acquisition and Construction Services	<u>20,675</u>	<u>-</u>	<u>20,675</u>	<u>20,675</u>	<u>-</u>
Total Expenditures	<u>275,636</u>	<u>-</u>	<u>275,636</u>	<u>275,636</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>110</u>	<u>-</u>	<u>110</u>	<u>110</u>	<u>-</u>
Fund Balance, July 1				<u>9,051</u>	
Fund Balance, June 30				<u>\$ 9,161</u>	
Recapitulation:					
Restricted:					
Student Activities				<u>\$ 9,161</u>	
Total Fund Balance				<u>\$ 9,161</u>	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

BUDGET TO GAAP RECONCILIATION

NOTE TO RSI

JUNE 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 7,570,059	275,746
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	21,551	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(37,786)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 7,553,824</u>	<u>275,746</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 7,277,132	275,636
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 7,277,132</u>	<u>275,636</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit L-1

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

NET PENSION LIABILITY - PERS

LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability	0.00620%	0.00605%	0.00595%	0.00638%	0.00608%	0.00683%	0.00589%	0.00569%	0.00482%	0.00478%
District's Proportionate Share of the Net Pension Liability	<u>\$ 943,552</u>	<u>723,961</u>	<u>978,691</u>	<u>1,158,200</u>	<u>1,197,075</u>	<u>1,589,898</u>	<u>1,970,618</u>	<u>1,277,115</u>	<u>902,563</u>	<u>913,469</u>
District's Covered-Employee Payroll	\$ 415,202	455,162	405,336	327,977	427,528	434,004	471,829	457,330	355,274	351,002
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	44.00%	62.87%	41.42%	28.32%	35.71%	27.30%	23.94%	35.81%	39.36%	38.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	46.41%	42.90%	42.90%	42.04%	40.45%	36.78%	31.20%	38.21%	42.74%	40.71%

ATLANTIC HIGHLANDS SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS
LAST TEN FISCAL YEARS

Exhibit L-2

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 76,357	72,345	71,018	68,373	70,762	64,497	64,499	43,936	37,269	42,234
Contributions in Relation to the Contractually Required Contribution	<u>76,357</u>	<u>72,345</u>	<u>71,018</u>	<u>68,373</u>	<u>70,762</u>	<u>64,497</u>	<u>64,499</u>	<u>43,936</u>	<u>37,269</u>	<u>42,234</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 415,202	455,162	405,336	327,977	427,528	434,004	471,829	457,330	355,274	351,002
Contributions as a Percentage of Covered-Employee Payroll	18.39%	15.89%	17.52%	20.85%	16.55%	14.86%	13.67%	9.61%	10.49%	12.03%

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit L-3

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

NET PENSION LIABILITY - TPAF

LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
District's Proportionate Share of the Net Pension Liability	\$ -	-	-	-	-	-	-	-	-	-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>14,285,088</u>	<u>11,908,960</u>	<u>17,422,618</u>	<u>16,205,269</u>	<u>16,445,100</u>	<u>18,049,313</u>	<u>21,022,034</u>	<u>16,439,246</u>	<u>14,380,175</u>	<u>13,063,115</u>
Total	<u>\$ 14,285,088</u>	<u>11,908,960</u>	<u>17,422,618</u>	<u>16,205,269</u>	<u>16,445,100</u>	<u>18,049,313</u>	<u>21,022,034</u>	<u>16,439,246</u>	<u>14,380,175</u>	<u>13,063,115</u>
District's Covered-Employee Payroll	\$ 2,827,090	2,948,747	3,458,428	2,536,864	2,940,220	2,823,953	2,654,703	2,715,939	2,683,150	2,657,335
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	19.79%	24.76%	19.85%	15.65%	17.88%	15.65%	12.63%	16.52%	18.66%	20.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	32.29%	32.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

ATLANTIC HIGHLANDS SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS
TEACHER'S PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS

L-4

This schedule is not applicable.

The School District is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

ATLANTIC HIGHLANDS SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART III

L-5

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Public Employee's Retirement System (PERS)

Changes in Benefit Terms – None

Changes in Assumptions – The discount rate remained at 7.00% as of June 30, 2021, and as of June 30, 2022, in accordance with Paragraph 44 of GASB Statement No. 67.

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms – None

Changes in Assumption – The discount rate remained at 7.00% as of June 30, 2021, and as of June 30, 2022, in accordance with Paragraph 44 of GASB Statement No. 67.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING
FOR OPEB (GASB 75) - M**

ATLANTIC HIGHLANDS SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

Exhibit M-1

LAST SEVEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's Proportionate Share of OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's Proportionate of the Net OPEB Liability	\$ -	-	-	-	-	-	-
<u>State's OPEB Liability Attributable to the District</u>							
Service Cost	\$ 695,229	752,870	409,012	437,447	490,446	592,088	*
Interest	327,693	412,900	369,662	477,655	522,804	455,018	*
Change of Benefit Terms		(16,942)					*
Benefit Payments	(324,589)	(325,249)	(296,998)	(316,042)	(322,398)	(330,460)	*
Member Contributions	10,413	10,556	9,002	9,368	11,143	12,168	*
Difference between Expected and Actual Experience	(943,268)	(1,992,866)	3,157,427	(2,523,347)	(1,528,747)		*
Change of Assumptions or Other Inputs	<u>(3,317,087)</u>	<u>15,703</u>	<u>3,116,254</u>	<u>153,507</u>	<u>(1,383,593)</u>	<u>(1,993,022)</u>	*
Net Change in Total OPEB Liability	<u>(3,551,609)</u>	<u>(1,143,028)</u>	<u>6,764,359</u>	<u>(1,761,412)</u>	<u>(2,210,345)</u>	<u>(1,264,208)</u>	*
Total Attributable OPEB Liability - Beginning	<u>15,916,852</u>	<u>17,059,880</u>	<u>10,295,521</u>	<u>12,056,933</u>	<u>14,267,278</u>	<u>15,531,486</u>	*
Total Attributable OPEB Liability - Ending	<u>\$ 12,365,243</u>	<u>15,916,852</u>	<u>17,059,880</u>	<u>10,295,521</u>	<u>12,056,933</u>	<u>14,267,278</u>	<u>15,531,486</u>
District's Covered Payroll	\$ 3,242,292	3,403,909	3,863,764	2,864,841	3,367,748	3,257,957	3,126,532
District's Contribution	None	None	None	None	None	None	None
District's Proportionate Share of OPEB Liability as a Percentage of its Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of OPEB Liability as a Percentage of the District's Covered-Employee Payroll	381.37%	467.61%	441.54%	359.37%	358.01%	437.92%	496.76%

* - Information not available

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

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

ATLANTIC HIGHLANDS SCHOOL DISTRICT**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION****FOR THE FISCAL YEAR ENDED JUNE 30, 2023****Exhibit M-2****Change of Benefit Terms**

Refer to Note 5 - Notes to Financial Statements

Difference Between Expected and Actual Experience

The change in the liability from June 30, 2021 to June 30, 2022 is due to changes in the census, claims and premiums experience.

