

**SOUTH HUNTERDON REGIONAL
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

JUNE 30, 2023

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



Certified Public Accountants, PC

**SOUTH HUNTERDON REGIONAL
SCHOOL DISTRICT**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023

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South Hunterdon Regional School District

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December 4, 2023

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

Dear Board Members:

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

The annual comprehensive financial report is presented in four sections:

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

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

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

DESCRIPTION OF THE DISTRICT

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

The District has four buildings located in the Township of West Amwell, City of Lambertville and Stockton Borough. The State of New Jersey requires submission of enrollment data as of October 15 of each year. The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, as well as education for special needs students. The District completed the 2022-23 Fiscal Year with an Average Daily Enrollment of 813. The following details the changes in the student enrollment of the District over the last nine years since regionalization.

AVERAGE DAILY ENROLLMENT		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2022-23	813	5.91%
2021-22	768	(14.29)%
2020-21	896	(2.79)%
2019-20	921	1.77%
2018-19	905	(0.96)%
2017-18	935	(0.53)%
2016-17	940	0.11%
2015-16	939	(2.19)%
2014-15	960	(0.21)%

Economic Condition and Outlook

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

Major Initiatives

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

1. Facilities

Projects included 2022-23 budget:

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

Construction of a new 5-8 Middle School

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

Creation of an Outdoor Learning Center at the High School

2. Administrative Team

The administrative team remained consistent and unchanged for the 2022-2023 school year.

3. Strategic Planning/District Goals/Board Goals

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

4. Student Achievement

Increasing student achievement continued to be a district goal for 2022-2023. Teachers are committed to deliver content rich standards-based curriculum. State and local assessments provide data to guide strategies that will support all students.

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

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

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

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

5. Academic Partnerships

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

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

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

6. Communication with Public

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

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

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

7. Technology

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

During the 2022-2023 school year normal levels of support were anticipated for the school year; however, the model could be modified given the still lingering uncertainty surrounding the pandemic. With Remote Learning comes a need for Wi-Fi hotspots for families without home Internet, the sending of all 1:1 Devices home (instead of just 7-12th Grades), remote troubleshooting and repair, and the potential need for a variety of new software services to support remote teaching and learning.

8. Parent Involvement

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

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

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

Internal Accounting Controls

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

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

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

Budgetary Controls

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

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

Accounting System and Reports

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

Debt Administration

The District's debt service payment for principal and interest during 2022-2023 school year were \$1,490,000 and \$203,940, respectively.

The District had \$37,822,000 in outstanding debt as of June 30, 2023.

Cash Management

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

Risk Management

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

Other Information

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

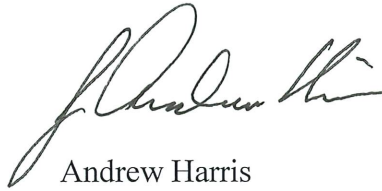
Acknowledgements

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

Respectfully submitted,

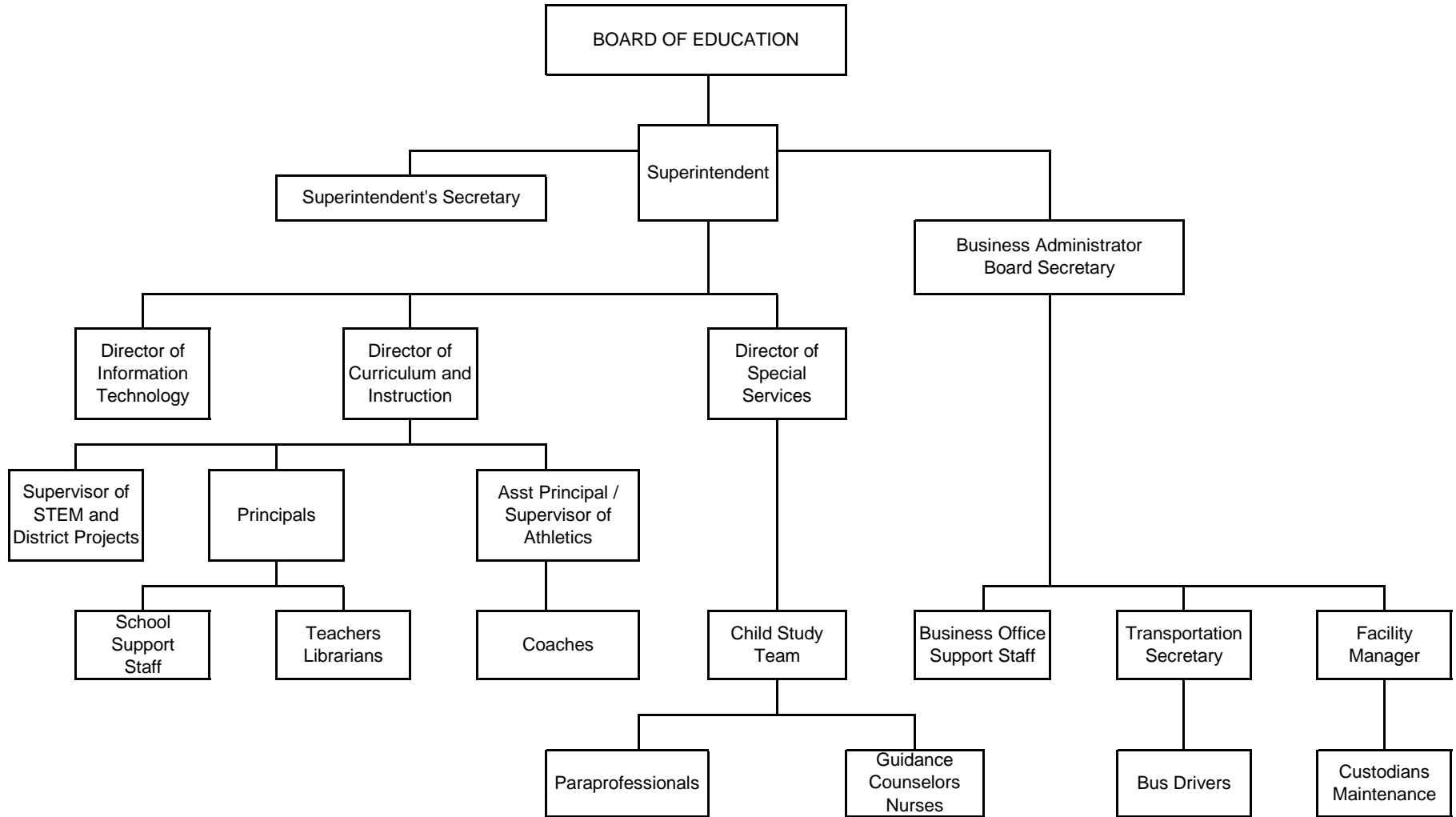


Anthony Suozzo
Superintendent



Andrew Harris
Business Administrator/Board Secretary

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Organizational Chart**



SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Roster of Officials
June 30, 2023

Members of the Board of Education	Title	Term Expires
Jim Gallagher	President	2025
Roni Todd-Marino	Vice President	2023
Diana Pursell		2023
Meagan Warner		2023
Brian Keyes		2024
Sean Lewis		2024
Traci Paciulli		2024
Gina Fischetti		2025
Kevin Koveloski		2025

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Consultants and Advisors
June 30, 2023

AUDIT FIRM

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Independent Auditors' Report

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

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Hunterdon Regional School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 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 Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Such information is the responsibility of Management and were derived from and relates directly to the underlying accounting and other records used to prepare the Basic Financial Statements. The information has been subjected to the auditing procedures applied in the audit of the Basic Financial Statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Basic Financial Statements or to the Basic Financial Statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the Basic Financial Statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



BKC, CPAs, PC



Michael Holk, CPA, PSA

NO. 20CS00265600

December 4, 2023
Flemington, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

The discussion and analysis of South Hunterdon Regional School District's (the District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

- In total, net position increased \$529,425 which represents a 3.62% increase from 2022.
- General revenues accounted for \$33,349,825 in revenue or 92.92% of all revenues. Program specific revenues in the form of charges for services, operating grants, and contributions accounted for \$2,542,228 or 7.08% to total revenues of \$35,892,053.
- Total assets of governmental activities increased by \$34,219,194, as cash and cash equivalents increased by \$32,336,010 receivables and other assets increased by \$317,055, and capital assets increased by \$1,566,129.
- The School District had \$35,362,628 in expenses; only \$2,542,228 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$33,349,825 were adequate to provide for these programs.
- Among major funds, the general fund had \$28,642,163 in revenues, \$28,325,430 in expenditures and \$126,351 in other financing uses. The general fund's balance increased \$190,382 from 2022.

Using this Annual Comprehensive Financial Report (ACFR)

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2023?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
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Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
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The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position at June 30, 2023 compared to June 30, 2022.

Table 1
Net Position

	06/30/23	06/30/22	Variance	
			Dollars	Percent
Assets				
Current & other assets	\$ 37,014,981	\$ 4,330,290	\$ 32,684,691	754.79%
Capital assets	24,548,291	22,984,770	1,563,521	6.80%
Total assets	<u>61,563,272</u>	<u>27,315,060</u>	<u>34,248,212</u>	<u>125.38%</u>
Deferred outflows of resources				
Deferred amount on pension activity	965,446	1,479,803	(514,357)	-34.76%
Deferred amount on bond premium	299,525	399,368	(99,843)	-25.00%
Deferred amount on loss on refunding long-term debt	5,403	7,203	(1,800)	-24.99%
Total deferred outflows of resources	<u>1,270,374</u>	<u>1,886,374</u>	<u>(616,000)</u>	<u>-32.66%</u>
Liabilities				
Long-term liabilities	44,153,588	10,772,829	33,380,759	309.86%
Other liabilities	2,650,358	678,090	1,972,268	290.86%
Total liabilities	<u>46,803,946</u>	<u>11,450,919</u>	<u>35,353,027</u>	<u>308.74%</u>
Deferred inflows of resources				
Deferred amount on pension liability	858,224	3,098,032	(2,239,808)	-72.30%
Deferred amount on gain on refunding long-term debt	31,299	41,731	(10,432)	-25.00%
Total deferred inflows of resources	<u>889,523</u>	<u>3,139,763</u>	<u>(2,250,240)</u>	<u>-71.67%</u>
Net position				
Net investment in capital assets	17,812,096	16,798,058	1,014,038	6.04%
Restricted	2,899,703	2,284,024	615,679	26.96%
Unrestricted	(5,571,622)	(4,471,330)	(1,100,292)	24.61%
Total net position	<u>\$ 15,140,177</u>	<u>\$ 14,610,752</u>	<u>\$ 529,425</u>	<u>3.62%</u>

Total assets increased \$34,248,212. Cash and cash equivalents increased by \$32,444,709, receivables and other assets increased by \$239,982, and capital assets increased by \$1,563,521. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District decreased by \$1,100,292.

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

Table 2 shows the changes in net position for the fiscal year ended June 30, 2023 compared to June 30, 2022.

Table 2
Changes in Net Position

	06/30/23	06/30/22	Variance	
			Dollars	Percent
Revenues				
Program revenues				
Charges for services	\$ 466,077	\$ 288,219	\$ 177,858	61.71%
Operating grants and contributions	2,076,151	2,022,001	54,150	2.68%
General revenues				
Property taxes	20,976,977	20,596,783	380,194	1.85%
Grants and entitlements	12,196,442	12,957,048	(760,606)	-5.87%
Other	176,406	36,772	139,634	379.73%
Total revenues	<u>35,892,053</u>	<u>35,900,823</u>	<u>(8,770)</u>	<u>-0.02%</u>
Expenses				
Instruction				
Regular	13,420,286	13,509,323	(89,037)	-0.66%
Special	4,136,991	4,277,009	(140,018)	-3.27%
Other	2,479,022	2,569,939	(90,917)	-3.54%
Support services				
Tuition	1,733,502	1,811,026	(77,524)	-4.28%
Student & instructional related services	5,388,944	5,036,837	352,107	6.99%
General & business administration	1,274,776	1,244,382	30,394	2.44%
School administration	1,176,254	1,293,902	(117,648)	-9.09%
Maintenance	2,248,682	2,010,195	238,487	11.86%
Transportation	1,442,380	1,535,434	(93,054)	-6.06%
Food service	469,666	475,274	(5,608)	-1.18%
Interest on long-term debt	1,592,125	240,845	1,351,280	561.06%
Total expenses	<u>35,362,628</u>	<u>34,004,166</u>	<u>1,358,462</u>	<u>3.99%</u>
Change in net position	<u>\$ 529,425</u>	<u>\$ 1,896,657</u>	<u>\$ (1,367,232)</u>	<u>-72.09%</u>

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
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Governmental Activities

Local property taxes made up 59.29% of revenues for governmental activities for the South Hunterdon Regional School District for Fiscal Year 2023.

Instruction comprises 56.66% of District expenses. Support services expenses and interest on long-term debt make up 43.34% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 provides a summary of the School District's cost of governmental services in fiscal year ending June 30, 2023 compared to June 30, 2022.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	06/30/23	06/30/22	06/30/23	06/30/22
Instruction	\$ 20,036,299	\$ 20,356,271	\$ 19,165,709	\$ 19,674,412
Support services				
Tuition	1,733,502	1,811,026	1,431,002	1,546,701
Student & instructional staff	5,388,944	5,036,837	4,741,724	4,544,369
General & business administration	1,274,776	1,244,382	1,274,776	1,244,382
School administration	1,176,254	1,293,902	1,176,254	1,227,179
Plant operations & maintenance	2,248,682	2,010,195	2,078,138	1,858,855
Pupil transportation	1,442,380	1,535,434	1,399,068	1,474,335
Food services	469,666	475,274	(38,396)	(117,132)
Interest on long-term debt	1,592,125	240,845	1,592,125	240,845
Total expenses	<u>\$ 35,362,628</u>	<u>\$ 34,004,166</u>	<u>\$ 32,820,400</u>	<u>\$ 31,693,946</u>

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

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

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

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
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Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

The dependence upon tax revenues is apparent. For all activities, general revenue support is 92.93%. The community, as a whole, is the primary support or funding source for the South Hunterdon Regional School District.

The School District's Funds

Information about the School District's major funds starts in the section entitled Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$32,156,608, expenditures of \$34,090,711 and other financing sources of \$33,412,000. The capital fund had the largest change in fund balance of \$31,274,242.

General Fund Budgeting Highlights

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

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

For the general fund, budgetary basis revenue was \$23,125,220, \$534,094 above original budgeted estimates of \$22,591,126. This difference was due primarily to receiving unbudgeted extraordinary aid.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
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Capital Assets

At the end of the fiscal year 2023, the School District had \$24,548,291 invested in land, building, furniture, equipment and vehicles. Table 4 shows June 30, 2023 balances compared to June 30, 2022.

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

	06/30/23	06/30/22	Variance	
			Dollars	Percent
Land	\$ 498,143	\$ 498,143	\$ -	0.00%
Construction in progress	2,484,738	129,885	2,354,853	1813.03%
Buildings & improvements	20,262,685	20,846,771	(584,086)	-2.80%
Furniture & equipment	1,013,483	1,112,474	(98,991)	-8.90%
Vehicles	289,242	397,497	(108,255)	-27.23%
	<u>\$ 24,548,291</u>	<u>\$ 22,984,770</u>	<u>\$ 1,563,521</u>	<u>6.80%</u>

Overall capital assets increased \$1,563,521 from fiscal year 2022 to fiscal year 2023. Increases in capital assets were offset by depreciation expenses for the year.

Long-term liabilities

At June 30, 2023, the School District had \$44,153,588 of outstanding long-term liabilities. This amount is detailed in Table 5 below for June 30, 2022 compared to June 30, 2023.

Table 5
Long-Term Liabilities at Year End

	06/30/23	06/30/22	Variance	
			Dollars	Percent
General obligation bonds payable	\$ 37,822,000	\$ 5,900,000	\$ 31,922,000	541.05%
Compensated absences payable	248,349	220,987	27,362	12.38%
PERS net pension liability	5,046,300	4,000,290	1,046,010	26.15%
Leases payable	162,541	252,184	(89,643)	-35.55%
Bond premium	874,398	399,368	475,030	118.95%
	<u>\$ 44,153,588</u>	<u>\$ 10,772,829</u>	<u>\$ 33,380,759</u>	<u>309.86%</u>

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

For the Future

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

Contacting the School District's Financial Management

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

DISTRICT-WIDE FINANCIAL STATEMENTS

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,406,494	\$ 202,849	\$ 1,609,343
Receivables, net	913,354	3,060	916,414
Inventory	-	24,320	24,320
Restricted assets			
Capital reserve account - cash	2,100,371	-	2,100,371
Maintenance reserve - cash	322,966	-	322,966
Scholarships - cash	50,122	-	50,122
Student activities - cash	183,277	-	183,277
Unemployment claims - cash	296,735	-	296,735
Capital projects - cash	31,511,164	-	31,511,164
Debt service - cash	269	-	269
Capital assets, net			
Land	498,143	-	498,143
Capital assets not being depreciated	2,484,738	-	2,484,738
Other capital assets, net of depreciation	21,476,636	88,774	21,565,410
Total assets	<u>61,244,269</u>	<u>319,003</u>	<u>61,563,272</u>
Deferred outflows of resources			
Deferred amount on pension activity	965,446	-	965,446
Deferred amount on bond premium	299,525	-	299,525
Deferred amount on loss on refunding long-term debt	5,403	-	5,403
Total deferred outflows of resources	<u>1,270,374</u>	<u>-</u>	<u>1,270,374</u>
Liabilities			
Accounts payable	445,975	14,068	460,043
Accrued interest	886,861	-	886,861
Payroll deductions and withholdings payable	124,991	-	124,991
Unearned revenue	1,103,666	11,229	1,114,895
Unemployment compensation claims payable	63,568	-	63,568
Long-term liabilities			
Due within one year	1,650,685	-	1,650,685
Due beyond one year	42,502,903	-	42,502,903
Total liabilities	<u>46,778,649</u>	<u>25,297</u>	<u>46,803,946</u>
Deferred inflows of resources			
Deferred amount on pension liability	858,224	-	858,224
Deferred amount on gain on refunding long-term debt	31,299	-	31,299
Total deferred inflows of resources	<u>889,523</u>	<u>-</u>	<u>889,523</u>

See accompanying notes to the financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Statement of Net Position (continued)
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
Net position			
Net investment in capital assets	\$ 17,723,322	\$ 88,774	\$ 17,812,096
Restricted for			
Capital reserve	2,100,371	-	2,100,371
Maintenance reserve	322,966	-	322,966
Scholarships	47,007	-	47,007
Student activities	186,392	-	186,392
Unemployment claims	242,698	-	242,698
Debt service	269	-	269
Unrestricted			
Food service fund	-	204,932	204,932
General fund	(5,726,014)	-	(5,726,014)
Special revenue fund	(50,540)	-	(50,540)
Total net position	<u>\$ 14,846,471</u>	<u>\$ 293,706</u>	<u>\$ 15,140,177</u>

See accompanying notes to the financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2023

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 7,004,546	\$ 6,415,740	\$ -	\$ 797,196	\$ -	\$ (12,623,090)	\$ -	\$ (12,623,090)
Special education	2,276,155	1,860,836	-	7,311	-	(4,129,680)	-	(4,129,680)
Other special education	771,117	671,322	-	66,083	-	(1,376,356)	-	(1,376,356)
Other instruction	791,280	245,303	-	-	-	(1,036,583)	-	(1,036,583)
Support services								
Tuition	1,733,502	-	-	302,500	-	(1,431,002)	-	(1,431,002)
Students & instruction related services	3,073,154	2,315,790	-	647,220	-	(4,741,724)	-	(4,741,724)
General & business administration services	876,982	397,794	-	-	-	(1,274,776)	-	(1,274,776)
School administration services	717,800	458,454	-	-	-	(1,176,254)	-	(1,176,254)
Plant operations & maintenance	1,944,554	304,128	170,544	-	-	(2,078,138)	-	(2,078,138)
Pupil transportation	1,092,677	349,703	43,312	-	-	(1,399,068)	-	(1,399,068)
Interest on long-term debt	1,592,125	-	-	-	-	(1,592,125)	-	(1,592,125)
Total governmental activities	<u>21,873,892</u>	<u>13,019,070</u>	<u>213,856</u>	<u>1,820,310</u>	<u>-</u>	<u>(32,858,796)</u>	<u>-</u>	<u>(32,858,796)</u>
Business-type activities								
Food service	469,666	-	252,221	255,841	-	-	38,396	38,396
Total business-type activities	<u>469,666</u>	<u>-</u>	<u>252,221</u>	<u>255,841</u>	<u>-</u>	<u>-</u>	<u>38,396</u>	<u>38,396</u>
Total primary government	<u>\$ 22,343,558</u>	<u>\$ 13,019,070</u>	<u>\$ 466,077</u>	<u>\$ 2,076,151</u>	<u>\$ -</u>	<u>(32,858,796)</u>	<u>38,396</u>	<u>(32,820,400)</u>
			General revenues, special items and transfers					
						19,630,576	-	19,630,576
						1,346,401	-	1,346,401
						12,196,442	-	12,196,442
						44,043	1,628	45,671
						130,643	92	130,735
						<u>33,348,105</u>	<u>1,720</u>	<u>33,349,825</u>
						489,309	40,116	529,425
						14,357,162	253,590	14,610,752
						<u>\$ 14,846,471</u>	<u>\$ 293,706</u>	<u>\$ 15,140,177</u>

See accompanying notes to the financial statements.