Changes of Assumptions

The Discount Rate changed from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022.

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

ATLANTIC HIGHLANDS SCHOOL DISTRICT

SPECIAL REVENUE FUND

Exhibit E-1
Sheet 1 of 2

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Title I	Title IIA	Title IV	I.D.E.A. - Part B		CRRSA ESSER II	CRRSA Accelerated Learning	CRRSA Mental Health
				Basic	Preschool			
Revenues:								
Federal Sources	\$ 11,701	5,139	12,010	69,809	5,428	27,823	10,030	37,686
Local Source								
State Sources								
Total Revenues	<u>11,701</u>	<u>5,139</u>	<u>12,010</u>	<u>69,809</u>	<u>5,428</u>	<u>27,823</u>	<u>10,030</u>	<u>37,686</u>
Expenditures:								
Instruction:								
Salaries of Teachers	\$ 7,749					6,971	3,780	
Other Purchased Services				10,000				
General Supplies						1,148		
Total Instruction	<u>7,749</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>8,119</u>	<u>3,780</u>	<u>-</u>
Support Services:								
Other Salaries for Instruction								26,406
Purchased Professional Services		2,459		59,809	5,428		6,250	
Personal Services - Employee Benefits	3,952							11,280
Other Purchased Services		2,680						
General Supplies			12,010					
Other Objects						19,704		
Total Support Services	<u>3,952</u>	<u>5,139</u>	<u>12,010</u>	<u>59,809</u>	<u>5,428</u>	<u>19,704</u>	<u>6,250</u>	<u>37,686</u>
Facilities Acquisition and Construction Services:								
Non-Instructional Equipment								
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	11,701	5,139	12,010	69,809	5,428	27,823	10,030	37,686
Excess (Deficiency) of Revenues Over (Under)								
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, July 1								
Fund Balance, June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

SPECIAL REVENUE FUND

Exhibit E-1
Sheet 2 of 2

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>ARP ESSER</u>	<u>Climate Awareness</u>	<u>SDA</u>	<u>ARP Accelerated Learning</u>	<u>ARP Mental Health</u>	<u>Student Activities</u>	<u>Totals 2023</u>
Revenues:							
Federal Sources	18,839			31,976	6,600		237,041
Local Source						20,785	20,785
State Sources		6,129	11,791				17,920
Total Revenues	<u>18,839</u>	<u>6,129</u>	<u>11,791</u>	<u>31,976</u>	<u>6,600</u>	<u>20,785</u>	<u>275,746</u>
Expenditures:							
Instruction:							
Salaries of Teachers				3,840			22,340
Other Purchased Services							10,000
General Supplies	18,839						19,987
Total Instruction	<u>18,839</u>	<u>-</u>	<u>-</u>	<u>3,840</u>	<u>-</u>	<u>-</u>	<u>52,327</u>
Support Services:							
Other Salaries for Instruction							26,406
Purchased Professional Services				28,136	6,600		108,682
Personal Services - Employee Benefits							15,232
Other Purchased Services			11,791				14,471
General Supplies		6,129					18,139
Other Objects							19,704
Total Support Services	<u>-</u>	<u>6,129</u>	<u>11,791</u>	<u>28,136</u>	<u>6,600</u>	<u>-</u>	<u>202,634</u>
Facilities Acquisition and Construction Services:							
Non-Instructional Equipment						20,675	20,675
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,675</u>	<u>20,675</u>
Total Expenditures	18,839	6,129	11,791	31,976	6,600	20,675	275,636
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110</u>	<u>110</u>
Fund Balance, July 1						9,051	9,051
Fund Balance, June 30	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,161</u>	<u>9,161</u>

CAPITAL PROJECTS FUND – F

ATLANTIC HIGHLANDS SCHOOL DISTRICTCAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGESIN FUND BALANCE - BUDGETARY BASISFOR THE YEAR ENDED JUNE 30, 2023

Other Financing Sources/(Uses):	
Accounts Payable Cancelled	\$ 13,332
Transferred to General	<u>(31,565)</u>
Total Other Financing Sources/(Uses)	<u>(18,233)</u>
Fund Balance - Beginning	<u>18,233</u>
Fund Balance - Ending	<u><u>\$ -</u></u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit F-1a

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,AND PROJECT STATUS - BUDGETARY BASISGYM REPAIR PROJECTFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
Transfer from General	\$ 81,800		81,800	81,800
Total Revenues	<u>81,800</u>	<u>-</u>	<u>81,800</u>	<u>81,800</u>
<u>Expenditures and Other Financing Uses</u>				
Construction Services	63,567	(13,332)	50,235	50,235
Total Expenditures	<u>63,567</u>	<u>(13,332)</u>	<u>50,235</u>	<u>50,235</u>
Transfer to General	<u>18,233</u>	<u>13,332</u>	<u>31,565</u>	<u>31,565</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Additional Project Information</u>				
Project Number		NA		
Grant Date		NA		
Original Authorized Cost		\$ 81,800		
Percentage Completion		100%		
Original Target Completion Date		8/31/2022		
Revised Target Completion Date		8/31/2022		

PROPRIETARY FUNDS – G

N/A

FIDUCIARY FUND – H

N/A

LONG-TERM DEBT – I

ATLANTIC HIGHLANDS SCHOOL DISTRICT

LONG-TERM LIABILITIES

Exhibit I-1

SCHEDULE OF SERIAL BONDS

JUNE 30, 2023

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Annual Date</u>	<u>Maturities Amount</u>	<u>Interest Rate</u>	<u>Beginning Balance July 1, 2022</u>	<u>Retired</u>	<u>Ending Balance June 30, 2023</u>
2012 Refunding Issue	3/6/2012	\$ 2,620,000	8/15/23 8/15/24	\$ 250,000 265,000	4.00%	\$ 765,000	250,000	515,000
						<u>\$ 765,000</u>	<u>250,000</u>	<u>515,000</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

Exhibit I-3

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 275,600		275,600	275,600	
Total Revenues	<u>275,600</u>	<u>-</u>	<u>275,600</u>	<u>275,600</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	25,600		25,600	25,600	
Redemption of Principal	<u>250,000</u>		<u>250,000</u>	<u>250,000</u>	
Total Expenditures	<u>275,600</u>	<u>-</u>	<u>275,600</u>	<u>275,600</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance July 1	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund Balance June 30	<u>\$ 1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>

STATISTICAL SECTION

(Unaudited)

ATLANTIC HIGHLANDS SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

J-1

UNAUDITED

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental Activities										
Invested in Capital Assets, net of Related Debt	\$ 3,159,236	2,062,220	3,106,388	3,094,068	3,286,537	2,902,212	2,844,858	2,789,950	2,694,337	2,512,292
Restricted	1,615,642	1,265,702	999,269	789,423	756,710	534,849	570,201	693,496	893,183	1,056,239
Unrestricted	<u>(1,132,046)</u>	<u>(151,799)</u>	<u>(1,427,269)</u>	<u>(1,453,164)</u>	<u>(1,400,377)</u>	<u>(1,312,626)</u>	<u>(1,160,651)</u>	<u>(932,316)</u>	<u>(803,385)</u>	<u>246,126</u>
Total Governmental Activities	<u>\$ 3,642,832</u>	<u>3,176,123</u>	<u>2,678,388</u>	<u>2,430,327</u>	<u>2,642,870</u>	<u>2,124,435</u>	<u>2,254,408</u>	<u>2,551,130</u>	<u>2,784,135</u>	<u>3,814,657</u>
Business Type Activities										
Invested in Capital Assets, net of Related Debt	\$ 4,325	4,988	6,308	7,628	11,828	5,921	9,877	13,832	17,787	21,743
Unrestricted	<u>62,247</u>	<u>42,720</u>	<u>15,178</u>	<u>11,284</u>	<u>16,448</u>	<u>10,720</u>	<u>6,924</u>	<u>6,554</u>	<u>8,386</u>	<u>16,985</u>
Total Business Type Activities	<u>\$ 66,572</u>	<u>47,708</u>	<u>21,486</u>	<u>18,912</u>	<u>28,276</u>	<u>16,641</u>	<u>16,801</u>	<u>20,386</u>	<u>26,173</u>	<u>38,728</u>
District-wide										
Invested in Capital Assets, net of related Debt	\$ 3,163,561	2,067,208	3,112,696	3,101,696	3,298,365	2,908,133	2,854,735	2,803,782	2,712,124	2,534,035
Restricted	1,615,642	1,265,702	999,269	789,423	756,710	534,849	570,201	693,496	893,183	1,056,239
Unrestricted	<u>(1,069,799)</u>	<u>(109,079)</u>	<u>(1,412,091)</u>	<u>(1,441,880)</u>	<u>(1,383,929)</u>	<u>(1,301,906)</u>	<u>(1,153,727)</u>	<u>(925,762)</u>	<u>(794,999)</u>	<u>263,111</u>
Total District Assets	<u>\$ 3,709,404</u>	<u>3,223,831</u>	<u>2,699,874</u>	<u>2,449,239</u>	<u>2,671,146</u>	<u>2,141,076</u>	<u>2,271,209</u>	<u>2,571,516</u>	<u>2,810,308</u>	<u>3,853,385</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

J-2

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Expenses:										
Governmental Activities	\$ 7,661,330	7,347,081	6,856,091	7,175,441	6,335,757	6,606,411	6,438,732	6,080,380	5,746,497	5,695,377
Business Type Activities	133,854	118,745	67,842	73,004	90,156	86,201	86,753	73,731	84,338	84,826
Total District Expenses	<u>7,795,184</u>	<u>7,465,826</u>	<u>6,923,933</u>	<u>7,248,445</u>	<u>6,425,913</u>	<u>6,692,612</u>	<u>6,525,485</u>	<u>6,154,111</u>	<u>5,830,835</u>	<u>5,780,203</u>
Program Revenues:										
Governmental Activities	369,572	403,389	179,651	115,616	149,293	189,250	187,517	368,687	246,570	472,672
Business Type Activities	152,720	144,967	70,415	66,520	91,446	86,041	83,168	67,944	71,783	76,187
Total District Program Revenues	<u>522,292</u>	<u>548,356</u>	<u>250,066</u>	<u>182,136</u>	<u>240,739</u>	<u>275,291</u>	<u>270,685</u>	<u>436,631</u>	<u>318,353</u>	<u>548,859</u>
Net (Expense):										
Governmental Activities	7,291,758	6,943,692	6,676,440	7,059,825	6,186,464	6,417,161	6,251,215	5,711,693	5,499,927	5,222,705
Business Type Activities	(18,866)	(26,222)	(2,573)	6,484	(1,290)	160	3,585	5,787	12,555	8,639
Total District-wide Net Expense	<u>7,272,892</u>	<u>6,917,470</u>	<u>6,673,867</u>	<u>7,066,309</u>	<u>6,185,174</u>	<u>6,417,321</u>	<u>6,254,800</u>	<u>5,717,480</u>	<u>5,512,482</u>	<u>5,231,344</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities	7,758,467	7,441,427	6,918,705	6,847,282	6,704,889	6,287,188	5,954,493	5,478,688	5,515,475	5,230,522
Business Type Activities										
Total District-wide	<u>7,758,467</u>	<u>7,441,427</u>	<u>6,918,705</u>	<u>6,847,282</u>	<u>6,704,889</u>	<u>6,287,188</u>	<u>5,954,493</u>	<u>5,478,688</u>	<u>5,515,475</u>	<u>5,230,522</u>
Change in Net Position:										
Governmental Activities	466,709	497,735	242,265	(212,543)	518,425	(129,973)	(296,722)	(233,005)	15,548	7,817
Business Type Activities	18,866	26,222	2,573	(6,484)	1,290	(160)	(3,585)	(5,787)	(12,555)	(8,639)
Total District	<u>485,575</u>	<u>523,957</u>	<u>244,838</u>	<u>(219,027)</u>	<u>519,715</u>	<u>(130,133)</u>	<u>(300,307)</u>	<u>(238,792)</u>	<u>2,993</u>	<u>(822)</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