FUND FINANCIAL STATEMENTS

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,406,494	\$ -	\$ -	\$ -	\$ 1,406,494
Due from other funds	499,031	-	-	-	499,031
Receivables from other governments					
State	144,073	-	-	-	144,073
Federal	-	585,151	-	-	585,151
Other accounts receivable	184,130	-	-	-	184,130
Restricted cash and cash equivalents	2,720,072	233,399	31,511,164	269	34,464,904
Total assets	\$ 4,953,800	\$ 818,550	\$ 31,511,164	\$ 269	\$ 37,283,783
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ -	\$ 499,031	\$ -	\$ -	\$ 499,031
Accounts payable	185,958	23,095	236,922	-	445,975
Payroll deductions and withholdings payable	124,991	-	-	-	124,991
Unearned revenue	990,101	113,565	-	-	1,103,666
Unemployment compensation claims payable	63,568	-	-	-	63,568
Total liabilities	1,364,618	635,691	236,922	-	2,237,231

See accompanying notes to the financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances					
Fund balances					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures	\$ 151,501	\$ -	\$ -	\$ -	\$ 151,501
Excess surplus - current year	154,124	-	-	-	154,124
Capital reserve	2,100,371	-	-	-	2,100,371
Maintenance reserve	322,966	-	-	-	322,966
Scholarships	-	47,007	-	-	47,007
Student activities	-	186,392	-	-	186,392
Unemployment claims	242,698	-	-	-	242,698
Capital projects	-	-	31,274,242	-	31,274,242
Committed fund balance					
Year-end encumbrances	123,504	-	-	-	123,504
Assigned fund balance					
Debt service fund balance	-	-	-	269	269
Designated for subsequent year's expenditures	139,945	-	-	-	139,945
Unassigned fund balance	354,073	(50,540)	-	-	303,533
Total fund balances	3,589,182	182,859	31,274,242	269	35,046,552
 Total liabilities and fund balances	 \$ 4,953,800	 \$ 818,550	 \$ 31,511,164	 \$ 269	

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

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$39,104,285 and the accumulated depreciation is \$14,644,768.	24,459,517
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.	380,851
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(44,153,588)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(886,861)
Total net position of governmental activities	\$ 14,846,471

See accompanying notes to the financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 19,630,576	\$ -	\$ -	\$ 1,346,401	\$ 20,976,977
Transportation fees	43,312	-	-	-	43,312
Interest	44,043	-	-	-	44,043
Rents and royalties	170,544	-	-	-	170,544
Miscellaneous	130,643	214,546	-	-	345,189
Total local sources	20,019,118	214,546	-	1,346,401	21,580,065
State sources	8,558,551	485,171	-	347,734	9,391,456
Federal sources	64,494	1,120,593	-	-	1,185,087
Total revenues	28,642,163	1,820,310	-	1,694,135	32,156,608
Expenditures					
Current					
Instructional					
Regular instruction	6,227,398	841,889	-	-	7,069,287
Special education instruction	2,268,844	7,311	-	-	2,276,155
Other special instruction	671,716	99,401	-	-	771,117
Other instruction	791,280	-	-	-	791,280
Support service & undistributed costs					
Tuition	1,431,002	302,500	-	-	1,733,502
Student & instruction related services	2,505,238	567,916	-	-	3,073,154
General & business administrative services	876,982	-	-	-	876,982
School administrative services	717,800	-	-	-	717,800
Plant operations & maintenance	1,944,554	-	-	-	1,944,554
Pupil transportation	1,117,579	-	-	-	1,117,579
Unallocated benefits	9,188,171	112,360	-	-	9,300,531

See accompanying notes to the financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 571,120	\$ 2,206	\$ 2,137,758	\$ -	\$ 2,711,084
Debt service					
Principal	-	-	-	1,490,000	1,490,000
Interest & other charges	13,746	-	-	203,940	217,686
Total expenditures	<u>28,325,430</u>	<u>1,933,583</u>	<u>2,137,758</u>	<u>1,693,940</u>	<u>34,090,711</u>
Excess (deficit) of revenues over (under) expenditures	<u>316,733</u>	<u>(113,273)</u>	<u>(2,137,758)</u>	<u>195</u>	<u>(1,934,103)</u>
Other financing sources (uses)					
Bond proceeds	-	-	33,412,000	-	33,412,000
Operating transfers in (out)	(126,351)	126,351	-	-	-
Total other financing sources (uses)	<u>(126,351)</u>	<u>126,351</u>	<u>33,412,000</u>	<u>-</u>	<u>33,412,000</u>
Net change in fund balance	190,382	13,078	31,274,242	195	31,477,897
Fund balances, July 1	<u>3,398,800</u>	<u>169,781</u>	<u>-</u>	<u>74</u>	<u>3,568,655</u>
Fund balances, June 30	<u><u>\$ 3,589,182</u></u>	<u><u>\$ 182,859</u></u>	<u><u>\$ 31,274,242</u></u>	<u><u>\$ 269</u></u>	<u><u>\$ 35,046,552</u></u>

See accompanying notes to the financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023

Total net changes in fund balances - Governmental fund (from B-2) \$ 31,477,897

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

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

Capital outlays	\$ 2,711,084	
Depreciation expense	<u>(1,144,955)</u>	1,566,129

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

Debt principal payments	1,490,000	
Lease payments	<u>89,643</u>	1,579,643

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

Amortization of bond premium	99,843	
Bond premium	<u>(574,873)</u>	(475,030)

In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item. (808,198)

In the Statement of Activities, deferred outflows and inflows from a refunding issue is amortized over the remaining life of the old or new debt, whichever is shorter. (91,211)

See accompanying notes to the financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities (continued)
For the Fiscal Year Ended June 30, 2023

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. \$ 679,441

Proceeds from debt issues are financing sources in the government funds. They are not revenue in the Statements of Activities. The issuance of debt increase long-term liabilities in the Statement of Net Position:
Proceeds of bond sale (33,412,000)

In the Statement of Activities, compensated absences and early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. (27,362)

Change in net position of governmental activities \$ 489,309

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2023

	<u>Food Service Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 202,849
Receivable from other Governments	
State	92
Federal	2,968
Inventory	24,320
Total current assets	<u>230,229</u>
Noncurrent assets	
Capital assets	240,437
Less: accumulated depreciation	151,663
Total noncurrent assets	<u>88,774</u>
Total assets	<u>319,003</u>
Liabilities	
Current liabilities	
Accounts payable	14,068
Unearned revenues - commodities	6,677
Unearned revenues - prepaid sales	4,552
Total liabilities	<u>25,297</u>
Net position	
Invested in capital assets, net of related debt	88,774
Unrestricted	204,932
Total net position	<u>\$ 293,706</u>

See accompanying notes to the financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2023

	Food Service Fund
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 123,417
Daily sales - non-reimbursable programs	128,804
Total operating revenues	252,221
Operating expenses	
Cost of sales - reimbursable programs	115,689
Cost of sales - non-reimbursable programs	66,843
Commodity food costs	38,836
Salaries	146,567
Supports services - employee benefits	21,880
Purchased professional/technical services	1,812
Purchased property services	17,903
Other purchased services	
Insurance	21,408
Management fee	24,365
Supplies and materials	1,076
Depreciation	12,543
Miscellaneous expenditures	744
Total operating expenses	469,666
Operating income (loss)	(217,445)

See accompanying notes to the financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position (continued)
For the Fiscal Year Ended June 30, 2023

	Food Service Fund
Non-operating revenues (expenses)	
State sources	
State school lunch program	\$ 5,691
State school breakfast program	392
Federal sources	
National school breakfast program	
Cash assistance	23,742
National school lunch program	
Cash assistance	135,172
Non-cash assistance (commodities)	38,836
Supply chain assistance	52,008
Other sources	
Interest earned on investments	1,628
Miscellaneous	92
Total non-operating revenues (expenses)	257,561
Change in net position	40,116
Net position, beginning	253,590
Net position, ending	\$ 293,706

See accompanying notes to the financial statements.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023

	Food Service Fund
Cash flows from operating activities	
Receipts from customers	\$ 249,927
Payments to Food Service Management Company	(440,184)
Payments to vendors (net)	(744)
Net cash provided by (used for) operating activities	(191,001)
Cash flows from non-capital financing activities	
State sources	6,540
Federal sources	238,544
Interfund receipts	62,831
Miscellaneous	92
Net cash provided by (used for) non-capital financing activities	308,007
Cash flows from capital financing activities	
Acquisition of equipment	(9,935)
Net cash provided by (used for) capital financing activities	(9,935)
Cash flows from investing activities	
Interest earned on investments	1,628
Net cash provided by (used for) investing activities	1,628
Net increase (decrease) in cash and cash equivalents	108,699
Cash and cash equivalents, beginning	94,150
Cash and cash equivalents, ending	\$ 202,849
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (217,445)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	12,543
Federal food donation program	38,836
Increase (decrease) in accounts payable	(12,144)
(Increase) decrease in inventory	(13,837)
Increase (decrease) in deferred revenue	1,046
Net cash provided by (used for) operating activities	\$ (191,001)

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

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

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

A. Reporting entity

The District is a Type II District located in the County of Hunterdon, State of New Jersey. As a Type II District, the school district functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the District is to educate students in Grades K-12. The District serves the communities of the Borough of Stockton, City of Lambertville and Township of West Amwell. The District had an approximate enrollment at June 30, 2023 of 807 students.

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

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

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

Additionally, the District reports the following fund types:

Proprietary fund types

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

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

Equipment	12 - 20 years
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Fiduciary fund types

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

D. Budgets/budgetary control

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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

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

E. Encumbrances

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

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

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

F. Tuition receivable

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

G. Tuition payable

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

H. Short-term interfund receivable and payables

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the School District until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

J. Capital assets

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

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

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

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

K. Compensated absences

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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

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

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

L. Unearned revenue

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

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

M. Long-term obligations

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Net position

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

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

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

O. Fund balances - governmental funds

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

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

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

P. Use of estimates

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

Q. Allocation of indirect expenses

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

R. Deferred outflows/inflows of resources

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

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

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

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

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

Note 3 - Deposits and cash equivalents and investments

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

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

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

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

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

As of June 30, 2023, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	5,923,166
Deposits with NJARM	30,412,000
Total bank balances	\$ 36,585,166

Deposits at June 30, 2023 appear in the financial statements as summarized below:

Cash and investments		\$ 36,074,247
	<u>Ref.</u>	
Unrestricted cash		
Governmental funds, Balance Sheet	B-1	\$ 1,406,494
Enterprise funds, Statement of Net Position	B-4	202,849
Restricted cash		
Governmental funds, Balance Sheet	B-1	34,464,904
Total cash		\$ 36,074,247

Investments

In order to maximize liquidity, the District utilizes the New Jersey Asset and Rebate Management fund (NJARM).

The NJARM, which is an investment pool managed by Public Financial Management Company. NJARM allows governments within the state to pool their funds for investment purposes and the Security and Exchange Commission (SEC) does not restrict the pool. Earnings are allocated to all participants based upon shares held in the pool and distributed on the last day of each month. In addition, the fair value of the District's portion of the pool is the same as the value of its shares. Agencies that participate in the NJARM typically earn returns that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJARM without penalty. At June 30, 2023, the District's balance was \$30,412,000 with NJARM, The NJARM Joint Account portfolio is rated AAA by Standard & Poor's.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

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

Investments (continued)

Additionally, as of June 30, 2023, the District had one annuity with a cash value of \$28,995 and a surrender value of \$28,995. These funds were uninsured and uncollateralized.

Note 4 - Capital assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated or amortized				
Land	\$ 498,143	\$ -	\$ -	\$ 498,143
Construction in progress	129,885	2,354,853	-	2,484,738
Total	<u>628,028</u>	<u>2,354,853</u>	<u>-</u>	<u>2,982,881</u>
Capital assets, being depreciated or amortized				
Building & improvements	32,091,889	255,476	-	32,347,365
Furniture & equipment	2,344,254	100,755	-	2,445,009
Vehicles	1,329,030	-	-	1,329,030
Total	<u>35,765,173</u>	<u>356,231</u>	<u>-</u>	<u>36,121,404</u>
Accumulated depreciation or amortization				
Building & improvements	11,245,118	839,562	-	12,084,680
Furniture & equipment	1,323,162	197,138	-	1,520,300
Vehicles	931,533	108,255	-	1,039,788
Total	<u>13,499,813</u>	<u>1,144,955</u>	<u>-</u>	<u>14,644,768</u>
Total capital assets, being depreciated or amortized, net	<u>22,265,360</u>	<u>(788,724)</u>	<u>-</u>	<u>21,476,636</u>
Governmental activities capital assets, net	<u>\$ 22,893,388</u>	<u>\$ 1,566,129</u>	<u>\$ -</u>	<u>\$ 24,459,517</u>

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 249,302	\$ 9,935	\$ 18,800	\$ 240,437
Less: accumulated depreciation or amortization	157,920	12,543	18,800	151,663
Business type activities capital assets, net	<u>\$ 91,382</u>	<u>\$ (2,608)</u>	<u>\$ -</u>	<u>\$ 88,774</u>

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

Instruction	
Regular	\$ 434,239
Special education	141,738
Other special instruction	45,943
Other instruction	49,274
Support services	
Student & instruction	107,947
General & business administration	191,368
School administration	54,611
Plant maintenance	11,580
Transportation	108,255
Total depreciation expense, governmental activities	<u>\$ 1,144,955</u>

Note 5 - Long-term debt

Long-term liability activity for the fiscal year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 5,900,000	\$ 33,412,000	\$ 1,490,000	\$ 37,822,000	\$ 1,435,000
Compensated absences payable	220,987	27,362	-	248,349	7,492
PERS net pension liability	4,000,290	1,046,010	-	5,046,300	-
Leases Payable	252,184	-	89,643	162,541	89,188
Bond premium	399,368	574,873	99,843	874,398	119,005
Total governmental activities long-term liabilities	<u>\$ 10,772,829</u>	<u>\$ 35,060,245</u>	<u>\$ 1,679,486</u>	<u>\$ 44,153,588</u>	<u>\$ 1,650,685</u>

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2023, including interest payments are listed as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,435,000	\$ 1,810,011	\$ 3,245,011
2025	2,117,000	1,318,646	3,435,646
2026	2,110,000	1,246,885	3,356,885
2027	1,025,000	1,167,888	2,192,888
2028	1,050,000	1,134,169	2,184,169
2029 - 2033	5,625,000	5,136,624	10,761,624
2034 - 2038	6,085,000	4,173,050	10,258,050
2039 - 2043	6,125,000	3,060,203	9,185,203
2044 - 2048	6,125,000	1,837,500	7,962,500
2049 - 2053	6,125,000	612,500	6,737,500
Total	<u>\$ 37,822,000</u>	<u>\$ 21,497,476</u>	<u>\$ 59,319,476</u>

General Obligation Bonds - General obligation school building bonds payable at June 30, 2023, with their outstanding balances are comprised of the following individual issues:

\$33,412,000 - 2023 school bonds, interest at 3.00% to 4.00%, due in annual installments beginning July 15, 2024 to July 15, 2052.	\$ 33,412,000
\$9,600,000 - 2014 refunding school bonds, interest at 4.00%, due in annual installments beginning February 15, 2017 to February 15, 2026.	3,235,000
\$3,375,000 - 2015 refunding school bonds, interest at 2.15%, due in annual installments beginning February 15, 2015 to February 15, 2026.	<u>1,175,000</u>
Total	<u>\$ 37,822,000</u>

The general obligation bonded debt of the District is limited by state law to 4% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2023 is \$62,308,985. General obligation debt at June 30, 2023 is \$37,822,000, resulting in a legal debt margin of \$24,486,985.

Leases payable - Leases payable at June 30, 2023, with their outstanding balances are comprised of the following:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 89,188	\$ 3,476	\$ 92,664
2025	23,876	1,752	25,628
2026	24,447	1,181	25,628
2027	25,030	598	25,628
Total	<u>\$ 162,541</u>	<u>\$ 7,007</u>	<u>\$ 169,548</u>

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 -	<u>Long-term debt (continued)</u>	
	\$121,575 - Lease commencing 5/3/22, 2.388% interest, due in annual installments beginning August 1, 2022 to August 1, 2026.	\$ 96,673
	\$169,112 - Lease commencing 1/1/22, 6.264% interest, due in annual installments beginning March 1, 2022 to March 1, 2024.	56,614
	\$27,796 - Lease commencing 10/1/21, 1.040% interest, due in annual installments beginning October 1, 2021 to October 1, 2023.	9,254
	Total	\$ 162,541

Note 6 - Pension plans

Description of systems

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

A. Public employees' retirement systems (PERS)

Plan description

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

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

The following represents the membership tiers for PERS:

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Plan description (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 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective Tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective Tier.