FUND BALANCES, GOVERNMENT FUNDS

LAST TEN FISCAL YEARS

J-3

UNAUDITED

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund:										
Reserved	\$ 1,613,440	1,265,702	997,120	789,423	756,709	534,849	551,545	762,081	653,111	893,884
Unreserved	<u>218,142</u>	<u>248,086</u>	<u>243,882</u>	<u>232,617</u>	<u>239,602</u>	<u>242,400</u>	<u>261,826</u>	<u>269,163</u>	<u>243,848</u>	<u>258,902</u>
Total General Fund	<u>\$ 1,831,582</u>	<u>1,513,788</u>	<u>1,241,002</u>	<u>1,022,040</u>	<u>996,311</u>	<u>777,249</u>	<u>813,371</u>	<u>1,031,244</u>	<u>896,959</u>	<u>1,152,786</u>
All Other Governmental Funds:										
Unreserved, Reported in:										
Special Revenue Fund	\$ 9,161	9,051	3,018	-	-	-	-	-	-	-
Capital Projects Fund		18,233					18,656	111,285	240,072	162,355
Debt Service Fund	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>					
Total All Other Government Funds	<u>\$ 9,162</u>	<u>27,285</u>	<u>3,019</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>18,656</u>	<u>111,285</u>	<u>240,072</u>	<u>162,355</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

UNAUDITED

J-4

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues										
Tax Levy	\$ 5,643,072	5,548,983	5,455,179	5,373,896	5,199,449	5,020,220	4,826,344	4,588,646	4,482,855	4,501,172
Other Local Revenue	318,819	59,937	81,845	218,912	344,073	282,604	251,658	190,840	247,794	336,945
State Sources	1,906,238	1,875,105	1,400,367	1,254,474	1,185,719	1,054,195	979,664	942,195	905,593	750,517
Federal Sources	237,041	360,791	146,766	115,616	123,718	125,372	130,357	124,962	124,378	114,560
Total Revenues	<u>8,105,170</u>	<u>7,844,816</u>	<u>7,084,157</u>	<u>6,962,898</u>	<u>6,852,959</u>	<u>6,482,391</u>	<u>6,188,023</u>	<u>5,846,643</u>	<u>5,760,620</u>	<u>5,703,194</u>
Expenditures										
Instruction:										
Regular	1,919,706	1,792,023	1,791,598	1,947,231	1,925,834	1,854,263	1,801,079	1,716,918	1,780,005	1,650,146
Special	691,566	743,865	744,171	708,942	618,559	598,049	602,447	600,378	581,066	581,736
Other	245,091	92,843	73,791	84,587	85,905	60,810	60,439	59,756	62,597	84,220
School-sponsored/other instructional						18,863	17,212	18,115	20,525	17,205
Total instruction	<u>2,856,363</u>	<u>2,628,731</u>	<u>2,609,560</u>	<u>2,740,760</u>	<u>2,630,298</u>	<u>2,531,985</u>	<u>2,481,177</u>	<u>2,395,167</u>	<u>2,444,193</u>	<u>2,333,307</u>
Undistributed:										
Instruction/Tuition	93,826	84,205	78,893	23,798	25,575	63,878	55,160	71,434	63,391	44,257
Student & Instructional Related Services	569,276	553,985	529,296	557,755	499,204	565,497	522,253	484,042	436,202	481,049
General Administration	402,297	348,295	367,459	359,704	312,027	336,420	144,546	153,381	138,505	124,529
School Administration	200,829	183,370	158,857	151,630	187,711	146,347	333,860	327,657	326,831	257,583
Operations and Maintenance	489,153	414,359	390,011	415,669	380,438	357,188	383,186	363,009	343,894	396,932
Student Transportation	125,749	102,963	86,114	46,668	33,844	63,612	61,704	49,843	46,404	63,760
Unallocated Benefits	2,484,477	2,496,981	2,195,261	2,102,922	2,058,129	1,916,876	1,738,145	1,585,649	1,436,293	1,375,423
Total Undistributed	<u>4,365,607</u>	<u>4,184,158</u>	<u>3,805,891</u>	<u>3,658,146</u>	<u>3,496,928</u>	<u>3,449,818</u>	<u>3,238,854</u>	<u>3,035,015</u>	<u>2,791,520</u>	<u>2,743,533</u>
Capital Outlay:										
Equipment										128,761
Other	55,162	26,812	32,503	75,697	36,923	67,691	54,816	42,746	62,915	
Total Capital Outlay	<u>55,162</u>	<u>26,812</u>	<u>32,503</u>	<u>75,697</u>	<u>36,923</u>	<u>67,691</u>	<u>54,816</u>	<u>42,746</u>	<u>62,915</u>	<u>128,761</u>
Total General Fund Expenditures	<u>7,277,132</u>	<u>6,839,701</u>	<u>6,447,954</u>	<u>6,474,603</u>	<u>6,164,149</u>	<u>6,049,494</u>	<u>5,774,847</u>	<u>5,472,928</u>	<u>5,298,628</u>	<u>5,205,601</u>
Special Revenue:										
State	17,920						2,000	54,620	62,000	55,365
Local	20,785	14,338	2,452							
Federal	236,931	354,758	146,766	115,616	123,718	125,372	130,357	124,962	124,378	114,560
Total Special Revenue Expenditures	<u>275,636</u>	<u>369,096</u>	<u>149,218</u>	<u>115,616</u>	<u>123,718</u>	<u>125,372</u>	<u>132,357</u>	<u>179,582</u>	<u>186,378</u>	<u>169,925</u>
Capital Projects Fund Expenditures		63,567						5,549	76,122	
Debt Service Expenditures	275,600	275,400	285,000	346,950	347,262	356,350	365,438	363,688	366,251	364,951
Total Governmental Fund Expenditures	<u>7,828,368</u>	<u>7,547,764</u>	<u>6,882,172</u>	<u>6,937,169</u>	<u>6,635,129</u>	<u>6,531,216</u>	<u>6,272,642</u>	<u>6,021,747</u>	<u>5,927,379</u>	<u>5,740,477</u>
Excess(Deficiency) of Revenues Over(Under) Expenditures	276,802	297,052	201,985	25,729	217,830	(48,825)	(84,619)	(175,104)	(166,759)	(37,283)
Other Financing Sources (Uses)	22,869		14,199		1,233	(5,953)	(46,013)	732	1,425	(5,924)
Net Change in Fund Balance	<u>\$ 299,671</u>	<u>297,052</u>	<u>216,184</u>	<u>25,729</u>	<u>219,063</u>	<u>(54,778)</u>	<u>(130,632)</u>	<u>(174,372)</u>	<u>(165,334)</u>	<u>(43,207)</u>

Source: District records

ATLANTIC HIGHLANDS SCHOOL DISTRICTGENERAL FUND OTHER LOCAL REVENUE BY SOURCELAST TEN FISCAL YEARSUNAUDITED

J-5

	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Rentals</u>	<u>Miscellaneous</u>	<u>Total</u>
2014	329,936	50	2,500	40,021	372,507
2015	276,247	50	150	36,173	312,620
2016	189,104	195	588	903	190,790
2017	209,494	445	200	34,092	244,231
2018	230,928	957	300	13,214	245,399
2019	326,533	1,840	-	4,056	332,429
2020	239,454	1,280	-	-	240,734
2021	31,808	52	-	-	31,860
2022	8,450	174	-	-	8,624
2023	206,360	26,123	-	27,076	259,559

Source: District records

ATLANTIC HIGHLANDS SCHOOL DISTRICTASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTYLAST TEN FISCAL YEARS

J-6

UNAUDITED

<u>Year Ended December 31,</u>	<u>Net Assessed Valuations</u>	<u>Estimated Full Cash Valuations</u>	<u>Percentage of Net Assessed to Estimated Full Cash Valuations</u>
2013	632,086,285	748,739,972	84.42%
2014	632,183,551	751,704,579	84.10%
2015	630,931,300	769,053,267	82.04%
2016	634,743,000	776,576,836	81.74%
2017	637,601,581	799,199,776	79.78%
2018	895,777,900	897,418,627	99.82%
2019	917,891,200	918,356,000	99.95%
2020	928,100,800	928,230,500	99.99%
2021	937,263,900	937,368,600	99.99%
2022	1,053,112,200	1,083,114,471	97.23%

Source: Abstract of Ratables, County Board of Taxation.

ATLANTIC HIGHLANDS SCHOOL DISTRICTPROPERTY TAX RATES - DIRECT AND OVERLAPPINGPER \$100 OF ASSESSED VALUATION

J-7

LAST TEN FISCAL YEARSUNAUDITED

<u>Assessment Year</u>	<u>Atlantic Highlands School District</u>	<u>Henry Hudson Regional High School</u>	<u>Atlantic Highlands Borough</u>	<u>Monmouth County</u>	<u>Total</u>
2014	0.712	0.635	0.787	0.010	2.144
2015	0.726	0.618	0.838	0.355	2.537
2016	0.759	0.638	0.858	0.348	2.603
2017	0.787	0.646	0.856	0.369	2.658
2018	0.580	0.481	0.625	0.275	1.961
2019	0.584	0.499	0.613	0.285	1.981
2020	0.587	0.498	0.614	0.289	1.988
2021	0.591	0.477	0.614	0.283	1.965
2022	0.535	0.416	0.548	0.251	1.750
2023	0.529	0.397	0.543	0.239	1.708

Source: Tax Collector

ATLANTIC HIGHLANDS SCHOOL DISTRICT

SCHEDULE OF PRINCIPAL TAXPAYERS

J-8

FOR THE YEAR ENDED DECEMBER 31, 2022

UNAUDITED

<u>Taxpayer</u>	<u>Assessed Valuation 2022</u>	<u>As a Percentage of District Net Assessed Valuation</u>	<u>Taxpayer</u>	<u>Assessed Valuation 2013</u>	<u>As a Percentage of District Net Assessed Valuation</u>
Elk Harbor View LLC	10,917,000	1.16%	Elk Harbor View LLC	6,461,500	1.02%
Bayshore Plaza LLC	7,757,200	0.83%	Casriel, Carl	4,683,400	0.74%
Navesink Cove LCP	5,642,400	0.60%	McConnell Realty Co.	2,865,400	0.45%
McConnell Realty Co.	4,345,200	0.46%	Atlantic Pier Co.	2,472,000	0.39%
Krikorian, Dirouhi & Sarkis	4,079,700	0.44%	Krikorian, Dirouhi & Sarkis	2,120,200	0.34%
Atlantic Pier Co.	3,838,700	0.41%	Laurmin Assoc.	1,958,700	0.31%
O'Kelley, Chales Brian & Rovere	3,263,000	0.35%	Sandy Hook Bay Parking Ll	1,722,200	0.27%
Laurmin Assoc.	3,228,700	0.34%	Sodon Realty LLC	1,654,100	0.26%
13 West Ave LLC	3,071,300	0.33%	Hurley, Kevin & Doris	1,471,700	0.23%
Thomas Paine House LLC	2,900,000	0.31%	Kaeli, Frederick & Jean	1,443,500	0.23%
Total	49,043,200	5.23%		26,854,713	4.24%

Source: Municipal Tax Assessor.

ATLANTIC HIGHLANDS SCHOOL DISTRICTMUNICIPAL PROPERTY LEVIES AND COLLECTIONS

J-9

LAST TEN YEARSUNAUDITED

<u>Year Ended December 31,</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Tax Levy Collected</u>
2014	4,961,069	4,961,069	100.00%
2015	5,231,439	5,231,439	100.00%
2016	5,395,169	5,395,169	100.00%
2017	5,394,788	5,394,788	100.00%
2018	5,517,737	5,517,737	100.00%
2019	5,542,634	5,542,634	100.00%
2020	18,261,489	17,947,526	101.75%
2021	18,526,547	18,186,707	98.17%
2022	18,715,685	18,715,685	100.00%
2023	18,675,773	18,675,773	100.00%

Source: Municipal Tax Collector

ATLANTIC HIGHLANDS SCHOOL DISTRICT

RATIO OF OUTSTANDING DEBT BY TYPE

LAST TEN YEARS

J-10

UNAUDITED

<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Other Debt</u>	<u>Total Debt Per District</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
2014	2,955,000		2,955,000	1.4%	\$ 681.50
			-		
2015	2,695,000		2,695,000	1.6%	\$ 614.60
			-		
2016	2,375,000		2,375,000	1.8%	\$ 540.63
			-		
2017	2,095,000		2,095,000	2.0%	\$ 485.97
			-		
2018	1,815,000		1,815,000	2.4%	\$ 420.53
			-		
2019	1,535,000		1,535,000	3.0%	\$ 355.65
			-		
2020	1,245,000		1,245,000	4.5%	\$ 288.06
			-		
2021	1,005,000		1,005,000	5.8%	\$ 226.91
2022	765,000		765,000	7.6%	\$ 172.73
2023	515,000		515,000	11.3%	\$ 116.28

Source: District records.