Allocation methodology and reconciliation to financial statements

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedule of pension amounts by employer and nonemployer. The allocation percentages for each group as of June 30, 2022 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2022 measurement date.

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For State fiscal year 2022, the State's pension contribution was less than the actuarial determined amount.

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

The District's contractually required contribution rate for the year ended June 30, 2023 was 16.56% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

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

Special funding situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation 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 related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Special funding situation (continued)

In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of the measurement date of June 30, 2022:

Net pension liability	\$	5,046,300
Proportionate share		0.0334382984%
Plan fiduciary net position as a percentage of the total pension liability		62.91%

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:

Inflation rate		
Price		2.75%
Wage		3.25%
Salary increases (based on years of service)		2.75 - 6.55%
Investment rate of return		7.00%

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (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 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
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 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 projected benefit payments and the municipal bond rate was applied to all projected benefit payments to determine the total pension liability.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

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

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

District's proportionate share of the net pension liability

At current discount rate (7.00%)	\$ 5,046,300
At a 1% lower rate (6.00%)	6,537,921
At a 1% higher rate (8.00%)	3,855,977

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2022 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 36,422	\$ 32,119
Changes of assumptions	15,635	755,631
Net difference between projected and actual earnings on pension plan investments	208,862	-
Changes in proportion and differences between district contributions and proportionate share of contributions	282,854	70,474
District contributions subsequent to the measurement date	421,673	-
Total	\$ 965,446	\$ 858,224

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e., for the school year ended June 30, 2023, the Plan measurement date is June 30, 2022) of \$421,673 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Collective deferred outflows of resources and deferred inflows of resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2022 measurement date:

	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 63,090	\$ (26,668)	\$ 36,422
Changes of assumptions	20,833	(5,198)	15,635
Differences between expected and experience	-	208,862	208,862
Deferred inflows of resources			
Differences between expected and actual experience	(28,637)	(3,482)	(32,119)
Changes of assumptions	(1,424,129)	668,498	(755,631)
Difference between projected and actual earnings on pension plan investments	(1,053,782)	1,053,782	-
Net of deferred outflows	<u>\$ (2,422,625)</u>	<u>\$ 1,895,794</u>	<u>\$ (526,831)</u>

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

<u>Fiscal Year Ended June 30,</u>	
2023	\$ (432,866)
2024	(220,531)
2025	(107,549)
2026	234,630
2027	(515)
Total	<u>\$ (526,831)</u>

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Pension expense (benefit)

For the fiscal year ended June 30, 2023, the District recognized net pension expense (benefit) of \$298,899, which represents the District's proportionate share of allocable plan pension expense (benefit) of (\$365,457), plus the net amortization of deferred amounts from changes in proportion of \$690,570, and plus other adjustments to the net pension liability of (\$26,214). The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2022 measurement date are as follows:

Service cost	\$	243,237
Interest on total pension liability		975,561
Benefit changes		2,831
Member contributions		(202,847)
Administrative expense		4,356
Expected investment return net of investment expense		(651,217)
Pension expense related to specific liabilities of individual employers		(3,494)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		11,549
Changes of assumptions		(729,236)
Difference between projected and actual investment earnings on pension plan investments		(16,197)
Pension expense (benefit)	\$	<u>(365,457)</u>

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

Plan description

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Plan description (continued)

The following represents the membership tiers for TPAF:

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

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

Contributions

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

Special funding situation

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Special funding situation (continued)

During the State fiscal year ended June 30, 2022, the State of New Jersey contributed \$3,579,568 to the TPAF for normal pension benefits on behalf of the District.

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

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2022 measurement date is as follows:

District proportionate share of net pension liability	\$ 65,168,831
Less: State proportionate share of net pension liability	21,041,080
Net pension liability	\$ 44,127,751
 Proportionate share	 0.0855281534%
 Plan fiduciary net position as a percentage of the total pension liability	 32.29%

Actuarial assumptions

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 (based on years of service)	2.75 - 5.65%
 Investment rate of return	 7.00%

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Actuarial assumptions (continued)

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
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 after that date in determining the total pension liability.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

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

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

District's proportionate share of the net pension liability

At current discount rate (7.00%)	\$	44,127,751
At a 1% lower rate (6.00%)		51,740,726
At a 1% higher rate (8.00%)		37,714,776

Pension expense (benefit)

The components of allocable pension expense (benefit), which exclude amounts related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2022 measurement date are as follows:

Service cost	\$	1,020,475
Interest on total pension liability		4,395,105
Benefit changes		-
Member contributions		(774,786)
Administrative expense		10,790
Expected investment return net of investment expense		(1,693,457)
Pension expense related to specific liabilities of individual employers		(338)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		171,373
Changes of assumptions		(2,046,389)
Difference between projected and actual investment earnings on pension plan investments		104,828
Pension expense (benefit)	\$	1,187,601

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$9,000 in 2023) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcprp.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

C. Defined contribution retirement program (continued)

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ended 2023 was \$12,683.

D. Other pension plan information

During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$987,160 to the TPAF for postretirement medical benefits, \$51,422 for non-contributory insurance premiums, \$1,587 for long-term disability insurance, and \$3,706,360 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$760,949 during the year ended June 30, 2023 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement No. 68.

Note 7 - Postretirement benefits

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits. In fiscal year 2022, the State paid OPEB benefits for 161,238 State and local retirees.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), and the Alternate Benefit Program (ABP).

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

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

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. The State, as a non-employer contributing entity, reported a Fiscal Year 2022 total OPEB liability of \$50,646,462,966 for this special funding situation.

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

Total OPEB liability

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

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

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District’s proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2022 measurement date is as follows:

State’s proportionate share of the OPEB liability	\$	50,646,462,966
District’s proportionate share of the State’s OPEB liability		41,674,095
Employer OPEB expense and related revenue		2,038,062
 Allocable proportionate percentage		 0.0822843148%

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)
Changes in the total OPEB liability

	<u>Total OPEB Liability</u>
Total OPEB liability at June 30, 2021	\$ 48,574,722
Service cost	2,428,361
Interest cost	1,104,409
Change of benefit terms	-
Differences between expected and actual experiences	1,804,908
Changes of assumptions	(11,179,450)
Member contributions	35,095
Gross benefit payments	(1,093,950)
Total OPEB liability at June 30, 2022	\$ 41,674,095

There were no changes of the benefit terms from June 30, 2021 to June 30, 2022.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% as of the June 30, 2021 Plan measurement date to 3.54% as of the June 30, 2022 Plan measurement date.

The total non-employer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which 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:

	<u>TPAF</u>	<u>PERS</u>
	(based on years of service)	(based on years of service)
Salary increases	2.75% - 4.25%	2.75% - 6.55%

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience studies for the periods July 1, 2018 - June 30, 2021 for TPAF and PERS.

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 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%.

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.

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

The following presents the total non-employer OPEB liability as of June 30, 2022 measurement date, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB liability (school retirees)

At current discount rate (3.54%)	\$ 41,674,095
At a 1% lower rate (2.54%)	48,983,515
At a 1% higher rate (4.54%)	35,815,960

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

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

Total OPEB liability (school retirees)

Healthcare cost trend rate	\$ 41,674,095
At a 1% lower rate (1% decrease)	34,446,187
At a 1% higher rate (1% increase)	51,168,391

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

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

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$2,038,062 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a Trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

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

Note 8 - Deferred compensation

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

- Equitable
- Lincoln Investment Planning

Note 9 - Inventory

Inventory in the food service fund as of June 30, 2023 consisted of the following:

Food	\$	19,379
Supplies		4,941
Total	\$	24,320

Note 10 - Contingent liabilities

Litigation

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

Grantor agencies

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

Note 11 - Risk management

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 11 - Risk management (continued)

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

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

Fiscal Year	Other	Interest Earnings	Employee Contrib.	Amount Reimbursed	Ending Balance Available for Claims
2022 - 2023	\$ -	\$ 2,181	\$ 26,698	\$ 10,208	\$ 306,266
2021 - 2022	-	279	24,541	440	287,595
2020 - 2021	18,094	311	22,977	-	263,215

Note 12 - Reserve accounts

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 12 - Reserve accounts (continued)

Districts are allowed as per N.J.S.A. 18A:7F-41(a) and 41(b) to deposit to the reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$1,125,000 to the capital reserve account and \$15,000 to the maintenance reserve account by Board Resolution in June 2023 as summarized in the following schedule. The following schedule is a summarization of the reserve accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 1,514,730	\$ 1,125,000	\$ 7,641	\$ -	\$ 547,000	\$ 2,100,371
Maintenance	328,615	15,000	2,351	-	23,000	322,966
Total	<u>\$ 1,843,345</u>	<u>\$ 1,140,000</u>	<u>\$ 9,992</u>	<u>\$ -</u>	<u>\$ 570,000</u>	<u>\$ 2,423,337</u>

Note 13 - Interfund receivables and payables

The composition of interfund balances as of June 30, 2023 is as follows:

	Receivable	Payable
General fund	\$ 499,031	\$ -
Special revenue fund	-	499,031
Total	<u>\$ 499,031</u>	<u>\$ 499,031</u>

As of June 30, 2023, the following interfund balances were on the District's records. The balance due from the special revenue fund to the general fund represents a loan from the general fund of \$499,031 due to cash flow issues relating to the delayed receipt of grant revenues.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 14 - Fund balances

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2023 is as follows:

Restricted

Excess surplus - designated for subsequent year's expenditures. Amount appropriated in the succeeding year's budget to reduce tax requirements.	\$ 151,501
Excess surplus - represents amount in excess of allowable percentage of expenditures. In accordance with State statute, the excess surplus is designated for utilization in succeeding year's budgets.	154,124
Capital reserve account - represents funds restricted to capital projects in the Districts long range facilities plan.	2,100,371
Maintenance reserve account - represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	322,966
Unemployment - represents funds accumulated for future unemployment claims.	242,698
Committed	
Year-end encumbrance - represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	123,504
Assigned	
Designated for subsequent year's expenditures	139,945
Unassigned	
Undesignated - represents fund balance which has not been restricted or designated.	599,368
Total fund balance - budgetary basis (Exhibit C-1)	3,834,477
Last state aid payments not recognized on GAAP basis	(245,295)
Total fund balance - GAAP basis (Exhibit B-1)	\$ 3,589,182

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2023 is \$154,124.

Note 16 - Recent accounting pronouncements not yet effective

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 16 - Recent accounting pronouncements not yet effective (continued)

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement is effective for reporting periods beginning after December 15, 2023. The District is evaluating the effect of the pronouncement on financial reporting.

Note 17 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2023 of (\$5,726,014) on Schedule A-1 Statement of Net Position. The deficit balance is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Note 18 - Deficit unassigned fund balance in the special revenue fund

The District has a deficit unassigned fund balance of (\$50,540) in the special revenue fund as of June 30, 2023 as reported in the fund statements. PL 2005, Chapter 97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For inter-governmental transactions, GASB Statement No. 33 requires the recognition (revenue, expenditure, asset and liability) should be in symmetry, (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State is recording the last state aid payment in the subsequent fiscal year, the School District cannot recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the special revenue fund balance deficit does not alone indicate that the District is facing financial difficulties.

Note 19 - Subsequent events

The District has evaluated subsequent events through December 4, 2023, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenue					
Local sources					
Local tax levy	\$ 19,630,576	\$ -	\$19,630,576	\$19,630,576	\$ -
Transportation fees from other LEAs	47,000	-	47,000	43,312	(3,688)
Rents and royalties	-	-	-	170,544	170,544
Unrestricted miscellaneous revenues	185,850	-	185,850	162,513	(23,337)
Interest earned on maintenance reserve	100	-	100	2,351	2,251
Interest earned on capital reserve funds	1,000	-	1,000	7,641	6,641
Other restricted miscellaneous revenues	-	-	-	2,181	2,181
Total	<u>19,864,526</u>	<u>-</u>	<u>19,864,526</u>	<u>20,019,118</u>	<u>154,592</u>
State sources					
School Choice Aid	1,399,094	-	1,399,094	1,399,094	-
Categorical Transportation Aid	351,714	-	351,714	351,714	-
Extraordinary Aid	-	-	-	128,314	128,314
Categorical Special Education Aid	820,333	-	820,333	820,333	-
Categorical Security Aid	125,891	-	125,891	125,891	-
Other State Aid	-	-	-	12,168	12,168
State reimbursements from Securing Our Children's Future Bond Act	-	-	-	204,094	204,094
TPAF Pension (on-behalf)	-	-	-	3,706,360	3,706,360
TPAF Non-contributory insurance	-	-	-	51,422	51,422
TPAF Social Security (reimbursed)	-	-	-	760,949	760,949
TPAF Postretirement benefits	-	-	-	987,160	987,160
TPAF Long-term disability insurance	-	-	-	1,587	1,587
Total	<u>2,697,032</u>	<u>-</u>	<u>2,697,032</u>	<u>8,549,086</u>	<u>5,852,054</u>
Federal Sources					
Medicaid reimbursement	29,568	-	29,568	64,494	34,926
Total	<u>29,568</u>	<u>-</u>	<u>29,568</u>	<u>64,494</u>	<u>34,926</u>
Total revenues	<u>\$ 22,591,126</u>	<u>\$ -</u>	<u>\$22,591,126</u>	<u>\$28,632,698</u>	<u>\$ 6,041,572</u>

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures					
Current					
Instruction - regular program					
Salaries of Teachers					
Kindergarten	\$ 378,434	\$ 2,428	\$ 380,862	\$ 376,379	\$ 4,483
Grades 1-5	1,854,604	(8,126)	1,846,478	1,846,478	-
Grades 6-8	1,624,397	(37,714)	1,586,683	1,486,049	100,634
Grades 9-12	2,006,892	(13,037)	1,993,855	1,942,685	51,170
Home instruction					
Salaries of Teachers	7,200	10,505	17,705	17,705	-
Regular programs - undistributed instruction					
Other salaries for instruction	1,000	-	1,000	-	1,000
Purchased professional - educational services	-	1,112	1,112	1,112	-
Purchased technical services	212,555	(46,242)	166,313	160,535	5,778
Other purchased services	175,800	(6,923)	168,877	148,721	20,156
General supplies	196,671	33,302	229,973	214,421	15,552
Textbooks	55,557	(14,813)	40,744	33,313	7,431
Total	<u>6,513,110</u>	<u>(79,508)</u>	<u>6,433,602</u>	<u>6,227,398</u>	<u>206,204</u>
Special education					
Learning and/or language disabilities					
Salaries of Teachers	204,795	23,586	228,381	228,381	-
Other purchased services	5,000	(3,721)	1,279	-	1,279
General supplies	750	-	750	338	412
Total	<u>210,545</u>	<u>19,865</u>	<u>230,410</u>	<u>228,719</u>	<u>1,691</u>
Resource room/resource center					
Salaries of Teachers	1,529,091	20,470	1,549,561	1,549,561	-
Other salaries for instruction	582,693	(87,454)	495,239	485,864	9,375
Other purchased services	-	2	2	-	2
General supplies	2,900	2,034	4,934	4,700	234
Total	<u>2,114,684</u>	<u>(64,948)</u>	<u>2,049,736</u>	<u>2,040,125</u>	<u>9,611</u>
Total special education	<u>2,325,229</u>	<u>(45,083)</u>	<u>2,280,146</u>	<u>2,268,844</u>	<u>11,302</u>
Basic skills/remedial					
Salaries of Teachers	208,769	25,965	234,734	234,734	-
General supplies	-	202	202	202	-
Total	<u>208,769</u>	<u>26,167</u>	<u>234,936</u>	<u>234,936</u>	<u>-</u>
Bilingual education - instruction					
Salaries of Teachers	449,008	(11,846)	437,162	436,780	382
Total	<u>449,008</u>	<u>(11,846)</u>	<u>437,162</u>	<u>436,780</u>	<u>382</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	164,000	17,045	181,045	181,045	-
Purchased services	-	550	550	369	181
Supplies and materials	8,050	(1,068)	6,982	6,982	-
Other objects	500	-	500	465	35
Total	<u>172,550</u>	<u>16,527</u>	<u>189,077</u>	<u>188,861</u>	<u>216</u>

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
School-sponsored athletics - instruction					
Salaries	\$ 412,062	\$ 45,000	\$ 457,062	\$ 455,872	\$ 1,190
Purchased services	44,000	13,161	57,161	56,957	204
Supplies and materials	57,793	(10,305)	47,488	46,788	700
Other objects	9,500	210	9,710	9,710	-
Total	<u>523,355</u>	<u>48,066</u>	<u>571,421</u>	<u>569,327</u>	<u>2,094</u>
Summer school - instruction					
Salaries of Teachers	43,062	-	43,062	33,092	9,970
Total	<u>43,062</u>	<u>-</u>	<u>43,062</u>	<u>33,092</u>	<u>9,970</u>
Total summer school	<u>43,062</u>	<u>-</u>	<u>43,062</u>	<u>33,092</u>	<u>9,970</u>
Total instruction regular	<u>\$ 10,235,083</u>	<u>\$ (45,677)</u>	<u>\$10,189,406</u>	<u>\$ 9,959,238</u>	<u>\$ 230,168</u>
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the State - regular	\$ 55,000	\$ (50,860)	\$ 4,140	\$ 4,140	\$ -
Tuition to other LEAs within the State - special	-	39,983	39,983	37,302	2,681
Tuition to county vocational school district - regular	167,025	43,163	210,188	180,522	29,666
Tuition to county vocational school district - special	38,640	(32,285)	6,355	400	5,955
Tuition to cssd & regional day schools	140,657	35,416	176,073	139,890	36,183
Tuition to priv. school for the disabled w/i state	983,080	(87,863)	895,217	886,260	8,957
Tuition to priv. sch. disabled & other LEAs-spl, o/s state	66,000	-	66,000	60,970	5,030
Tuition - other	122,879	903	123,782	121,518	2,264
Total	<u>1,573,281</u>	<u>(51,543)</u>	<u>1,521,738</u>	<u>1,431,002</u>	<u>90,736</u>
Undistributed expenditures - attendance & social work					
Salaries	105,119	-	105,119	104,776	343
Total	<u>105,119</u>	<u>-</u>	<u>105,119</u>	<u>104,776</u>	<u>343</u>
Undistributed expenditures - health services					
Salaries	221,080	(16,429)	204,651	204,651	-
Purchased professional and technical services	3,500	15,864	19,364	19,364	-
Other purchased services	2,000	1,698	3,698	3,698	-
Supplies and materials	10,290	1,408	11,698	11,698	-
Total	<u>236,870</u>	<u>2,541</u>	<u>239,411</u>	<u>239,411</u>	<u>-</u>
Undistributed expenditures - speech, ot, pt & related services					
Salaries	195,494	12,571	208,065	207,629	436
Purchased professional - educational services	41,000	(7,166)	33,834	33,117	717
Supplies and materials	900	-	900	789	111
Other objects	750	(276)	474	-	474
Total	<u>238,144</u>	<u>5,129</u>	<u>243,273</u>	<u>241,535</u>	<u>1,738</u>
Undistributed expenditures - other supp. service stds. - extra service					
Salaries	10,705	585	11,290	11,290	-
Total	<u>10,705</u>	<u>585</u>	<u>11,290</u>	<u>11,290</u>	<u>-</u>

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Undistributed expenditures - guidance					
Salaries of other Professional Staff	\$ 471,805	\$ (585)	\$ 471,220	\$ 466,336	\$ 4,884
Salaries of Secretarial and Clerical Assistants	101,274	-	101,274	100,262	1,012
Purchased professional - educational services	3,500	(380)	3,120	2,574	546
Other purchased professional & technical services	4,000	-	4,000	1,617	2,383
Other purchased services	2,000	(1,141)	859	859	-
Supplies and materials	2,250	2,271	4,521	3,452	1,069
Other objects	1,750	(750)	1,000	40	960
Total	586,579	(585)	585,994	575,140	10,854
Undistributed expenditures - child study teams					
Salaries of other Professional Staff	366,142	54,342	420,484	418,735	1,749
Salaries of Secretarial and Clerical Assistants	100,721	1	100,722	100,337	385
Purchased professional - educational services	13,000	4,731	17,731	17,731	-
Other purchased professional & technical services	41,910	(19,008)	22,902	18,205	4,697
Other purchased services	1,500	(777)	723	145	578
Supplies and materials	5,000	2,411	7,411	7,370	41
Other objects	2,000	(563)	1,437	731	706
Total	530,273	41,137	571,410	563,254	8,156
Undistributed expenditures - improvement of inst. service					
Salaries of Supervisor of Instruction	314,995	(98,557)	216,438	214,307	2,131
Salaries of other Professional Staff	10,000	(6,574)	3,426	2,100	1,326
Salaries of Secretarial & Clerical Assist	101,274	-	101,274	100,003	1,271
Salaries of facilitators, math & literacy coaches	-	99,974	99,974	95,410	4,564
Other purchased professional & technical services	5,000	(885)	4,115	3,172	943
Other purchased services	1,000	1,035	2,035	2,035	-
Supplies and materials	1,000	(150)	850	488	362
Other objects	2,000	-	2,000	1,009	991
Total	435,269	(5,157)	430,112	418,524	11,588
Undistributed expenditures - edu. media service/sch. library					
Salaries	224,220	92,155	316,375	316,148	227
Salaries of technology coordinators	88,210	(88,210)	-	-	-
Purchased professional and technical services	2,000	4,461	6,461	6,461	-
Other purchased services	2,400	(2,115)	285	-	285
Supplies and materials	12,500	(2,347)	10,153	7,711	2,442
Total	329,330	3,944	333,274	330,320	2,954
Undistributed expenditures - instructional staff training services					
Salaries of Supervisor of Instruction	1,500	6,135	7,635	7,635	-
Purchased professional - educational services	15,000	(5,520)	9,480	3,835	5,645
Other purchased professional & technical services	-	597	597	597	-
Other purchased services	10,000	(15)	9,985	6,994	2,991
Supplies and materials	2,000	15	2,015	1,927	88
Other objects	500	-	500	-	500
Total	29,000	1,212	30,212	20,988	9,224

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Undistributed expend. - support service - general admin.					
Salaries	\$ 271,136	\$ 3,132	\$ 274,268	\$ 274,268	\$ -
Legal services	30,000	78,855	108,855	108,855	-
Audit fees	27,500	1,360	28,860	28,860	-
Architectural/engineering services	3,700	(3,700)	-	-	-
Other purchased professional services	2,000	(700)	1,300	1,300	-
Communications/telephone	39,900	35,794	75,694	75,694	-
BOE other purchased services	8,200	(2,300)	5,900	5,900	-
Miscellaneous purch services	50,000	(4,412)	45,588	45,588	-
General supplies	500	778	1,278	1,278	-
Miscellaneous expenditures	4,000	387	4,387	4,387	-
BOE membership dues and fees	11,350	(544)	10,806	10,806	-
Total	448,286	108,650	556,936	556,936	-
Undistributed expend. - support service - school admin.					
Salaries of Principals/Assistant Principals	367,611	10,658	378,269	378,269	-
Salaries of Secretarial and Clerical Assistants	162,506	(3,111)	159,395	159,395	-
Purchased professional and technical services	-	637	637	637	-
Other purchased services	1,500	(1,015)	485	485	-
Supplies and materials	9,500	(2,519)	6,981	6,981	-
Other objects	3,500	(1,922)	1,578	1,578	-
Total	544,617	2,728	547,345	547,345	-
Undistributed expenditures - central services					
Salaries	287,062	(12,394)	274,668	274,668	-
Purchased professional services	6,200	(631)	5,569	5,569	-
Purchased technical services	37,000	215	37,215	37,215	-
Miscellaneous purchased services	2,100	(2,100)	-	-	-
Supplies and materials	1,000	1,111	2,111	2,111	-
Other objects	1,350	(867)	483	483	-
Total	334,712	(14,666)	320,046	320,046	-
Undistributed expenditures - admin. info. technology					
Salaries	181,526	(11,071)	170,455	170,455	-
Total	181,526	(11,071)	170,455	170,455	-
Undistributed expenditures - required maint. for school facilities					
Salaries	287,398	(18,168)	269,230	269,230	-
Cleaning, repair, and maintenance services	251,576	18,237	269,813	230,856	38,957
General supplies	60,096	(5,399)	54,697	49,857	4,840
Other objects	550	1,002	1,552	1,177	375
Total	599,620	(4,328)	595,292	551,120	44,172

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Undistributed expenditures - custodial services					
Salaries	\$ 513,307	\$ (3,278)	\$ 510,029	\$ 510,029	\$ -
Salaries of non-instructional aides	3,000	(3,000)	-	-	-
Purchased professional and technical services	24,000	68,757	92,757	92,042	715
Cleaning, repair, and maintenance service	45,000	(18,389)	26,611	26,611	-
Rental of land & bldg. other than lease purch agreement	-	36,154	36,154	36,154	-
Other purchased property services	7,500	26,387	33,887	11,087	22,800
Insurance	95,000	-	95,000	94,026	974
General supplies	121,000	(18,345)	102,655	102,655	-
Energy (natural gas)	17,500	2,216	19,716	19,610	106
Energy (electricity)	213,000	43,911	256,911	256,911	-
Energy (oil)	73,500	51,939	125,439	125,439	-
Total	1,112,807	186,352	1,299,159	1,274,564	24,595
Undistributed expenditures - security					
Salaries	120,000	(1,454)	118,546	118,456	90
Purchased professional and technical services	-	1,594	1,594	414	1,180
Total	120,000	140	120,140	118,870	1,270
Undistributed expenditures - student transportation service					
Salaries of non-instructional aides	-	968	968	968	-
Salaries for pupil trans. (between home & school) - reg.	416,577	11,293	427,870	427,870	-
Salaries for pupil trans. (between home & school) - sp. ed.	185,531	(11,801)	173,730	173,730	-
Salaries for pupil trans. (other than between home & school)	21,630	13,298	34,928	34,928	-
Management fee - esc & ctsa trans. program	4,500	(142)	4,358	4,358	-
Other purchased professional and technical service	-	7,544	7,544	7,544	-
Cleaning, repair, & maint. services	90,000	16,273	106,273	106,273	-
Lease purchase payments - school buses	80,000	(26,750)	53,250	53,250	-
Contract service - aid in lieu pymts. - non-public schools	60,000	(22,230)	37,770	37,770	-
Contract service (sp. ed. stds.) - vendors	77,500	(77,500)	-	-	-
Contract service (sp ed stds) - joint agreements	-	55,265	55,265	55,265	-
Contract service (spl. ed. students) - escs & ctsas	74,000	31,201	105,201	105,201	-
Miscellaneous purchased services - transportation	20,000	(20,000)	-	-	-
General supplies	-	2,828	2,828	2,828	-
Transportation supplies	85,500	19,004	104,504	104,504	-
Other objects	-	1,267	1,267	1,267	-
Total	1,115,238	518	1,115,756	1,115,756	-
Allocated benefits - employee benefits					
Student transportation services					
Other employee benefits	-	1,823	1,823	1,823	-
Total	-	1,823	1,823	1,823	-
Total allocated benefits - employees	\$ -	\$ 1,823	\$ 1,823	\$ 1,823	\$ -

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Unallocated benefits - employee benefits					
Social Security contributions	\$ 320,433	\$ 43,607	\$ 364,040	\$ 364,040	\$ -
Other retirement contributions - PERS	395,000	29,134	424,134	424,134	-
Other retirement contributions - ERIP	7,210	2,436	9,646	9,646	-
Workmen's compensation	139,268	(8,661)	130,607	127,727	2,880
Health benefits	2,765,331	(180,892)	2,584,439	2,519,011	65,428
Tuition reimbursement	98,841	(23,561)	75,280	52,304	22,976
Other employee benefits	202,000	(19,000)	183,000	177,741	5,259
Unused sick payment to terminated/retired staff	50,000	(41,000)	9,000	6,090	2,910
Total	<u>3,978,083</u>	<u>(197,937)</u>	<u>3,780,146</u>	<u>3,680,693</u>	<u>99,453</u>
On-behalf TPAF Pension contribution	-	-	-	3,706,360	(3,706,360)
On-behalf TPAF Non-contributory insurance	-	-	-	51,422	(51,422)
On-behalf TPAF Postretirement medical benefits	-	-	-	987,160	(987,160)
On-behalf TPAF Long-term disability insurance	-	-	-	1,587	(1,587)
Reimbursed TPAF Social Security contribution	-	-	-	760,949	(760,949)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,507,478</u>	<u>(5,507,478)</u>
Total undistributed expenditures	<u>\$ 12,509,459</u>	<u>\$ 69,472</u>	<u>\$12,578,931</u>	<u>\$17,781,326</u>	<u>\$ (5,202,395)</u>
Total current	<u>\$ 22,744,542</u>	<u>\$ 23,795</u>	<u>\$22,768,337</u>	<u>\$27,740,564</u>	<u>\$ (4,972,227)</u>
Capital outlay					
Equipment					
Grades 9-12	\$ -	\$ 5,035	\$ 5,035	\$ 5,035	\$ -
Undistributed					
Undistributed expend. - required maint. for school facilities	-	15,730	15,730	15,730	-
Total equipment	<u>-</u>	<u>20,765</u>	<u>20,765</u>	<u>20,765</u>	<u>-</u>
Facilities acquisition and construction service					
Other purchased professional and technology services	44,294	(30,741)	13,553	9,616	3,937
Construction services	438,000	120,476	558,476	540,739	17,737
Supplies and materials	80,000	(80,000)	-	-	-
Assessment for debt service on SDA funding	13,746	-	13,746	13,746	-
Total facilities acquisition and construction service	<u>576,040</u>	<u>9,735</u>	<u>585,775</u>	<u>564,101</u>	<u>21,674</u>
Total capital outlay	<u>\$ 576,040</u>	<u>\$ 30,500</u>	<u>\$ 606,540</u>	<u>\$ 584,866</u>	<u>\$ 21,674</u>
Total expenditures	<u>\$ 23,320,582</u>	<u>\$ 54,295</u>	<u>\$23,374,877</u>	<u>\$28,325,430</u>	<u>\$ (4,950,553)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (729,456)</u>	<u>\$ (54,295)</u>	<u>\$ (783,751)</u>	<u>\$ 307,268</u>	<u>\$ 1,091,019</u>
Other financing sources (uses)					
Operating transfer out					
Transfer to special revenue fund - preschool programs	(126,351)	-	(126,351)	(126,351)	-
Total other financing sources (uses)	<u>(126,351)</u>	<u>-</u>	<u>(126,351)</u>	<u>(126,351)</u>	<u>-</u>

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	\$ (855,807)	\$ (54,295)	\$ (910,102)	\$ 180,917	\$ 1,091,019
Fund balances, July 1	3,653,560	-	3,653,560	3,653,560	-
Fund balances, June 30	<u>\$ 2,797,753</u>	<u>\$ (54,295)</u>	<u>\$ 2,743,458</u>	<u>\$ 3,834,477</u>	<u>\$ 1,091,019</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (30,771)	\$ -	\$ (30,771)	\$ (30,771)	\$ -
Increase in capital reserve	-	1,125,000	1,125,000	1,125,000	-
Interest deposit to capital reserve	1,000	-	1,000	7,641	6,641
Withdrawal from capital reserve	(547,000)	-	(547,000)	(547,000)	-
Increase in maintenance reserve	-	15,000	15,000	15,000	-
Interest earned on maintenance reserve	100	-	100	2,351	2,251
Withdrawal from maintenance reserve	-	(23,000)	(23,000)	(23,000)	-
Interest earned on unemployment compensation	-	-	-	2,181	2,181
Budgeted fund balance	<u>(279,136)</u>	<u>(1,171,295)</u>	<u>(1,450,431)</u>	<u>(370,485)</u>	<u>1,079,946</u>
	<u>\$ (855,807)</u>	<u>\$ (54,295)</u>	<u>\$ (910,102)</u>	<u>\$ 180,917</u>	<u>\$ 1,091,019</u>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 151,501	
Excess surplus - current year				154,124	
Capital reserve				2,100,371	
Maintenance reserve				322,966	
Unemployment compensation				242,698	
Committed fund balance					
Year-end encumbrances				123,504	
Assigned fund balance					
Designated for subsequent year's expenditures				139,945	
Unassigned fund balance				<u>599,368</u>	
Fund balance per budgetary basis				3,834,477	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(245,295)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 3,589,182</u>	

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Federal sources	\$ 1,695,738	\$ 90,859	\$ 1,786,597	\$ 1,182,992	\$ (603,605)
State sources	638,415	-	638,415	512,064	(126,351)
Local sources	-	46,717	46,717	214,546	167,829
Total revenues	<u>2,334,153</u>	<u>137,576</u>	<u>2,471,729</u>	<u>1,909,602</u>	<u>(562,127)</u>
Other financing sources					
Transfer in from general fund	126,351	-	126,351	126,351	-
Total revenues and other financing sources	<u>\$ 2,460,504</u>	<u>\$ 137,576</u>	<u>\$ 2,598,080</u>	<u>\$ 2,035,953</u>	<u>\$ (562,127)</u>
Expenditures					
Instruction					
Salaries	\$ 298,741	\$ 21,051	\$ 319,792	\$ 315,532	\$ 4,260
Other salaries - aides	78,349	-	78,349	78,349	-
Purchased professional & technical services	28,500	(1,000)	27,500	27,500	-
Other purchased services	730,000	(20,187)	709,813	300,540	409,273
Travel	3,473	(2,206)	1,267	1,267	-
Supplies	200,353	87,386	287,739	232,011	55,728
Total	<u>1,339,416</u>	<u>85,044</u>	<u>1,424,460</u>	<u>955,199</u>	<u>469,261</u>
Support services					
Tuition	317,994	(15,494)	302,500	302,500	-
Salaries	439,793	(61,046)	378,747	342,240	36,507
Employee benefits	221,725	(282)	221,443	176,853	44,590
Purchased professional & technical services	49,000	2,639	51,639	10,755	40,884
Other purchased services	49,000	10,102	59,102	57,288	1,814
Supplies	1,925	2,489	4,414	4,238	176
Other objects	500	-	500	500	-
Scholarships awarded	-	3,060	3,060	3,060	-
Student activities	-	150,009	150,009	150,009	-
Total	<u>1,079,937</u>	<u>91,477</u>	<u>1,171,414</u>	<u>1,047,443</u>	<u>123,971</u>
Capital outlay					
Equipment	28,270	(28,270)	-	-	-
Non-instructional Equipment	12,881	(12,881)	-	-	-
Building	-	2,206	2,206	-	2,206
Total	<u>41,151</u>	<u>(38,945)</u>	<u>2,206</u>	<u>-</u>	<u>2,206</u>
Total expenditures	<u>\$ 2,460,504</u>	<u>\$ 137,576</u>	<u>\$ 2,598,080</u>	<u>\$ 2,002,642</u>	<u>\$ 595,438</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ 33,311	\$ 33,311
Fund balances, July 1	200,088	-	200,088	200,088	-
Fund balances, June 30	<u>\$ 200,088</u>	<u>\$ -</u>	<u>\$ 200,088</u>	<u>\$ 233,399</u>	<u>\$ 33,311</u>
Recapitulation of fund balance					
Restricted fund balance					
Scholarships				\$ 47,007	
Student activities				186,392	
Fund balance per budgetary basis				<u>\$ 233,399</u>	

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2023

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

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 28,632,698	\$ 1,909,602
Differences - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - prior year	-	2,206
Outstanding encumbrances - current year	-	(71,265)
Differences - Budget to GAAP		
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State aid receivable prior year	254,760	30,307
State aid receivable current year	<u>(245,295)</u>	<u>(50,540)</u>
Total revenues (GAAP basis)	<u>\$ 28,642,163</u>	<u>\$ 1,820,310</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 28,325,430	\$ 2,002,642
Differences - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - prior year	-	2,206
Outstanding encumbrances - current year	-	(71,265)
Total expenditures (GAAP basis)	<u>\$ 28,325,430</u>	<u>\$ 1,933,583</u>

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

	District's proportion of the net pension liability (asset)		District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
	Percentage	Value			
2014	0.0261730678%	\$ 4,900,314	\$ 1,812,411	270.38%	52.08%
2015	0.0272854859%	6,125,045	1,952,858	313.65%	47.93%
2016	0.0291500635%	8,633,414	2,064,720	418.14%	40.14%
2017	0.0313398241%	7,295,410	2,155,498	338.46%	48.10%
2018	0.0311568500%	6,134,629	2,298,715	266.87%	53.60%
2019	0.0313538000%	5,808,006	2,254,639	257.60%	56.27%
2020	0.0320677490%	5,229,411	2,390,716	218.74%	58.32%
2021	0.0337676988%	4,000,290	2,451,169	163.20%	70.33%
2022	0.0334382984%	5,046,300	2,596,224	194.37%	62.91%
2023	N/A	N/A	2,545,962	N/A	N/A

N/A = Information not available

See independent auditors' report.

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

	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered employee payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
2014	\$ 215,767	\$ (215,767)	\$ -	\$ 1,812,411	11.90%
2015	234,582	(234,582)	-	1,952,858	12.01%
2016	258,965	(258,965)	-	2,064,720	12.54%
2017	260,260	(260,260)	-	2,155,498	12.07%
2018	295,818	(295,818)	-	2,298,715	12.87%
2019	309,910	(309,910)	-	2,254,639	13.75%
2020	313,538	(313,538)	-	2,390,716	13.11%
2021	350,805	(350,805)	-	2,451,169	14.31%
2022	395,459	(395,459)	-	2,596,224	15.23%
2023	421,673	(421,673)	-	2,545,962	16.56%

N/A = Information not available

See independent auditors' report.