ATLANTIC HIGHLANDS SCHOOL DISTRICT**RATIO OF NET GENERAL BONDED DEBT****TO ASSESSED VALUE AND NET BONDED PER CAPITA**

J-11

LAST TEN YEARS**UNAUDITED**

Fiscal Year Ended June 30,	School District Population	Net Assessed Valuation Taxable	Net Bonded Debt	Ratio of Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2014	4,336	630,000,810	3,165,000	0.502%	729.94
2015	4,385	634,743,000	2,955,000	0.466%	673.89
2016	4,393	637,601,581	2,375,000	0.372%	540.63
2017	4,311	897,418,627	2,095,000	0.233%	485.97
2018	4,316	897,418,627	1,815,000	0.202%	420.53
2019	4,316	920,173,600	1,535,000	0.167%	355.65
2020	4,322	919,606,563	1,245,000	0.135%	288.06
2021	4,429	928,100,800	1,005,000	0.108%	226.91
2022	4,417	1,054,985,937	765,000	0.073%	173.19
2023	4,399	1,053,112,200	515,000	0.049%	117.07

Source: Abstract of Ratables, County Board of Taxation.
School District records.

ATLANTIC HIGHLANDS SCHOOL DISTRICTDIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

J-12

FOR THE YEAR ENDED DECEMBER 31, 2022UNAUDITED

Net Direct Debt of School District as of December 31, 2022			515,000
Net Overlapping debt of School District:			
Atlantic Highlands Boro (71.50%)	N/A		
County of Monmouth (1.04%)	N/A		
			N/A
Total Direct and Overlapping Bonded Debt as of December 31, 2022			515,000

Source: Atlantic Highlands Chief Financial Officer and County Treasurer's Office.

ATLANTIC HIGHLANDS SCHOOL DISTRICT

COMPUTATION OF LEGAL DEBT MARGIN

J-13

LAST NINE FISCAL YEARS

UNAUDITED

	<u>Year</u>	<u>Equalized Valuation Basis</u>
	2022	\$1,053,112,200
	2021	\$ 1,008,559,693
	2020	\$ 945,994,359
		<u>\$ 1,954,554,052</u>
Average Equalized Valuation of Taxable Property		\$ 651,518,017
School Borrowing Margin (2.5% of \$)		\$ 16,287,950
Net Bonded School Debt as of June 30, 2021		<u>\$ 515,000.00</u>
School Borrowing Margin Available		<u>\$ 15,772,950</u>

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Debt Limit	\$ 15,772,950	\$ 23,351,213	\$ 22,171,365	\$ 19,361,425	\$ 16,532,687	\$ 14,037,878	\$ 13,733,413	\$ 13,436,987	\$ 12,896,615
Net Debt	515,000	765,000	1,005,000	1,245,000	1,535,000	1,815,000	2,095,000	2,375,000	2,955,000
Legal Debt Margin	<u>\$ 15,257,950</u>	<u>\$ 22,586,213</u>	<u>\$ 21,166,365</u>	<u>\$ 18,116,425</u>	<u>\$ 14,997,687</u>	<u>\$ 12,222,878</u>	<u>\$ 11,638,413</u>	<u>\$ 11,061,987</u>	<u>\$ 9,941,615</u>

Source: State of New Jersey, Department of Taxation.

ATLANTIC HIGHLANDS SCHOOL DISTRICTDEMOGRAPHIC STATISTICS

J-14

LAST TEN YEARSUNAUDITED

Year Ended December 31,	Atlantic Highlands Unemployment Rate	Monmouth County Per Capita Income	Population
2013	5.8%	40,976	4,354
2014	5.1%	42,749	4,336
2015	5.5%	42,021	4,385
2016	5.3%	42,269	4,393
2017	3.6%	42,749	4,311
2018	7.0%	45,626	4,316
2019	2.8%	56,171	4,322
2020	5.8%	57,984	4,429
2021	4.8%	86,091	4,417
2022	3.10%	94,381	4,399

**Source: Bureau of Labor Statistics, United States Department of Commerce and
State Data Center**

(a) Personal Income has been estimated based upon the municipal population and per capita income presented

ATLANTIC HIGHLANDS SCHOOL DISTRICT

FULL - TIME EQUIVALENT DISTRICT

J-16

EMPLOYEE BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

<u>Function/Program</u>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction										
Regular	24.5	24	24	24	24	24	25.2	23.6	21.3	21.6
Special education	10.0	6.0	6.0	6.0	7.0	7.0	3.0	5.0	6.5	6.0
Other special education										
Vocational										
Other instruction	3.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	1.5	1.0
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Tuition										
Student & instruction related services	2.4	10.5	10.5	10.5	10.5	10.5	11.0	9.0	7.4	14.0
General administrative services	1.5	0.9	0.9	0.9	0.9	0.9	1.9	1.9	1.9	1.9
School administrative services	2.0	3.4	3.4	3.4	3.4	3.4	2.5	2.5	2.5	2.5
Business administrative services	1.5	1.5	1.5	1.5	1.5	1.5	1.6	1.6	1.6	2.6
Plant operations and maintenance	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.6
Pupil transportation										
Special Schools										
Food Service										
Child Care										
Total	48.2	50.6	50.6	50.6	51.6	51.6	50.5	48.9	46.0	53.2

Source: District Personnel Records

ATLANTIC HIGHLANDS SCHOOL DISTRICT

OPERATING STATISTICS

J-17

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil Teacher Ratio	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2014	326	4,520,635	13,867	#REF!	29.2	11.2:1	302.35	287.84	-2.78%	88.29%
2015	320	4,574,959	14,297	3.10%	30.0	9.4:1	320.4	305.9	8.54%	95.59%
2016	323	4,767,424	14,760	3.24%	31.0	9.6:1	322.9	307.467	6.80%	95.19%
2017	335	4,963,331	14,816	0.38%	31.0	9.3:1	333.5	317.222	4.09%	94.69%
2018	317	5,321,861	16,788	13.31%	31.0	9.8:1	316.9	305.7	-1.86%	96.44%
2019	311	5,193,850	16,700	-0.52%	32.0	9.7:1	311	308.24	-6.75%	99.11%
2020	326	5,393,760	16,545	-0.93%	32.2	10.1:1	302	289	-4.70%	88.65%
2021	258	5,273,328	20,439	23.54%	27.6	9.4:1	255.6	247.2	-17.81%	95.81%
2022	263	5,205,174	19,792	-3.17%	28.8	9:1	258.1	238.9	-14.54%	90.84%
2023	258	5,762,869	22,337	12.86%	21.6	11:1	258.1	238.9	0.98%	92.60%

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

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

ATLANTIC HIGHLANDS SCHOOL DISTRICT

BUILDING INFORMATION

LAST TEN FISCAL YEARS ENDING JUNE 30

J-18

UNAUDITED

		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Elementary School and Offices</u>											
<u>Atlantic Highlands</u>											
	Square Feet	63,842	63,842	63,842	63,842	63,842	63,842	63,842	63,842	63,842	63,842
	Capacity (students)	370	370	370	370	370	370	370	370	370	370
	Enrollment	326	320	323	335	317	311	326	258	263	258

Source: District records, ASSA

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

ATLANTIC HIGHLANDS SCHOOL DISTRICT

SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES

J-19

BY SCHOOL FACILITY

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30,									Atlantic Highlands Elementary
2014									60,369
2015									44,431
2016									85,834
2017									85,573
2018									86,255
2019									90,865
2020									96,927
2021									95,711
2022									95,091
2023									104,852

Source: District records.