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

	Proportionate share of net pension liability (asset)				District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as as a percentage of the total pension liability
	District's proportion		State's proportion	Total			
	Percentage	Value					
2014	0.00%	\$ -	\$ -	\$ -	\$ 7,825,831	0.00%	33.64%
2015	0.00%	-	-	-	7,739,908	0.00%	28.71%
2016	0.00%	-	-	-	8,039,439	0.00%	22.33%
2017	0.00%	-	-	-	8,709,653	0.00%	25.41%
2018	0.00%	-	51,897,307	51,897,307	N/A	N/A	26.49%
2019	0.00%	-	51,537,530	51,537,530	9,161,360	0.00%	26.95%
2020	0.00%	-	55,305,044	55,305,044	9,508,755	0.00%	24.60%
2021	0.00%	-	40,920,105	40,920,105	10,287,516	0.00%	35.52%
2022	0.00%	-	44,127,751	44,127,751	10,218,204	0.00%	32.29%
2023	N/A	N/A	N/A	N/A	10,468,699	N/A	N/A

N/A = Information not available

See independent auditors' report.

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

	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered employee payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
2014	\$ 158,792	\$ (158,792)	\$ -	\$ 7,825,831	2.03%
2015	406,863	(406,863)	-	7,739,908	5.26%
2016	574,414	(574,414)	-	8,039,439	7.14%
2017	841,051	(841,051)	-	8,709,653	9.66%
2018	1,201,336	(1,201,336)	-	N/A	N/A
2019	1,686,199	(1,686,199)	-	9,161,360	18.41%
2020	1,688,479	(1,688,479)	-	9,508,755	17.76%
2021	1,903,190	(1,903,190)	-	10,287,516	18.50%
2022	2,494,361	(2,494,361)	-	10,218,204	24.41%
2023	3,579,568	(3,579,568)	-	10,468,699	34.19%

N/A = Information not available

See independent auditors' report.

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

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

	Proportionate share of other postemployment employee benefits liability (asset)				District's covered employee payroll	District's proportion of the other postemployment employee liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total other postemployment employee benefits liability
	District's proportion		State's proportion	Total			
	Percentage	Value					
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2017	0.00%	\$ -	\$ 39,447,139	\$ 39,447,139	\$ 10,865,151	0.00%	0.00%
2018	0.00%	-	36,196,560	36,196,560	N/A	N/A	0.00%
2019	0.00%	-	33,620,783	33,620,783	11,415,999	0.00%	0.00%
2020	0.00%	-	56,010,415	56,010,415	11,899,471	0.00%	0.00%
2021	0.00%	-	48,574,722	48,574,722	12,738,685	0.00%	0.00%
2022	0.00%	-	41,674,095	41,674,095	12,814,428	0.00%	0.00%
2023	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A = Information not available

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2023

- Note 1 - Special funding situation - TPAF and other postretirement benefits
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF
The discount rate was 7.00% in State fiscal year 2021 and 7.00% in State fiscal year 2022. The inflation rate was 2.75% in State fiscal year 2021 and 2.75% in State fiscal year 2022.
- Note 3 - Changes in assumptions - PERS
The discount rate was 7.00% in State fiscal year 2021 and 7.00% in State fiscal year 2022. The inflation rate was 2.75% for State fiscal year 2021 and 2.75% for State fiscal year 2022.
- Note 4 - Changes in assumptions - other postretirement employee benefits
The other postretirement employee benefits discount rate increased from 2.16% in State fiscal year 2021 to 3.54% in State fiscal year 2022. The inflation rate was 2.50% for State fiscal year 2021 and 2022.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits
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 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%.

SPECIAL REVENUE FUND

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues
and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2023

	Total Brought Forward	IDEA Basic	IDEA Preschool	ESSA Title IA	ESSA Title II A	Total
Revenues						
Federal sources	\$ 841,143	\$ 213,145	\$ 12,388	\$ 103,519	\$ 12,797	\$ 1,182,992
State sources	512,064	-	-	-	-	512,064
Local sources	214,546	-	-	-	-	214,546
Total revenues	<u>1,567,753</u>	<u>213,145</u>	<u>12,388</u>	<u>103,519</u>	<u>12,797</u>	<u>1,909,602</u>
Other financing sources						
Transfer from general fund	126,351	-	-	-	-	126,351
Total revenues and other financing sources	<u>\$ 1,694,104</u>	<u>\$ 213,145</u>	<u>\$ 12,388</u>	<u>\$ 103,519</u>	<u>\$ 12,797</u>	<u>\$ 2,035,953</u>
Expenditures						
Instruction						
Salaries	\$ 250,700	\$ -	\$ -	\$ 64,832	\$ -	\$ 315,532
Other salaries - aides	78,349	-	-	-	-	78,349
Purchased professional & technical services	27,500	-	-	-	-	27,500
Other Purchased services	300,540	-	-	-	-	300,540
Travel	1,267	-	-	-	-	1,267
Supplies	221,098	-	6,044	4,869	-	232,011
Total	<u>879,454</u>	<u>-</u>	<u>6,044</u>	<u>69,701</u>	<u>-</u>	<u>955,199</u>
Support services						
Tuition	89,355	213,145	-	-	-	302,500
Salaries	342,240	-	-	-	-	342,240
Employee benefits	143,535	-	-	33,318	-	176,853
Purchased professional & technical services	10,755	-	-	-	-	10,755
Other purchased services	39,695	-	6,344	-	11,249	57,288
Supplies	2,690	-	-	-	1,548	4,238
Other objects	-	-	-	500	-	500
Scholarships awarded	3,060	-	-	-	-	3,060
Student activities	150,009	-	-	-	-	150,009
Total	<u>781,339</u>	<u>213,145</u>	<u>6,344</u>	<u>33,818</u>	<u>12,797</u>	<u>1,047,443</u>
Total expenditures	<u>\$ 1,660,793</u>	<u>\$ 213,145</u>	<u>\$ 12,388</u>	<u>\$ 103,519</u>	<u>\$ 12,797</u>	<u>\$ 2,002,642</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 33,311	\$ -	\$ -	\$ -	\$ -	\$ 33,311
Fund balances, July 1	200,088	-	-	-	-	200,088
Fund balances, June 30	<u>\$ 233,399</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,399</u>

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues
and Expenditures - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2023

	Total Brought Forward	ESSA Title III	ESSA Title IV	CRRSA ESSER II	CRRSA Mental Health	ARP ESSER	Total Carried Forward
Revenues							
Federal sources	\$ 231,312	\$ 11,428	\$ 11,912	\$ 2,690	\$ 29,391	\$ 554,410	\$ 841,143
State sources	512,064	-	-	-	-	-	512,064
Local sources	214,546	-	-	-	-	-	214,546
Total revenues	957,922	11,428	11,912	2,690	29,391	554,410	1,567,753
Other financing sources							
Transfer from general fund	126,351	-	-	-	-	-	126,351
Total revenues and other financing sources	\$ 1,084,273	\$ 11,428	\$ 11,912	\$ 2,690	\$ 29,391	\$ 554,410	\$ 1,694,104
Expenditures							
Instruction							
Salaries	\$ 250,300	\$ 400	\$ -	\$ -	\$ -	\$ -	\$ 250,700
Other salaries - aides	78,349	-	-	-	-	-	78,349
Purchased professional & technical services	27,500	-	-	-	-	-	27,500
Other Purchased services	-	-	-	-	-	300,540	300,540
Travel	1,267	-	-	-	-	-	1,267
Supplies	73,784	6,650	4,239	-	-	136,425	221,098
Total	431,200	7,050	4,239	-	-	436,965	879,454
Support services							
Tuition	89,355	-	-	-	-	-	89,355
Salaries	261,979	-	-	-	-	80,261	342,240
Employee benefits	112,360	-	-	-	-	31,175	143,535
Purchased professional & technical services	2,999	-	1,747	-	-	6,009	10,755
Other Purchased services	-	4,378	5,926	-	29,391	-	39,695
Supplies	-	-	-	2,690	-	-	2,690
Other objects	-	-	-	-	-	-	-
Scholarships awarded	3,060	-	-	-	-	-	3,060
Student activities	150,009	-	-	-	-	-	150,009
Total	619,762	4,378	7,673	2,690	29,391	117,445	781,339
Total expenditures	\$ 1,050,962	\$ 11,428	\$ 11,912	\$ 2,690	\$ 29,391	\$ 554,410	\$ 1,660,793
Excess (deficiency) of revenues over (under) expenditures	\$ 33,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,311
Fund balances, July 1	200,088	-	-	-	-	-	200,088
Fund balances, June 30	\$ 233,399	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 233,399

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues
and Expenditures - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2023

	Total Brought Forward	ARP Accelerated Learning	ARP Beyond the School Day	ARP Summer Learning	ARP NJTSS Mental Health	ARP IDEA Preschool	Total Carried Forward
Revenues							
Federal sources	\$ 89,355	\$ 37,966	\$ 35,851	\$ 36,304	\$ 30,569	\$ 1,267	\$ 231,312
State sources	512,064	-	-	-	-	-	512,064
Local sources	214,546	-	-	-	-	-	214,546
Total revenues	<u>815,965</u>	<u>37,966</u>	<u>35,851</u>	<u>36,304</u>	<u>30,569</u>	<u>1,267</u>	<u>957,922</u>
Other financing sources							
Transfer from general fund	126,351	-	-	-	-	-	126,351
Total revenues and other financing sources	<u>\$ 942,316</u>	<u>\$ 37,966</u>	<u>\$ 35,851</u>	<u>\$ 36,304</u>	<u>\$ 30,569</u>	<u>\$ 1,267</u>	<u>\$ 1,084,273</u>
Expenditures							
Instruction							
Salaries	\$ 205,161	\$ -	\$ 33,139	\$ 12,000	\$ -	\$ -	\$ 250,300
Other salaries - aides	78,349	-	-	-	-	-	78,349
Purchased professional & technical services	-	-	-	-	27,500	-	27,500
Other Purchased services	-	-	-	-	-	-	-
Travel	-	-	-	-	-	1,267	1,267
Supplies	34,826	37,966	922	-	70	-	73,784
Total	<u>318,336</u>	<u>37,966</u>	<u>34,061</u>	<u>12,000</u>	<u>27,570</u>	<u>1,267</u>	<u>431,200</u>
Support services							
Tuition	89,355	-	-	-	-	-	89,355
Salaries	235,885	-	1,790	24,304	-	-	261,979
Employee benefits	112,360	-	-	-	-	-	112,360
Purchased professional & technical services	-	-	-	-	2,999	-	2,999
Other Purchased services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other objects	-	-	-	-	-	-	-
Scholarships awarded	3,060	-	-	-	-	-	3,060
Student activities	150,009	-	-	-	-	-	150,009
Total	<u>590,669</u>	<u>-</u>	<u>1,790</u>	<u>24,304</u>	<u>2,999</u>	<u>-</u>	<u>619,762</u>
Total expenditures	<u>\$ 909,005</u>	<u>\$ 37,966</u>	<u>\$ 35,851</u>	<u>\$ 36,304</u>	<u>\$ 30,569</u>	<u>\$ 1,267</u>	<u>\$ 1,050,962</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 33,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,311
Fund balances, July 1	200,088	-	-	-	-	-	200,088
Fund balances, June 30	<u>\$ 233,399</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,399</u>

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues
and Expenditures - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2023

	ACSERS	School Climate Change	Preschool Expansion Aid	Local	Scholarships	Student Activities	Total Carried Forward
Revenues							
Federal sources	\$ 89,355	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,355
State sources	-	6,660	505,404	-	-	-	512,064
Local sources	-	-	-	28,166	727	185,653	214,546
Total revenues	89,355	6,660	505,404	28,166	727	185,653	815,965
Other financing sources							
Transfer from general fund	-	-	126,351	-	-	-	126,351
Total revenues and other financing sources	\$ 89,355	\$ 6,660	\$ 631,755	\$ 28,166	\$ 727	\$ 185,653	\$ 942,316
Expenditures							
Instruction							
Salaries	\$ -	\$ -	\$ 205,161	\$ -	\$ -	\$ -	\$ 205,161
Other salaries - aides	-	-	78,349	-	-	-	78,349
Purchased professional & technical services	-	-	-	-	-	-	-
Other Purchased services	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Supplies	-	6,660	-	28,166	-	-	34,826
Total	-	6,660	283,510	28,166	-	-	318,336
Support services							
Tuition	89,355	-	-	-	-	-	89,355
Salaries	-	-	235,885	-	-	-	235,885
Employee benefits	-	-	112,360	-	-	-	112,360
Purchased professional & technical services	-	-	-	-	-	-	-
Other Purchased services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other objects	-	-	-	-	-	-	-
Scholarships awarded	-	-	-	-	3,060	-	3,060
Student activities	-	-	-	-	-	150,009	150,009
Total	89,355	-	348,245	-	3,060	150,009	590,669
Total expenditures	\$ 89,355	\$ 6,660	\$ 631,755	\$ 28,166	\$ 3,060	\$ 150,009	\$ 909,005
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ (2,333)	\$ 35,644	\$ 33,311
Fund balances, July 1	-	-	-	-	49,340	150,748	200,088
Fund balances, June 30	\$ -	\$ -	\$ -	\$ -	\$ 47,007	\$ 186,392	\$ 233,399

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Schedule of Preschool Education Aid - Budgetary Basis
For the Fiscal Year Ended June 30, 2023

	Final Budget	Actual	Variance Final to Actual
Expenditures			
Instruction			
Salaries	\$ 205,161	\$ 205,161	\$ -
Other Salaries	78,349	78,349	-
Total	<u>283,510</u>	<u>283,510</u>	<u>-</u>
Support services			
Salaries	235,885	235,885	-
Employee benefits	112,360	112,360	-
Total	<u>348,245</u>	<u>348,245</u>	<u>-</u>
Total expenditures	<u>\$ 631,755</u>	<u>\$ 631,755</u>	<u>\$ -</u>

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Schedule of Preschool Education Aid - Budgetary Basis
For the Fiscal Year Ended June 30, 2023

Calculation of Budget and Carryover

Total revised 2022 - 2023 preschool education aid allocation	\$ 505,404
Add: actual ECPA/PEA carryover (June 30, 2022)	69,489
Add: budgeted transfer from general fund	<u>126,351</u>
Total preschool education aid funds available for 2022 - 2023 budget	701,244
Less: 2022 - 2023 budgeted preschool education aid	<u>(631,755)</u>
Available and unbudgeted preschool education aid funds as of June 30, 2023	69,489
Add: 2022 - 2023 unexpended preschool education aid	<u>-</u>
2022 - 2023 Actual carryover preschool education aid	<u>\$ 69,489</u>
2022 - 2023 Preschool education aid carryover budgeted for preschool programs 2023 - 2024	<u>\$ 69,489</u>

See independent auditors' report.

CAPITAL PROJECTS FUND

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2023

Description	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/23
			Prior Years	Current Year	
Lambertville Elementary School & 5-8 Middle School	2023	\$ 33,412,000	\$ -	\$ 2,137,758	\$ 31,274,242
		<u>\$ 33,412,000</u>	<u>\$ -</u>	<u>\$ 2,137,758</u>	<u>\$ 31,274,242</u>

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Basis
For the Fiscal Year Ended June 30, 2023

Revenues and other financing sources	
Bond proceeds	\$ 33,412,000
Total revenues	33,412,000
Expenditures and other financing uses	
Purchased professional & technical services	1,878,708
Construction	258,162
Supplies	888
Total expenditures	2,137,758
Excess (deficiency) of revenues and other financing sources over (under) expenditures & other financing uses	31,274,242
Fund balance - beginning	-
Fund balance - ending	\$ 31,274,242

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Lambertville Elementary School & 5-8 Middle School
For the Fiscal Year Ended June 30, 2023

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds	\$ -	\$ 33,412,000	\$ 33,412,000	\$ 33,412,000
Total revenues	-	33,412,000	33,412,000	33,412,000
Expenditures and other financing uses				
Purchased professional & technical	-	1,878,708	1,878,708	6,041,112
Construction	-	258,162	258,162	27,370,000
Supplies	-	888	888	888
Total expenditures	-	2,137,758	2,137,758	33,412,000
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 31,274,242	\$ 31,274,242	\$ -

Additional Project Information

Project number	1376-020-21-1000
Project number	1376-N01-21-1000
Authorization date	11/1/2021
Bond authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 33,412,000
Additional authorized cost	-
Revised authorized cost	33,412,000
Percentage completion	6.40%

See independent auditors' report.

LONG-TERM DEBT SCHEDULES

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
June 30, 2023

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/22	Issued	Retired	Balance 06/30/23
			Date	Amount					
School bond of 2023	09/08/22	\$ 33,412,000	07/15/24	\$ 627,000	3.00%	\$ -	\$ 33,412,000	\$ -	\$ 33,412,000
			07/15/25	625,000	3.25%	-	-	-	-
			07/15/26	1,025,000	3.25%	-	-	-	-
			07/15/27	1,050,000	3.25%	-	-	-	-
			07/15/28	1,075,000	3.25%	-	-	-	-
			07/15/29	1,100,000	3.25%	-	-	-	-
			07/15/30	1,125,000	3.25%	-	-	-	-
			07/15/31	1,150,000	3.25%	-	-	-	-
			07/15/32	1,175,000	3.25%	-	-	-	-
			07/15/33	1,200,000	3.25%	-	-	-	-
			07/15/34	1,210,000	3.25%	-	-	-	-
			07/15/35	1,225,000	3.25%	-	-	-	-
			07/15/36	1,225,000	3.50%	-	-	-	-
			07/15/37	1,225,000	3.50%	-	-	-	-
			07/15/38	1,225,000	3.63%	-	-	-	-
			7/15/39-2052	17,150,000	4.00%	-	-	-	
Refunding school bonds of 2015	09/03/15	3,375,000	02/15/24	385,000	2.15%	1,550,000	-	375,000	1,175,000
			02/15/25	400,000	2.15%	-	-	-	-
			02/15/26	390,000	2.15%	-	-	-	-
Refunding school bonds of 2014	06/12/14	9,600,000	02/15/24	1,050,000	4.00%	4,240,000	-	1,005,000	3,235,000
			02/15/25	1,090,000	4.00%	-	-	-	-
			02/15/26	1,095,000	4.00%	-	-	-	-
Refunding school bonds of 2014	11/06/14	835,000	N/A	-	2.20%	110,000	-	110,000	-
						<u>\$ 5,900,000</u>	<u>\$ 33,412,000</u>	<u>\$ 1,490,000</u>	<u>\$ 37,822,000</u>

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations Under Leases
For the Fiscal Year Ended June 30, 2023

Description	Interest Rate	Amount of Original Issue	Balance 07/01/22	Issued	Retired	Balance 06/30/23
54-Passenger School Bus	2.388%	\$ 121,575	\$ 121,575	\$ -	\$ 24,902	\$ 96,673
Dell Latitude Laptops	1.040%	169,112	112,646	-	56,032	56,614
Dell OptiPlex Computers	6.264%	27,796	17,963	-	8,709	9,254
			<u>\$ 252,184</u>	<u>\$ -</u>	<u>\$ 89,643</u>	<u>\$ 162,541</u>

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 1,346,401	\$ -	\$ 1,346,401	\$ 1,346,401	\$ -
State sources					
Debt service aid	347,734	-	347,734	347,734	-
Total revenues	<u>1,694,135</u>	<u>-</u>	<u>1,694,135</u>	<u>1,694,135</u>	<u>-</u>
Expenditures					
Regular debt service					
Interest on bonds	204,135	-	204,135	203,940	195
Redemption of principal	1,490,000	-	1,490,000	1,490,000	-
Total expenditures	<u>1,694,135</u>	<u>-</u>	<u>1,694,135</u>	<u>1,693,940</u>	<u>195</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	195	(195)
Fund balance, July 1	<u>74</u>	<u>-</u>	<u>74</u>	<u>74</u>	<u>-</u>
Fund balance, June 30	<u>\$ 74</u>	<u>\$ -</u>	<u>\$ 74</u>	<u>\$ 269</u>	<u>\$ (195)</u>

See independent auditors' report.