ATLANTIC HIGHLANDS SCHOOL DISTRICT

INSURANCE SCHEDULE

J-20

JUNE 30, 2023

UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy -		
Property-Blanket Building & Contents	\$ 18,076,004	
Comprehensive General Liability	2,000,000	
Comprehensive Auto Liability	1,000,000	
Comprehensive Crime Coverage	25,000	500
Other Flood - Contents		
Computers and Scheduled Equipment -		
Data Processing Equipment	100,000	
Boiler and Machinery -		
Property Damage	100,000	1,000
Umbrella Liability -		
Umbrella Policy	10,000,000	
School Board Legal Liability -		
Directors and Officers Policy	1,000,000	5,000
Bonds		
Treasurer	Eliminated	
Board Secretary	175,000	

Source: District records.

SINGLE AUDIT SECTION

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND REPORTING ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

K-1

Honorable President and Members
of the Board of Education
Atlantic Highlands School District
County of Monmouth
Atlantic Highlands, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Atlantic Highlands Board of Education, County of Monmouth, State of New Jersey as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Atlantic Highlands Board of Education, County of Monmouth, State of New Jersey's basic financial statements, and have issued our report thereon dated December 22, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Atlantic Highlands Board of Education, County of Monmouth, State of New Jersey'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 of the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Atlantic Highlands Board of Education, County of Monmouth, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Atlantic Highlands Board of Education, County of Monmouth, and State of New Jersey's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

**Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company
Wall Township, New Jersey**

December 22, 2023

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
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REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
REQUIRED BY UNIFORM ADMINISTRATIVE AWARDS (UNIFORM GUIDANCE), AND
NEW JERSEY OMB'S CIRCULAR 15-08

K-2

Honorable President and Members
of the Board of Education
Atlantic Highlands School District
County of Monmouth
Atlantic Highlands, New Jersey

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Atlantic Highlands Board of Education's compliance with the types of compliance requirements described 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 Atlantic Highlands Board of Education's major state programs for the year ended June 30, 2023. The Atlantic Highlands Board of Education's major 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 Atlantic Highlands Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and 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 NJ OMB 15-08. Our responsibilities under those standards and the Uniform Guidance 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 Atlantic Highlands Board of Education 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 on compliance for each major state program. However, our audit does not provide a legal determination of the Atlantic Highlands Board of Education's compliance with the 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 its 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 have occurred, whether due to fraud or error, and express an opinion on the Atlantic Highlands Board of Education'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 NJ OMB 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for 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 Atlantic Highlands Board of Education's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 Atlantic Highlands Board of Education'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 Atlantic Highlands Board of Education'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 NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Atlantic Highlands Board of Education'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 no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance or NJ OMB 15-08.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purposes described in the Auditor's Responsibilities for the Audit of Compliance paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

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.

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 NJ OMB 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

**Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company
Wall Township, New Jersey**

December 22, 2023

ATLANTIC HIGHLANDS SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Schedule A
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Federal Grantor/Pass- Through Grantor/Program Title	Federal CFDA Number	Federal Fain Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2022	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	Balance at June 30, 2023			
					From	To						(Accounts Receivable)	Deferred Revenue	Due to Grantor	
<u>U.S. Department of Agriculture</u>															
<u>Passed-Through State Department of Education</u>															
Food Distribution Program	10.550	231NJ304N1099	N/A	\$ 18,063	07/01/2022	06/30/2023	\$ -		18,063	(18,063)					
PB Lunch	10.542	231NJ304N1099	N/A	1,819	07/01/2022	06/30/2023			1,658	(1,819)		(161)			
National School Lunch Program	10.555	231NJ304N1099	N/A	29,839	07/01/2022	06/30/2023			27,161	(29,839)		(2,678)			
National School Lunch Program	10.555	221NJ304N1099	N/A	112,202	07/01/2021	06/30/2022	(9,951)		9,951						
Total U.S. Department of Agriculture							(9,951)	-	56,833	(49,721)	-	(2,839)	-	-	
<u>U.S. Department of Education</u>															
<u>Passed-Through State Department of Education</u>															
Title I	84.010A	S010A220030	ESEA23	11,701	07/01/2022	06/30/2023			11,701	(11,701)					
Title IIA	84.367A	S367A220029	ESEA23	6,555	07/01/2022	06/30/2023			3,713	(5,139)		(1,426)			
Title IIA	84.367A	S367A210029	ESEA22	5,473	07/01/2021	06/30/2022	(180)		180						
Title IV	84.424	S424A220031	ESEA23	12,010	07/01/2022	06/30/2023			3,770	(12,010)		(8,240)			
I.D.E.A. Basic	84.027	H027A220100	IDEA23	69,809	07/01/2022	06/30/2023			69,809	(69,809)					
I.D.E.A. Preschool	84.173	H173A220114	IDEA23	5,428	07/01/2022	06/30/2023			5,428	(5,428)					
CRRSA ESSER II	84.425D	S425D210027	NA	94,014	07/01/2021	09/30/2023			27,823	(27,823)					
CRRSA Accelerated Learning	84.425D	S425D210027	NA	25,000	07/01/2021	09/30/2023			10,030	(10,030)					
CRRSA Mental Health	84.425D	S425D210027	NA	45,000	07/01/2021	09/30/2023	(17,009)		54,695	(37,686)					
ARP ESSER	84.425U	S425U210027	NA	211,291	07/01/2021	09/30/2024	(169,033)		185,684	(18,839)		(2,188)			
ARP Accelerated Learning	84.425U	S425U210027	NA	50,000	07/01/2021	09/30/2024			12,360	(31,976)		(19,616)			
ARP Mental Health	84.425U	S425U210027	NA	45,000	07/01/2021	09/30/2024				(6,600)		(6,600)			
Total U.S. Department of Education							(186,222)	-	385,193	(237,041)	-	(38,070)	-	-	
Total Federal Financial Assistance							\$ (196,173)	-	442,026	(286,762)	-	(40,909)	-	-	