STATISTICAL SECTION

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Statistical Section J Series

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

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Government activities										
Net investment in capital assets	\$ -	\$ 4,102,393	\$ 5,699,633	\$ 7,900,283	\$ 9,384,469	\$ 10,891,792	\$ 13,220,018	\$ 15,455,596	\$ 16,706,676	\$ 17,723,322
Restricted	-	4,680,534	5,043,129	5,433,049	5,652,000	4,480,684	3,746,385	2,344,414	2,284,024	2,899,703
Unrestricted	-	(4,394,286)	(5,011,789)	(5,647,241)	(5,935,160)	(5,316,515)	(5,790,045)	(5,222,112)	(4,633,538)	(5,776,554)
Total governmental activities	\$ -	\$ 4,388,641	\$ 5,730,973	\$ 7,686,091	\$ 9,101,309	\$ 10,055,961	\$ 11,176,358	\$ 12,577,898	\$ 14,357,162	\$ 14,846,471
Business-type activities										
Net investment in capital assets	\$ -	\$ 198,764	\$ 228,544	\$ 89,856	\$ 77,775	\$ 77,226	\$ 118,707	\$ 106,152	\$ 91,382	\$ 88,774
Unrestricted	-	166,122	162,212	89,311	114,514	116,072	51,846	30,045	162,208	204,932
Total business-type activities	\$ -	\$ 364,886	\$ 390,756	\$ 179,167	\$ 192,289	\$ 193,298	\$ 170,553	\$ 136,197	\$ 253,590	\$ 293,706
District-wide										
Net investment in capital assets	\$ -	\$ 4,301,157	\$ 5,928,177	\$ 7,990,139	\$ 9,462,244	\$ 10,969,018	\$ 13,338,725	\$ 15,561,748	\$ 16,798,058	\$ 17,812,096
Restricted	-	4,680,534	5,043,129	5,433,049	5,652,000	4,480,684	3,746,385	2,344,414	2,284,024	2,899,703
Unrestricted	-	(4,228,164)	(4,849,577)	(5,557,930)	(5,820,646)	(5,200,443)	(5,738,199)	(5,192,067)	(4,471,330)	(5,571,622)
Total district-wide	\$ -	\$ 4,753,527	\$ 6,121,729	\$ 7,865,258	\$ 9,293,598	\$ 10,249,259	\$ 11,346,911	\$ 12,714,095	\$ 14,610,752	\$ 15,140,177

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

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

** as restated

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Regular	\$ -	\$ 9,304,431	\$ 9,696,253	\$ 10,154,438	\$ 10,532,416	\$ 11,754,926	\$ 11,326,376	\$ 13,615,495	\$ 13,509,323	\$ 13,420,286
Special education	-	2,949,443	3,462,066	3,936,546	4,456,762	4,534,366	4,334,615	4,686,367	4,277,009	4,136,991
Other special education	-	-	-	-	-	1,225,662	1,350,238	1,738,154	1,539,932	1,442,439
Other instruction	-	1,227,505	1,334,209	1,532,487	1,854,495	689,687	1,204,941	844,894	1,030,007	1,036,583
Support services										
Tuition	-	773,455	985,888	1,030,917	1,146,656	1,408,860	1,490,348	1,572,811	1,811,026	1,733,502
Student & instruction related services	-	3,247,647	3,471,679	3,753,130	4,071,068	4,339,269	4,421,506	5,022,300	5,036,837	5,388,944
General & business administrative services	-	1,144,315	1,210,935	1,347,999	1,314,495	1,716,121	1,594,351	1,898,954	1,244,382	1,274,776
School administration	-	382,848	760,615	769,596	930,533	860,577	857,511	856,294	1,293,902	1,176,254
Plant operations & maintenance	-	1,594,246	1,732,483	1,979,654	1,867,435	2,035,753	2,157,943	2,070,850	2,010,195	2,248,682
Pupil transportation	-	957,575	1,038,097	1,200,066	1,191,612	1,325,485	1,244,432	1,221,320	1,535,434	1,442,380
Transfer to charter schools	-	17,172	33,798	-	-	-	-	-	-	-
Interest on long-term debt	-	450,536	517,218	463,027	435,944	280,145	334,612	287,268	240,845	1,592,125
Total governmental activities expenses	-	22,049,173	24,243,241	26,167,860	27,801,416	30,170,851	30,316,873	33,814,707	33,528,892	34,892,962
Business-type activities										
Food services	-	310,955	325,706	305,033	326,911	335,489	306,787	247,462	475,274	469,666
Transportation	-	73,900	27,575	-	-	-	-	-	-	-
Total business-type activities	-	384,855	353,281	305,033	326,911	335,489	306,787	247,462	475,274	469,666
Total district expenses	\$ -	\$ 22,434,028	\$ 24,596,522	\$ 26,472,893	\$ 28,128,327	\$ 30,506,340	\$ 30,623,660	\$ 34,062,169	\$ 34,004,166	\$ 35,362,628

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

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Program revenues										
Governmental activities										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 179,969	\$ 61,012	\$ 294,363	\$ 212,439	\$ 213,856
Operating grants & contributions	-	4,150,667	5,937,536	6,807,157	8,604,750	460,092	510,470	677,751	1,505,375	1,820,310
Total governmental activities	-	4,150,667	5,937,536	6,807,157	8,604,750	640,061	571,482	972,114	1,717,814	2,034,166
Business-type activities										
Charges for services										
Food service	-	205,330	192,980	191,245	203,828	193,487	144,077	2,396	75,780	252,221
Operating grants & contributions	-	107,714	122,596	118,773	135,001	138,403	153,836	205,675	516,626	255,841
Total business-type activities	-	313,044	315,575	310,018	338,829	331,890	297,913	208,071	592,406	508,062
Total district-wide program revenues	\$ -	\$ 4,463,711	\$ 6,253,111	\$ 7,117,174	\$ 8,943,579	\$ 971,951	\$ 869,395	\$ 1,180,185	\$ 2,310,220	\$ 2,542,228
Net (expense) revenues										
Governmental activities	\$ -	\$ (17,898,506)	\$ (18,305,705)	\$ (19,360,703)	\$ (19,196,666)	\$ (29,530,790)	\$ (29,745,391)	\$ (32,842,593)	\$ (31,811,078)	\$ (32,858,796)
Business-type activities	-	(71,811)	(37,706)	4,985	11,918	(3,599)	(8,874)	(39,391)	117,132	38,396
Total district-wide net expenses	\$ -	\$ (17,970,317)	\$ (18,343,411)	\$ (19,355,718)	\$ (19,184,748)	\$ (29,534,389)	\$ (29,754,265)	\$ (32,881,984)	\$ (31,693,946)	\$ (32,820,400)
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes	\$ -	\$ 16,412,071	\$ 16,740,311	\$ 17,075,119	\$ 17,416,621	\$ 17,912,309	\$ 18,398,914	\$ 18,841,727	\$ 19,245,663	\$ 19,630,576
Taxes levied for debt service	-	1,350,922	1,323,054	1,329,896	1,327,799	1,354,794	1,325,040	1,369,165	1,351,120	1,346,401
Unrestricted grants & contributions	-	2,433,749	1,568,399	1,477,160	1,516,778	10,935,459	10,490,631	13,955,705	12,957,048	12,196,442
Disposal of capital assets	-	-	-	(21,028)	-	-	(5,331)	-	-	-
Investment earnings	-	-	-	-	-	101,070	55,769	6,993	5,165	44,043
Miscellaneous income	-	119,254	80,106	564,250	350,686	48,605	184,833	75,543	31,346	130,643
Transfers in (out)	-	-	(63,828)	265,138	-	-	-	(5,000)	-	-
Total governmental activities	-	20,315,996	19,648,042	20,690,535	20,611,884	30,352,237	30,449,856	34,244,133	33,590,342	33,348,105

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

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General revenues & other changes in net position (cont'd)										
Business-type activities										
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,325	\$ 801	\$ 35	\$ 81	\$ 1,628
Miscellaneous income	-	125	189	392	1,204	3,283	9,896	-	180	92
Transfer in (out)	-	-	63,828	(265,138)	-	-	-	5,000	-	-
Disposal of capital assets	-	-	-	-	-	-	(24,568)	-	-	-
Prior year receivables canceled	-	(5,500)	(442)	-	-	-	-	-	-	-
Total business-type activities	-	(5,375)	63,575	(264,746)	1,204	4,608	(13,871)	5,035	261	1,720
Total district-wide	\$ -	\$ 20,310,621	\$ 19,711,617	\$ 20,425,789	\$ 20,613,088	\$ 30,356,845	\$ 30,435,985	\$ 34,249,168	\$ 33,590,603	\$ 33,349,825
Change in net position										
Governmental activities	\$ -	\$ 2,417,490	\$ 1,342,337	\$ 1,329,832	\$ 1,415,218	\$ 821,447	\$ 704,465	\$ 1,401,540	\$ 1,779,264	\$ 489,309
Business-type activities	-	(77,186)	25,870	(259,761)	13,122	1,009	(22,745)	(34,356)	117,393	40,116
Total district	\$ -	\$ 2,340,304	\$ 1,368,207	\$ 1,070,071	\$ 1,428,340	\$ 822,456	\$ 681,720	\$ 1,367,184	\$ 1,896,657	\$ 529,425

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

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Restricted	\$ -	\$ 4,178,789	\$ 4,624,371	\$ 5,577,737	\$ 5,614,701	\$ 3,786,126	\$ 3,911,020	\$ 2,480,991	\$ 2,371,472	\$ 2,971,660
Committed	-	172,050	106,340	-	35,343	130,152	42,355	183,742	30,771	123,504
Assigned	-	505,616	223,067	125,828	195,296	69,416	-	-	143,027	139,945
Unassigned	-	219,481	200,383	270,045	290,636	329,275	302,474	872,521	853,530	354,073
Total general fund	\$ -	\$ 5,075,936	\$ 5,154,161	\$ 5,973,610	\$ 6,135,976	\$ 4,314,969	\$ 4,255,849	\$ 3,537,254	\$ 3,398,800	\$ 3,589,182
							**			
All other governmental funds										
Restricted										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 194,099	\$ 212,612	\$ 200,088	\$ 233,399
Capital projects fund	-	304,210	262,204	-	-	-	235,292	87,548	-	31,274,242
Debt service fund	-	27,021	15,644	5,722	40,001	-	-	-	-	-
Committed	-	4	27,021	15,644	5,722	1,322,902	-	-	-	-
Assigned										
Debt service fund	-	197,534	113,889	-	141,174	40,001	3	77	74	269
Unassigned, reported in										
Special revenue fund	-	-	-	-	-	-	-	-	(30,307)	(50,540)
Total all other governmental funds	\$ -	\$ 528,769	\$ 418,758	\$ 21,366	\$ 186,897	\$ 1,362,903	\$ 429,394	\$ 300,237	\$ 169,855	\$ 31,457,370
							**			

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

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

** as restated

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax levy	\$ -	\$ 17,762,993	\$ 18,063,365	\$ 18,405,015	\$ 18,744,420	\$ 19,267,103	\$ 19,723,954	\$ 20,210,892	\$ 20,596,783	\$ 20,976,977
Tuition charges	-	28,873	21,300	-	27,590	30,000	16,900	21,075	-	-
Transportation fees from other LEA's	-	-	-	63,775	47,934	-	44,112	41,643	61,099	43,312
Interest earnings	-	24,033	30,900	45,000	129,603	101,070	55,769	6,993	5,165	44,043
Rents and royalties	-	-	-	91,667	112,500	149,969	156,244	112,500	151,340	170,544
Sale of property	-	-	-	328,320	2,629	-	-	-	-	-
Miscellaneous	-	116,074	130,327	77,682	132,933	118,954	95,513	246,401	248,291	345,189
State sources	-	4,437,723	4,676,131	4,917,092	5,415,018	5,906,308	6,101,091	7,069,461	8,588,136	9,391,456
Federal sources	-	327,821	426,128	442,940	440,853	414,049	466,020	674,024	1,220,502	1,185,087
Total revenues	-	22,697,517	23,348,151	24,371,491	25,053,480	25,987,453	26,659,603	28,382,989	30,871,316	32,156,608
Expenditures										
Instruction										
Regular instruction	-	5,811,159	5,893,559	5,947,624	5,652,852	5,667,066	5,902,496	6,209,654	6,250,754	6,227,398
Special education instruction	-	1,909,026	2,239,113	2,376,641	2,507,368	2,263,954	2,147,893	2,161,288	2,251,478	2,268,844
Other special instruction	-	-	-	-	-	438,858	504,322	629,351	586,236	671,716
Other instruction	-	777,916	818,743	909,913	993,861	651,048	706,909	602,502	708,987	791,280
Support services										
Tuition	-	773,456	985,888	1,030,917	1,146,656	1,199,617	1,276,601	1,348,388	1,555,013	1,431,002
Student & instructional related services	-	2,082,378	2,191,242	2,265,777	2,206,356	2,293,723	2,369,773	2,410,674	2,363,468	2,505,238
General administration	-	517,966	539,378	424,811	426,596	421,815	423,998	437,009	524,329	556,936
School administration services	-	236,241	456,282	435,919	484,208	568,918	542,663	565,309	561,759	547,345
Central services	-	270,136	263,918	284,723	293,657	317,098	312,784	321,114	318,457	320,046
Administration info technology	-	139,736	142,326	176,057	201,869	241,254	247,681	245,219	264,026	170,455
Plant operations & maintenance	-	1,342,020	1,344,713	1,455,377	1,449,138	1,616,403	1,792,344	1,648,431	1,703,325	1,944,554
Pupil transportation	-	809,795	834,069	766,956	843,017	1,053,145	957,585	854,835	1,126,417	1,117,579
Employee benefits	-	4,547,842	4,883,736	5,332,263	5,939,932	3,634,751	3,634,333	3,613,747	3,742,826	3,680,693
On-behalf TPAF Pension & Social Security contributions	-	-	-	-	-	3,110,811	3,280,835	4,060,623	5,149,734	5,507,478
Capital outlay	-	765,616	1,175,432	918,881	872,368	250,108	95,001	162,256	900,938	571,120
Charter school	-	17,172	33,798	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	909,285	1,626,363	1,435,745	126,590	2,137,758
Special revenue funds	-	-	-	-	-	460,092	510,470	778,976	1,612,494	1,933,583
Debt service										
Principal	-	1,254,784	1,165,748	1,226,750	1,272,790	1,323,871	1,374,994	1,426,161	1,445,000	1,490,000
Interest & other charges	-	488,953	550,750	481,575	434,913	405,793	361,119	314,459	266,804	217,686
Total expenditures	-	21,744,196	23,518,695	24,034,184	24,725,581	26,827,610	28,068,164	29,225,741	31,458,635	34,090,711

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

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 953,321	\$ (170,544)	\$ 337,307	\$ 327,899	\$ (840,157)	\$ (1,408,561)	\$ (842,752)	\$ (587,319)	\$ (1,934,103)
Other financing sources (uses)										
Leases (non-budgeted)	-	-	202,585	-	-	195,156	-	-	-	-
Bond proceeds	-	10,435,000	3,375,000	-	-	-	-	-	-	33,412,000
Premium on sale of bonds	-	976,182	-	-	-	-	-	-	-	-
Cost of issuance	-	(133,515)	(38,465)	-	-	-	-	-	-	-
Payment to refunded bond escrow agen	-	(11,277,667)	(3,336,535)	-	-	-	-	-	-	-
Transfers in (out)	-	-	(63,828)	84,750	-	-	-	(5,000)	318,483	-
Total other financing sources (uses)	-	-	138,757	84,750	-	195,156	-	(5,000)	318,483	33,412,000
Net change in fund balances	\$ -	\$ 953,321	\$ (31,787)	\$ 422,057	\$ 327,899	\$ (645,001)	\$ (1,408,561)	\$ (847,752)	\$ (268,836)	\$ 31,477,897
	*									
Debt service as a percentage of non-capital expenditures	0.00%	9.07%	8.32%	7.98%	7.71%	7.23%	7.05%	6.72%	5.96%	5.75%

Source: District Records

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

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Tuition	\$ -	\$ 28,873	\$ 21,300	\$ -	\$ 27,590	\$ 30,000	\$ 16,900	\$ 21,075	\$ -	\$ -
Interest income	-	18,110	22,569	34,221	87,185	101,070	55,769	6,400	5,165	44,043
Transportation fees	-	21,216	-	63,775	47,933	-	44,112	41,643	61,099	43,312
Rental income	-	-	-	91,667	112,500	149,969	156,244	112,500	151,340	170,544
Sales of assets	-	-	-	328,320	2,629	-	-	-	-	22,792
Student activities fees	-	20,525	25,955	26,600	23,750	25,000	17,800	12,000	19,635	24,004
Miscellaneous	-	25,701	10,282	13,951	49,098	3,952	3,541	28,161	4,491	4,122
Prior year refunds	-	-	-	-	-	16,353	7,248	17,288	7,220	79,154
Old outstanding checks canceled	-	-	-	-	-	3,300	-	18,094	-	571
Annual totals	<u>\$ -</u>	<u>\$ 114,425</u>	<u>\$ 80,106</u>	<u>\$ 558,534</u>	<u>\$ 350,685</u>	<u>\$ 329,644</u>	<u>\$ 301,614</u>	<u>\$ 257,161</u>	<u>\$ 248,950</u>	<u>\$ 388,542</u>