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

ATLANTIC HIGHLANDS SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2022		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Year Balances	Balance at June 30, 2023			MEMO			
			From	To	Deferred Revenue (Accounts Receivable)	Due To Grantor						(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures		
State Department of Education																		
General Fund:																		
Special Education Aid	23-495-034-5120-089	\$ 229,813	07/01/2022	06/30/2023	\$ -			197,990	(229,813)							(31,823)	229,813	
Security Aid	23-495-034-5120-084	22,613	07/01/2022	06/30/2023				19,480	(22,613)							(3,133)	22,613	
Transportation Aid	23-495-034-5120-014	20,451	07/01/2021	06/30/2022				17,621	(20,451)							(2,830)	20,451	
Non-Public Transportation	22-495-034-5120-014	6,960	07/01/2021	06/30/2022		(6,960)		6,960										
Non-Public Transportation	23-495-034-5120-014	5,928	07/01/2022	06/30/2023					(5,928)			(5,928)					5,928	
On-Behalf T.P.A.F. Pension Contributions - Post Retirement Medical (non-budgeted)	23-495-034-5094-001	269,569	07/01/2022	06/30/2023				269,569	(269,569)								269,569	
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)	23-495-034-5094-002	1,026,156	07/01/2022	06/30/2023				1,026,156	(1,026,156)								1,026,156	
On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability	23-495-034-5094-004	259	07/01/2022	06/30/2023				259	(259)								259	
Reimbursed TPAF Social Security Contributions	23-495-034-5095-003	329,764	07/01/2022	06/30/2023				318,559	(329,764)			(11,205)					329,764	
Reimbursed TPAF Social Security Contributions	22-495-034-5095-003	208,193	07/01/2021	06/30/2022		(10,205)		10,205										
Total General Fund						(17,165)	-	1,866,799	(1,904,553)	-	-	(17,133)	-	-		(37,786)	1,904,553	
Special Revenue Fund:																		
SDA Emergent	N/A	11,791	07/01/2022	06/30/2023				11,791	(11,791)									11,791
Climate Awareness	N/A	6,600	04/01/2023	06/30/2023				6,129	(6,129)									6,129
Total Special Revenue Fund						-	-	17,920	(17,920)	-	-	-	-	-		-	17,920	
State Department of Agriculture																		
Enterprise Fund:																		
National School Lunch Program (State Share)	22-100-010-3350-023	2,634	07/01/2021	06/30/2022		(229)		229										
National School Lunch Program (State Share)	23-100-010-3350-023	1,635	07/01/2020	06/30/2021				1,487	(1,635)			(148)						1,635
Total National School Lunch Program						(229)	-	1,716	(1,635)	-	-	(148)	-	-		-	1,635	
Total State Financial Assistance						\$ (17,394)	-	1,886,435	(1,924,108)	-	-	(17,281)	-	-		(37,786)	1,924,108	
Less: State Financial Assistance Not Subject to Major Program Determination:																		
On-Behalf T.P.A.F. Pension Contributions - Post Retirement Medical (non-budgeted)									\$ 269,569									
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)									1,026,156									
On-Behalf T.P.A.F. Pension Contributions - Long Term Disability									259									
Total State Financial Assistance Subject to Major Program Determination									\$ (628,124)									

BOARD OF EDUCATION

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ATLANTIC HIGHLANDS SCHOOL DISTRICT**NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2023****NOTE 1: General**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Atlantic Highlands School District. The Board of Education is defined in Note 1(A) to the Board's general-purpose financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of federal financial assistance.

NOTE 2: Basis of Accounting

The accompanying schedules of financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. Programs recorded in the food service fund include the National School Lunch Program and the U.S.D.A Commodities Program. These bases of accounting are described in the Note 1(C) to the Board's general-purpose financial statements.

NOTE 3: Relationship to General Purpose Financial Statements

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

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

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>State Assistance</u>				
Actual Amounts (Budgetary) "Revenues" from the Schedule of Expenditures of State Financial Assistance	\$ 1,904,553	17,920	1,635	1,924,108
Difference – Budget to "GAAP" Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized				
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 Expense (GASB 33)	<u>(16,235)</u>	_____	_____	<u>(16,235)</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 1,888,318</u>	<u>17,920</u>	<u>1,635</u>	<u>1,907,873</u>

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>Federal Assistance</u>				
Actual Amounts (Budgetary)				
“Revenues” from the Schedule				
of Expenditures of Federal				
Awards	\$	237,041	49,721	286,762
Difference – Budget to “GAAP”				
Grant Accounting Budgetary				
Basis Differs from GAAP in that				
Encumbrances are Recognized as				
Expenditures, and the Related				
Revenue is Recognized				
	_____	_____	_____	_____
Total Federal Revenue as				
Reported on the Statement				
of Revenue, Expenditures,				
and Changes in Fund				
Balances	\$	<u>237,041</u>	<u>49,721</u>	<u>286,762</u>

NOTE 4: Relationship to Federal and State Financial Reports

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

NOTE 5: Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer’s share of social security contributions for TPAF members for the year ended June 30, 2023.

ATLANTIC HIGHLANDS SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Part I - Summary of Auditor's Results

Financial Statement Section

<u>Financial Statement Section</u>	<u>Description</u>
(A) Type of auditor's report issued on financial statements	Unmodified
 (B) Internal control over financial reporting:	
1) Material weakness(es) identified?	_____ Yes <u> x </u> No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes <u> x </u> None Reported
Noncompliance material to basic financial statements noted?	_____ Yes <u> x </u> No

Federal Awards

NOT APPLICABLE

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	<u> x </u> Yes _____ No
Type of auditor's report issued on compliance for major programs:	Unmodified
 Internal Control over major programs:	
(1) Material Weakness(es) identified?	_____ Yes <u> x </u> No
(2) Reportable condition(s) identified that are not considered to material weaknesses?	_____ Yes <u> x </u> None Reported
Any audit findings disclosed that are required to be reported in accordance with N.J. OMB's Circular 15-08?	_____ Yes <u> x </u> No

Identification of major programs:

GMIS Number(s)
23-495-034-5094-003

Name of State Program
Reimbursed TPAF Social Security Contributions

ATLANTIC HIGHLANDS SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Part II - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

ATLANTIC HIGHLANDS SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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FOR THE FISCAL YEAR ENDED JUNE 30, 2023***Part III - Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04, as amended.

Current Year Federal Awards

Not Applicable

Current Year State Awards

Not Applicable

ATLANTIC HIGHLANDS SCHOOL DISTRICT**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

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FOR THE FISCAL YEAR ENDED JUNE 30, 2023

This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 04-04.

Status of Prior Year Findings

There were none.