*

Source: District Records

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

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

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Vacant land	\$ 14,379,200	\$ 14,724,683	\$ 14,395,983	\$ 15,823,683	\$ 14,573,083	\$ 14,073,083	\$ 13,771,883	\$ 14,687,857	\$ 15,535,857	\$ 15,273,157
Residential	984,863,000	996,474,900	1,028,646,200	1,043,534,600	1,058,497,300	1,081,966,200	1,100,790,100	1,126,801,200	1,192,527,400	1,240,594,500
Farm regular	82,844,300	84,354,900	82,174,400	78,779,000	83,824,300	85,023,300	87,382,200	92,585,300	98,608,600	98,581,700
Q farm	2,576,662	2,405,051	2,359,006	2,258,906	2,325,706	2,333,906	2,321,416	2,347,416	2,332,616	2,349,516
Commercial	150,168,809	152,328,609	158,567,009	163,363,709	167,596,809	171,705,409	173,726,709	174,926,409	179,083,909	186,615,710
Industrial	23,856,000	25,223,000	25,757,900	26,136,400	26,288,300	26,228,000	26,357,000	27,671,500	28,467,000	28,646,000
Apartment	24,987,800	25,044,100	26,158,193	26,548,493	27,056,193	27,015,093	27,334,493	26,846,193	30,736,293	32,948,593
Total assessed value	1,283,675,771	1,300,555,243	1,338,058,691	1,356,444,791	1,380,161,691	1,408,344,991	1,431,683,801	1,465,865,875	1,547,291,675	1,605,009,176
Public utilities (a)	1,709,968	1,747,874	1,665,517	1,758,566	607,654	610,479	616,155	616,155	637,446	670,256
Net valuation taxable	\$ 1,285,385,739	\$ 1,302,303,117	\$ 1,339,724,208	\$ 1,358,203,357	\$ 1,380,769,345	\$ 1,408,955,470	\$ 1,432,299,956	\$ 1,466,482,030	\$ 1,547,929,121	\$ 1,605,679,432
Estimated actual county equalized value	\$ 1,299,286,047	\$ 1,325,944,232	\$ 1,342,283,737	\$ 1,362,397,513	\$ 1,380,496,893	\$ 1,396,392,159	\$ 1,416,607,658	\$ 1,450,802,594	\$ 1,523,706,107	\$ 1,702,262,535
Percentage of net valuation to estimated actual equalized value	98.93%	98.22%	99.81%	99.69%	100.02%	100.90%	101.11%	101.08%	101.59%	94.33%
	**									

Source: Municipal Tax Assessor

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

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

* Revalued/Reassessed

** Merger of Local and Regional School Districts

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Vacant land	\$ 904,300	\$ 904,300	\$ 904,300	\$ 904,300	\$ 904,300	\$ 904,300	\$ 784,300	\$ 784,300	\$ 988,600	\$ 810,700
Residential	77,013,700	76,583,800	76,225,200	75,780,600	75,932,400	76,184,700	76,111,700	75,926,200	75,761,900	99,003,000
Farm regular	845,100	845,100	845,100	845,100	845,100	845,100	845,100	845,100	845,100	675,800
Q farm	18,400	18,400	18,400	18,400	18,400	18,400	18,400	18,400	18,400	27,500
Commercial	13,667,700	13,667,700	13,667,700	13,181,300	13,408,400	13,011,800	12,709,400	12,709,400	12,709,400	14,960,200
Apartment	1,018,600	1,018,600	1,018,600	1,018,600	1,018,600	1,018,600	1,018,600	1,018,600	1,018,600	1,280,000
Total assessed value	93,467,800	93,037,900	92,679,300	91,748,300	92,127,200	91,982,900	91,487,500	91,302,000	91,342,000	116,757,200
Public utilities (a)	94,995	93,730	91,553	90,653	-	-	-	-	-	-
Net valuation taxable	\$ 93,562,795	\$ 93,131,630	\$ 92,770,853	\$ 91,838,953	\$ 92,127,200	\$ 91,982,900	\$ 91,487,500	\$ 91,302,000	\$ 91,342,000	\$ 116,757,200
Estimated actual county equalized value	\$ 90,743,623	\$ 92,189,754	\$ 93,719,587	\$ 93,563,431	\$ 89,906,509	\$ 90,135,130	\$ 91,232,050	\$ 88,180,413	\$ 95,596,023	\$ 107,948,595
Percentage of net valuation to estimated actual equalized value	103.11%	101.02%	98.99%	98.16%	102.47%	102.05%	100.28%	103.54%	95.55%	108.16%
Total direct school tax rates (b)	\$ 1.318	\$ 1.295	\$ 1.291	\$ 1.283	\$ 1.257	\$ 1.235	\$ 1.235	\$ 1.220	\$ 1.308	\$ 1.143
	**									*

Source: Municipal Tax Assessor

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

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

* Revalued/Reassessed

** Merger of Local and Regional School Districts

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Vacant land	\$ 4,720,600	\$ 5,317,183	\$ 4,564,883	\$ 5,475,183	\$ 4,837,683	\$ 4,440,083	\$ 4,544,283	\$ 4,245,183	\$ 5,022,883	\$ 5,251,983
Residential	562,452,000	567,428,400	583,301,900	597,964,000	608,592,100	619,195,900	631,429,200	638,712,900	667,878,100	691,773,600
Farm regular	1,343,800	1,355,500	1,492,300	1,494,300	1,495,800	1,503,800	1,523,800	1,678,400	462,000	467,000
Q farm	128,562	3,631	2,206	2,206	2,206	2,206	2,616	2,616	2,616	2,616
Commercial	107,578,500	108,516,200	113,908,500	118,411,300	119,991,100	119,082,900	121,350,200	122,353,200	125,843,800	131,124,700
Industrial	10,526,900	10,659,000	10,973,700	11,290,500	11,409,700	11,409,700	11,542,000	11,542,000	12,255,000	12,434,000
Apartment	22,792,900	22,797,100	23,878,593	24,229,693	24,720,293	24,646,993	24,945,893	24,389,693	28,153,993	30,104,893
Total assessed value	709,543,262	716,077,014	738,122,082	758,867,182	771,048,882	780,281,582	795,337,992	802,923,992	839,618,392	871,158,792
Public utilities (a)	1,026,564	1,051,057	1,008,113	1,095,622	-	-	-	-	-	-
Net valuation taxable	\$ 710,569,826	\$ 717,128,071	\$ 739,130,195	\$ 759,962,804	\$ 771,048,882	\$ 780,281,582	\$ 795,337,992	\$ 802,923,992	\$ 839,618,392	\$ 871,158,792
Estimated actual county equalized value	\$ 717,529,865	\$ 721,997,393	\$ 742,874,479	\$ 779,684,765	\$ 787,588,235	\$ 778,413,390	\$ 809,916,489	\$ 818,725,392	\$ 865,229,176	\$ 952,815,041
Percentage of net valuation to estimated actual equalized value	99.03%	99.33%	99.50%	97.47%	97.90%	100.24%	98.20%	98.07%	97.04%	91.43%
Total direct school tax rates (b)	\$ 1.212	\$ 1.240	\$ 1.235	\$ 1.262	\$ 1.298	\$ 1.312	\$ 1.315	\$ 1.345	\$ 1.342	\$ 1.319
	**								*	*

Source: Municipal Tax Assessor

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

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

* Revalued/Reassessed

** Merger of Local and Regional School Districts

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Vacant land	\$ 8,754,300	\$ 8,503,200	\$ 8,926,800	\$ 9,444,200	\$ 8,831,100	\$ 8,728,700	\$ 8,443,300	\$ 9,658,374	\$ 9,524,374	\$ 9,210,474
Residential	345,397,300	352,462,700	369,119,100	369,790,000	373,972,800	386,585,600	393,249,200	412,162,100	448,887,400	449,817,900
Farm regular	80,655,400	82,154,300	79,837,000	76,439,600	81,483,400	82,674,400	85,013,300	90,061,800	97,301,500	97,438,900
Q farm	2,429,700	2,383,020	2,338,400	2,238,300	2,305,100	2,313,300	2,300,400	2,326,400	2,311,600	2,319,400
Commercial	28,922,609	30,144,709	30,990,809	31,771,109	34,197,309	39,610,709	39,667,109	39,863,809	40,530,709	40,530,810
Industrial	13,329,100	14,564,000	14,784,200	14,845,900	14,878,600	14,818,300	14,815,000	16,129,500	16,212,000	16,212,000
Apartment	1,176,300	1,228,400	1,261,000	1,300,200	1,317,300	1,349,500	1,370,000	1,437,900	1,563,700	1,563,700
Total assessed value	480,664,709	491,440,329	507,257,309	505,829,309	516,985,609	536,080,509	544,858,309	571,639,883	616,331,283	617,093,184
Public utilities (a)	588,409	603,087	565,851	572,291	607,654	610,479	616,155	616,155	637,446	670,256
Net valuation taxable	\$ 481,253,118	\$ 492,043,416	\$ 507,823,160	\$ 506,401,600	\$ 517,593,263	\$ 536,690,988	\$ 545,474,464	\$ 572,256,038	\$ 616,968,729	\$ 617,763,440
Estimated actual county equalized value	\$ 491,012,559	\$ 511,757,085	\$ 505,689,671	\$ 489,149,317	\$ 503,002,149	\$ 527,843,639	\$ 515,459,119	\$ 543,896,789	\$ 562,880,908	\$ 641,498,899
Percentage of net valuation to estimated actual equalized value	98.01%	96.15%	100.42%	103.53%	102.90%	101.68%	105.82%	105.21%	109.61%	96.30%
Total direct school tax rates (b)	\$ 1.207	\$ 1.590	\$ 1.558	\$ 1.541	\$ 1.516	\$ 1.514	\$ 1.537	\$ 1.484	\$ 1.381	\$ 1.486
	**								*	

Source: Municipal Tax Assessor

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

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

* Revalued/Reassessed

** Merger of Local and Regional School Districts

See independent auditors' report.

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

Assessment Year	School District Direct Rate						Overlapping Rates		Fire District	Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)		Regional School Rate	Municipality	County			
			Total Direct School Tax Rate							
2014	** \$ 1.218	\$ 0.100	\$ 1.318		\$ -	\$ 0.382	\$ 0.359	\$ -	\$ 2.059	
2015	1.197	0.098	1.295		-	0.402	0.368	-	2.065	
2016	1.196	0.095	1.291		-	0.414	0.376	-	2.081	
2017	1.190	0.093	1.283		-	0.434	0.378	-	2.095	
2018	1.168	0.089	1.257		-	0.452	0.369	-	2.078	
2019	1.148	0.087	1.235		-	0.465	0.370	-	2.070	
2020	1.152	0.083	1.235		-	0.465	0.376	-	2.076	
2021	1.137	0.083	1.220		-	0.518	0.364	-	2.102	
2022	1.222	0.086	1.308		-	0.558	0.395	-	2.261	
2023	* 1.070	0.073	1.143		-	0.463	0.349	-	1.955	

Sources: Municipal Tax Collector

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

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

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

* Revalued/Reassessed

** Merger of Local and Regional School Districts

See independent auditors' report.

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

Assessment Year	School District Direct Rate							Fire District	Total Direct & Overlapping Tax Rate
	General		(From J-6)	Regional School Rate	Overlapping Rates		Fire District		
	Basic Rate (a)	Obligation Debt Service (b)	Total Direct School Tax Rate		Municipality	County			
2014	**	\$ 1.122	\$ 0.090	\$ 1.212	\$ -	\$ 0.362	\$ 0.345	\$ 0.074	\$ 1.993
2015		1.146	0.094	1.240	-	0.358	0.344	0.075	2.017
2016		1.145	0.090	1.235	-	0.349	0.344	0.073	2.001
2017		1.169	0.093	1.262	-	0.351	0.350	0.078	2.041
2018		1.209	0.089	1.298	-	0.350	0.354	0.083	2.085
2019		1.220	0.092	1.312	-	0.375	0.347	0.083	2.117
2020		1.227	0.088	1.315	-	0.404	0.353	0.149	2.221
2021	*	1.254	0.091	1.345	-	0.419	0.353	0.151	2.268
2022	*	1.254	0.088	1.342	-	0.461	0.358	0.149	2.310
2023		1.234	0.085	1.319	-	0.498	0.377	0.148	2.342

Sources: Municipal Tax Collector

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

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

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

* Revalued/Reassessed

** Merger of Local and Regional School Districts

See independent auditors' report.

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

Assessment Year	School District Direct Rate						Overlapping Rates		Fire District	Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)		Regional School Rate	Municipality	County			
			Total Direct School Tax Rate							
2014	** \$ 1.117	\$ 0.090	\$ 1.207	\$ -	\$ 0.309	\$ 0.380	\$ -	\$ 1.896		
2015	1.469	0.121	1.590	-	0.320	0.386	-	2.296		
2016	1.444	0.114	1.558	-	0.329	0.371	-	2.258		
2017	1.430	0.111	1.541	-	0.340	0.359	-	2.240		
2018	1.409	0.107	1.516	-	0.353	0.367	-	2.236		
2019	1.408	0.106	1.514	-	0.360	0.370	-	2.244		
2020	1.434	0.103	1.537	-	0.376	0.357	-	2.270		
2021	* 1.383	0.101	1.484	-	0.382	0.359	-	2.225		
2022	* 1.290	0.091	1.381	-	0.363	0.344	-	2.088		
2023	1.391	0.095	1.486	-	0.373	0.391	-	2.250		

Sources: Municipal Tax Collector

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

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

* Revalued/Reassessed

** Merger of Local and Regional School Districts

See independent auditors' report.

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

	2023			2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Deamicis Hospitality Group Inc.	\$ 1,990,000	1	1.70%	\$ -		0.00%
Stockton Partners LLC	1,821,300	2	1.56%	-		0.00%
Finale Partners LLC	1,540,500	3	1.32%	1,322,700	4	1.41%
Nobilis, LLC	1,195,200	4	1.02%	-		0.00%
Nobalistick II, LLC	1,096,300	5	0.94%	-		0.00%
JRC Realty LLC	1,080,600	6	0.93%	-		0.00%
Individual Property Owner	1,037,000	7	0.89%	1,065,900	5	1.14%
Individual Property Owner	1,018,500	8	0.87%	1,034,800	6	1.11%
Individual Property Owner	1,009,600	9	0.86%	1,002,200	7	1.07%
Individual Property Owner	982,100	10	0.84%	914,900	8	0.98%
Individual Property Owner	-		0.00%	2,154,400	1	2.30%
Millett Properties LLC	-		0.00%	1,836,300	2	1.96%
Harverstick Properties	-		0.00%	1,444,200	3	1.54%
Individual Property Owner	-		0.00%	905,800	9	0.97%
Individual Property Owner	-		0.00%	890,300	10	0.95%
	<u>\$ 12,771,100</u>		<u>10.93%</u>	<u>\$ 12,571,500</u>		<u>13.43%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

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

	2023			2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Houston-MDL/LSRI Holdings LLC	\$ 10,940,800	1	1.26%	\$ -		0.00%
LV Hotel Property LLC	4,898,700	2	0.56%	-		0.00%
LCP C/O Fedway Assoc.	3,409,000	3	0.39%	-		0.00%
Individual Property Owner	3,145,500	4	0.36%	2,699,900	6	0.38%
Route 12-1 Properties LLC	3,138,000	5	0.36%	2,615,000	7	0.37%
Centre Market Place Realty Inc	3,057,900	6	0.35%	2,218,100	10	0.31%
Promar Development Co LLC	3,031,100	7	0.35%	-		0.00%
Lambertville VLG Realty	2,714,000	8	0.31%	-		0.00%
Allied Village Square LLC	2,671,000	9	0.31%	2,407,300	9	0.34%
74 North Main Street LLC	2,603,800	10	0.30%	-		0.00%
Swan Creek Holding Co LP	-		0.00%	4,002,500	1	0.56%
Delcampo LLC	-		0.00%	4,000,000	2	0.56%
Hart Venture Group LLC	-		0.00%	3,664,100	3	0.52%
Woodrose Properties LLC	-		0.00%	3,560,900	4	0.50%
BC Property management	-		0.00%	2,987,400	5	0.42%
DeMarco Investment Company	-		0.00%	2,574,400	8	0.36%
	<u>\$ 39,609,800</u>		<u>4.55%</u>	<u>\$ 30,729,600</u>		<u>4.32%</u>

Source: Municipal Tax Assessor

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

	2023			2014		
	Taxable Assessed	Rank	% of Total District Net Assessed Value	Taxable Assessed	Rank	% of Total District Net Assessed Value
	Value			Value		
Texas Eastern Transmission Corp	\$ 10,253,700	1	1.66%	\$ 7,100,000	1	1.48%
OFN Properties	6,034,700	2	0.98%	4,692,800	2	0.98%
JMJ Farm Holdings LLC	3,630,200	3	0.59%	2,521,700	3	0.52%
Individual Property Owner	2,881,300	4	0.47%	1,589,600	8	0.33%
Barry Road Properties LLC	2,695,500	5	0.44%	2,072,400	4	0.43%
1422 Route 179 Florida Realty	2,469,900	7	0.40%	-		0.00%
Individual Property Owner	2,462,200	6	0.40%	1,552,400	9	0.32%
GMNJ Properties LLC	2,346,600	8	0.38%	-		0.00%
Breen Real Estate LLC	2,331,200	9	0.38%	1,892,200	5	0.39%
MM&J Development LLC	2,243,900	10	0.36%	-		0.00%
Affordable Self Storage Inc	-		0.00%	1,819,900	6	0.38%
Bender Realty LLC	-		0.00%	1,616,710	7	0.34%
Individual Property Owner	-		0.00%	1,488,300	10	0.31%
	<u>\$ 37,349,200</u>		<u>6.06%</u>	<u>\$ 26,346,010</u>		<u>5.48%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

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

Fiscal Year Ending June 30,	Taxes Levied for the Year				Collected within the Year of the Levy (a)	
	Borough of Stockton	City of Lambertville	Township of West Amwell	Regional High School	Total Amount	Percentage of Levy
2014	\$ 657,774	\$ 3,688,071	\$ 3,866,729	\$ 9,240,692	\$ 17,453,266	100.00%
2015	** 1,203,248	8,868,570	7,691,175	-	17,762,993	100.00%
2016	1,206,785	8,902,418	7,954,162	-	18,063,365	100.00%
2017	1,189,850	9,353,217	7,861,948	-	18,405,015	100.00%
2018	1,166,739	9,828,979	7,748,702	-	18,744,420	100.00%
2019	1,148,935	10,178,116	7,940,052	-	19,267,103	100.00%
2020	1,122,678	10,299,598	8,301,678	-	19,723,954	100.00%
2021	1,136,069	10,606,502	8,468,321	-	20,210,892	100.00%
2022	1,091,201	10,987,891	8,517,691	-	20,596,783	100.00%
2023	1,194,067	11,262,769	8,520,142	-	20,976,978	100.00%

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

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

** Merger of Local and Regional School Districts

See independent auditors' report.

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

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities Leases	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Leases	Bond Anticipation Notes (BANs)				
2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2015	14,930,314	-	94,373	-	63,828	15,088,515	2.67%	2,104
2016	13,969,566	-	193,184	-	-	14,162,750	2.45%	1,983
2017	12,742,816	-	96,580	-	-	12,839,396	2.15%	1,805
2018	11,470,026	-	-	-	-	11,470,026	1.90%	1,614
2019	10,146,155	-	127,563	-	-	10,273,718	1.65%	1,451
2020	8,771,161	-	65,065	-	-	8,836,226	1.36%	1,251
2021	7,345,000	-	-	-	-	7,345,000	1.10%	1,044
2022	5,900,000	-	252,184	-	-	6,152,184	0.80%	803
2023	37,822,000	-	162,541	-	-	37,984,541	N/A	4,948

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

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

N/A Information is not available

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

See independent auditors' report.

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

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)	
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding			
2014	*	\$ -	\$ -	-	\$ -	
2015		14,930,314	-	14,930,314	0.00%	2,082
2016		13,969,566	-	13,969,566	1.04%	1,956
2017		12,742,816	-	12,742,816	0.94%	1,791
2018		11,470,026	-	11,470,026	0.83%	1,614
2019		10,146,155	-	10,146,155	0.72%	1,433
2020		8,771,161	-	8,771,161	0.61%	1,242
2021		7,345,000	-	7,345,000	0.50%	1,044
2022		5,900,000	-	5,900,000	0.38%	770
2023		37,822,000	-	37,822,000	2.36%	4,927

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

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

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2022

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Debt</u>
Debt repaid with property taxes			
Municipality			
Borough of Stockton	\$ 440,765	100.00%	\$ 440,765
City of Lambertville	17,360,357	100.00%	17,360,357
Township of West Amwell	3,878,292	100.00%	3,878,292
County general obligation debt	74,164,045	6.69%	<u>4,960,495</u>
Subtotal, overlapping debt			<u>26,639,909</u>
Regional District School			
Borough of Stockton	39,202,000	6.22%	2,440,227
City of Lambertville	39,202,000	56.43%	22,120,384
Township of West Amwell	39,202,000	37.35%	<u>14,641,389</u>
School District direct debt			<u>39,202,000</u>
Total direct and overlapping debt			<u><u>\$ 65,841,909</u></u>

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

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

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

See independent auditors' report.

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

Legal Debt Margin Calculation for Fiscal Year 2023

		Equalized Valuation Basis
	2022	\$1,701,991,432
	2021	1,523,312,208
	2020	1,447,870,211
		\$4,673,173,851
Average equalized valuation of taxable property		\$1,557,724,617
Debt limit (4.0% of average equalization value)	(a)	\$ 62,308,985
Total net debt applicable to limit		37,822,000
Legal debt margin		\$ 24,486,985

	Fiscal Year				
	2019	2020	2021	2022	2023
Debt limit	\$ 55,051,999	\$ 55,710,751	\$ 56,662,877	\$ 58,454,551	\$ 62,308,985
Total net debt applicable	10,146,155	8,771,161	7,345,000	5,900,000	37,822,000
Legal debt margin	\$ 44,905,844	\$ 46,939,590	\$ 49,317,877	\$ 52,554,551	\$ 24,486,985
Total net debt applicable to the limit as a percentage of debt limit	18.43%	15.74%	12.96%	10.09%	60.70%

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt limit	\$ -	\$ 52,666,494	\$ 52,958,717	\$ 53,571,851	\$ 54,357,623
Total net debt applicable	-	14,930,314	13,969,566	12,742,816	11,470,026
Legal debt margin	\$ -	\$ 37,736,180	\$ 38,989,151	\$ 40,829,035	\$ 42,887,597
	*				
Total net debt applicable to the limit as a percentage of debt limit	0.00%	28.35%	26.38%	23.79%	21.10%

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

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

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

See independent auditors' report.

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

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate (d)</u>
2014	528	\$ 39,713,520	\$ 75,215	3.2%
2015	526	41,481,412	78,862	3.6%
2016	523	42,353,063	80,981	3.0%
2017	520	43,556,760	83,763	3.0%
2018	519	44,069,328	84,912	2.3%
2019	515	45,286,010	87,934	2.6%
2020	513	47,168,298	91,946	7.3%
2021	510	48,494,880	95,088	3.7%
2022	496	49,742,848	100,288	2.5%
2023	498	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the Municipal population and per capita personal income presented.
- (c) Per capita personal income by County estimated based upon the 2020 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

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

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate (d)</u>
2014	3,866	\$ 290,781,190	\$ 75,215	3.8%
2015	3,856	304,091,872	78,862	3.1%
2016	3,841	311,048,021	80,981	2.9%
2017	3,824	320,309,712	83,763	2.9%
2018	3,822	324,533,664	84,912	2.5%
2019	3,815	335,468,210	87,934	2.1%
2020	3,808	350,130,368	91,946	5.7%
2021	3,790	360,383,520	95,088	3.6%
2022	4,149	416,094,912	100,288	2.4%
2023	4,154	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the Municipal population and per capita personal income presented.
- (c) Per capita personal income by County estimated based upon the 2020 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

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

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate (d)</u>
2014	2,795	\$ 210,225,925	\$ 75,215	5.0%
2015	2,788	219,867,256	78,862	3.9%
2016	2,777	224,884,237	80,981	3.7%
2017	2,770	232,023,510	83,763	3.4%
2018	2,764	234,696,768	84,912	3.2%
2019	2,749	241,730,566	87,934	2.8%
2020	2,743	252,207,878	91,946	7.2%
2021	2,734	259,970,592	95,088	3.9%
2022	3,015	302,368,320	100,288	2.7%
2023	3,025	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the Municipal population and per capita personal income presented.
- (c) Per capita personal income by County estimated based upon the 2020 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

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

2023

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

2014

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

See independent auditors' report.

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Function/program										
Instruction										
Regular	-	73.0	76.0	72.5	70.6	72.5	73.2	74.3	72.9	76.0
Special education	-	23.9	26.5	28.0	32.0	33.7	32.9	32.5	31.3	32.5
Other instruction - aides	-	19.3	18.8	21.5	26.0	26.0	25.5	25.0	25.0	23.5
Support services										
Student and instruction related services	-	17.8	23.8	27.9	28.1	26.5	29.7	30.0	28.6	28.6
General administration	-	2.5	2.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administration services	-	9.5	6.0	6.0	6.3	7.3	6.4	6.4	6.0	6.0
Central services	-	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Administrative information technology	-	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Plant operations and maintenance	-	11.3	11.4	11.9	12.4	12.4	12.4	11.8	11.8	11.8
Pupil transportation	-	7.0	7.3	7.8	7.7	7.0	6.0	7.5	8.5	9.0
Other Support Services	-	2.0	2.0	2.0	1.7	1.7	2.6	2.6	2.6	2.6
Total	<u>-</u>	<u>171.8</u>	<u>179.8</u>	<u>186.1</u>	<u>193.3</u>	<u>195.6</u>	<u>197.2</u>	<u>198.6</u>	<u>195.2</u>	<u>198.5</u>
	*									

Source: District Personnel Records

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

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	June 30 Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2014	*	-	\$ -	-	-	-	-	-	-	-
2015	960	19,234,843	20,036	-2.95%	97.9	1 to 9.81	960	917	2.92%	95.49%
2016	938	20,626,765	21,990	9.75%	102.5	1 to 9.15	938	896	-2.25%	95.52%
2017	940	21,406,978	22,773	3.56%	102.6	1 to 9.16	940.0	880.7	0.18%	93.69%
2018	943	22,145,510	23,484	3.12%	102.6	1 to 9.19	1,020.8	872.7	8.60%	85.49%
2019	925	23,938,553	25,880	10.20%	106.2	1 to 8.71	904.8	859.4	-11.37%	94.98%
2020	971	24,610,687	25,346	-2.06%	108.0	1 to 8.99	921.2	891.3	1.81%	96.76%
2021	885	25,887,120	29,251	15.41%	108.8	1 to 8.13	883.5	836.5	-4.09%	94.68%
2022	817	28,719,303	35,152	20.17%	108.0	1 to 7.56	767.9	712.8	-13.09%	92.83%
2023	807	29,674,147	36,771	4.61%	108.5	1 to 7.44	813.3	753.3	5.91%	92.62%

Source: District Records

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

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

See independent auditors' report.

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

District Building	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Elementary										
<u>City of Lambertville (1968)</u>										
Square feet	-	32,301	32,301	32,301	32,301	32,301	32,301	32,301	32,301	32,301
Capacity (students)	-	982	982	982	982	982.0	982.0	982.0	982.0	982.0
Enrollment	-	251	250	246	247	231	235	226	219	233
<u>Borough of Stockton (1872)</u>										
Square feet	-	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Capacity (students)	-	67	67	67	67	67.0	67.0	67.0	67.0	67.0
Enrollment	-	55	48	55	12	-	-	-	-	-
<u>Township of West Amwell (1953)</u>										
Square feet	-	24,578	24,578	24,578	24,578	24,578	24,578	24,578	24,578	24,578
Capacity (students)	-	266	266	266	266	266.0	266.0	266.0	266.0	266.0
Enrollment	-	222	211	219	234	227	260	215	187	167
High School										
<u>South Hunterdon Regional High School (1959)</u>										
Square feet	-	99,000	99,000	99,000	99,000	99,000	99,000	99,500	99,500	99,500
Capacity (students)	-	572	572	572	572	572.0	572.0	572.0	572.0	572.0
Enrollment	-	424	441	452	450	463	476	444	409	407

*

<u>Number of schools at June 30, 2023:</u>	
Elementary	3
Middle School	-
High School	1
Other	-

Source: District Facilities Office

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

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

See independent auditors' report.

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

Undistributed Expenditures - Required Maintenance for School Facilities

Fiscal Year Ending	Borough of Stockton	City of Lambertville	High School	Township of West Amwell	District Total
2014	*	\$ -	\$ -	\$ -	\$ -
2015	18,793	42,831	198,248	28,768	288,640
2016	20,760	38,808	298,916	60,874	419,358
2017	44,266	131,520	315,515	89,578	580,879
2018	15,850	85,431	331,700	115,991	548,972
2019	6,933	91,649	280,273	146,227	525,082
2020	27,133	128,462	343,841	149,731	649,167
2021	12,381	106,218	283,426	77,201	479,226
2022	20,930	77,376	321,612	115,556	535,474
2023	19,952	98,594	329,826	102,748	551,120
Total school facilities	<u>\$ 186,998</u>	<u>\$ 800,889</u>	<u>\$ 2,703,357</u>	<u>\$ 886,674</u>	<u>\$ 4,577,918</u>

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

Source: District Records

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

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Insurance Schedule
June 30, 2023
(Unaudited)

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

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Insurance Schedule
June 30, 2023
(Unaudited)

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

Source: District Records

See independent auditors' report.

SINGLE AUDIT SECTION

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



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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the South Hunterdon Regional School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 4, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as finding number 2023-001.

South Hunterdon Regional School District's Responses to Findings

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

Purpose of this Report

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



BKC, CPAs, PC



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

December 4, 2023
Flemington, New Jersey



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

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

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the South Hunterdon Regional School District's (the District) compliance with the types of compliance requirements as subject to audit in the OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal and State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and the New Jersey OMB's Circulars 15-08 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001. Our opinion on each major federal and state program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow Management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 to be a significant deficiency.

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

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

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



BKC, CPAs, PC



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

December 4, 2023
Flemington, New Jersey

SUPPLEMENTARY INFORMATION

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2023

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance June 30, 2022		Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2023															
							(Acct Rec)	Carryover					Accounts Receivable	Deferred Revenue	Due to Grantor													
							Def Revenue	Amount					Receivable	Revenue	Grantor													
U.S. Department of Health and Human Services passed through State Department of Education General Fund																												
Medical Assistance Program (SEMI)	93.778	2005NJ5MAP	N/A	\$ 64,494	07/01/22	06/30/23	\$ -	\$ -	\$ 64,494	\$ 64,494	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -										
Total General Fund							-	-	64,494	64,494	-	-	-	-	-	-	-											
U.S. Department of Education passed through State Department of Education Special Revenue Fund																												
Special education cluster (IDEA)																												
IDEA Basic	84.027A	H027A210100	IDEA-1376-23	213,145	07/01/22	06/30/23	-	-	200,499	213,145	-	-	(12,646)	-	-	-	-											
IDEA Preschool	84.173A	H173A200114	IDEA-1376-21	7,156	07/01/20	06/30/21	(2,214)	-	2,214	-	-	-	-	-	-	-	-											
IDEA Preschool	84.173A	H173A210114	IDEA-1376-22	7,130	07/01/21	06/30/22	(2,567)	-	7,130	4,563	-	-	-	-	-	-	-											
IDEA Preschool	84.173A	H173A220114	IDEA-1376-23	7,844	07/01/22	06/30/23	-	-	568	7,825	-	-	(7,257)	-	-	-	-											
Total special education cluster (IDEA)							(4,781)	-	210,411	225,533	-	-	(19,903)	-	-	-	-											
Title I A	84.010	S010A200030	ESSA-1376-21	156,578	07/01/20	06/30/21	(2,996)	-	-	-	-	-	(2,996)	-	-	-	-											
Title I A	84.010	S010A210030	ESSA-1376-22	139,299	07/01/21	06/30/22	(80,718)	-	74,050	3,016	-	-	(9,684)	-	-	-	-											
Title I A	84.010	S010A220030	ESSA-1376-23	103,519	07/01/22	06/30/23	-	-	56,050	100,503	-	-	(44,453)	-	-	-	-											
Title II A	84.367A	S367A200029	ESSA-1376-21	10,483	07/01/20	06/30/21	(654)	-	654	-	-	-	-	-	-	-	-											
Title II A	84.367A	S367A210029	ESSA-1376-22	12,413	07/01/21	06/30/22	(2,397)	-	2,383	-	-	-	(14)	-	-	-	-											
Title II A	84.367A	S367A220029	ESSA-1376-23	12,797	07/01/22	06/30/23	-	-	3,170	12,797	-	-	(9,627)	-	-	-	-											
Title III	84.365	S365A210030	ESSA-1376-22	15,487	07/01/21	06/30/22	(9,196)	-	9,196	670	-	-	(670)	-	-	-	-											
Title III	84.365	S365A220030	ESSA-1376-23	13,523	07/01/22	06/30/23	-	-	4,349	10,758	-	-	(6,409)	-	-	-	-											
Title IV	84.424A	S424A200031	ESSA-1376-21	13,115	07/01/20	06/30/21	(2,872)	-	-	-	-	-	(2,872)	-	-	-	-											
Title IV	84.424A	S424A210031	ESSA-1376-22	14,300	07/01/21	06/30/22	(7,954)	-	10,238	2,871	-	-	(587)	-	-	-	-											
Title IV	84.424A	S424A220031	ESSA-1376-23	11,912	07/01/22	06/30/23	-	-	2,265	9,041	-	-	(6,776)	-	-	-	-											
COVID-19																												
CARES Emergency Relief	84.425	S425D200027	CARES-1376-22	125,344	03/13/20	09/30/22	6,847	-	-	-	-	-	-	6,847	-	-	-											
CRRSA - ESSER II	84.425D	S425D210027	CRSSA-1376-23	513,215	03/13/20	09/30/23	(35,953)	-	-	2,690	-	-	(38,643)	-	-	-	-											
CRRSA - Learning Acceleration	84.425D	S425D210027	CRSSA-1376-23	32,936	03/13/20	09/30/23	(5,001)	-	-	-	-	-	(5,001)	-	-	-	-											
CRRSA - Mental Health	84.425D	S425D210027	CRSSA-1376-23	45,000	03/13/20	09/30/23	(1,325)	-	14,609	29,391	-	-	(16,107)	-	-	-	-											
ARP - ESSER																												
ARP - ESSER	84.425U	S425U210027	ESSER-1376-24	1,153,419	03/13/20	09/30/24	(93,533)	-	317,555	554,410	-	-	(330,388)	-	-	-	-											
Accelerated Learning Coach and Educator Support	84.425U	S425U210027	ESSER-1376-24	77,354	03/13/20	09/30/24	-	-	19,334	37,966	-	-	(18,632)	-	-	-	-											
Evidenced Based Comprehensive Beyond the School Day	84.425U	S425U210027	ESSER-1376-24	40,000	03/13/20	09/30/24	-	-	12,922	35,851	-	-	(22,929)	-	-	-	-											
Evidenced Based Summer Learning	84.425U	S425U210027	ESSER-1376-24	40,000	03/13/20	09/30/24	(3,154)	-	36,846	36,304	-	-	(2,612)	-	-	-	-											
NJTSS Mental Health Support	84.425U	S425U210027	ESSER-1376-24	45,000	03/13/20	09/30/24	-	-	8,470	30,569	-	-	(22,099)	-	-	-	-											
ARP Homeless	84.425W	S425W210031	ARP-1376-22	5,241	03/13/20	09/30/24	-	-	5,241	-	-	-	-	5,241	-	-	-											
ARP IDEA Basic	84.027X	H027X210100	ARP-1376-22	40,782	07/01/21	09/30/22	(21,712)	-	21,712	-	-	-	-	-	-	-	-											
ARP IDEA Preschool	84.173X	H173X210114	ARP-1376-22	3,473	07/01/21	09/30/22	(2,206)	-	3,473	1,267	-	-	-	-	-	-	-											
ACSERS	21.027	SFLRDOE1SES	ACSERS-1376-23	104,849	07/01/22	06/30/23	-	-	-	89,355	-	-	(89,355)	-	-	-	-											
Total Special Revenue Fund							(267,605)	-	812,928	1,182,992	-	-	(649,757)	12,088	-	-	-											

See independent auditors' report.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2023**

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2022		Cash Received	Budgetary Expenditure	Adjust- ment	Repayment of Prior Year Balance	Balance June 30, 2023				
					From	To	Def Revenue	Carryover Amount					Accounts Receivable	Deferred Revenue	Due to Grantor		
U.S. Department of Agriculture passed through State Department of Agriculture Enterprise Fund																	
Child Nutrition Cluster																	
National School Lunch Program																	
Non-Cash Assistance (Commodities)	10.555	221NJ304N1099	N/A	\$ 26,312	10/01/21	09/30/22	\$ 3,337	\$ -	\$ -	\$ 3,337	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Cash Assistance (Commodities)	10.555	231NJ304N1199	N/A	42,176	10/01/22	09/30/23	-	-	42,176	35,499	-	-	-	-	6,677	-	-
Cash Assistance	10.555	221NJ304N1099	N/A	376,973	10/01/21	09/30/22	(23,862)	-	23,862	-	-	-	-	-	-	-	-
Cash Assistance	10.555	231NJ304N1199	N/A	135,172	10/01/22	09/30/23	-	-	132,941	135,172	-	-	(2,231)	-	-	-	-
School Breakfast Program	10.553	221NJ304N1099	N/A	100,760	10/01/21	09/30/22	(6,728)	-	6,728	-	-	-	-	-	-	-	-
School Breakfast Program	10.553	231NJ304N1199	N/A	23,742	10/01/22	09/30/23	-	-	23,005	23,742	-	-	(737)	-	-	-	-
Total Child Nutrition Cluster							(27,253)	-	228,712	197,750	-	-	(2,968)	6,677	-	-	-
Supply Chain Assistance	10.649	231NJ304N1199	N/A	52,008	07/01/22	06/30/23	-	-	52,008	52,008	-	-	-	-	-	-	-
Total Enterprise Fund							(27,253)	-	280,720	249,758	-	-	(2,968)	6,677	-	-	-
Total Federal Awards							\$ (294,858)	\$ -	\$ 1,158,142	\$ 1,497,244	\$ -	\$ -	\$ (652,725)	\$ 18,765	\$ -	\$ -	\$ -

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2023

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2022		Cash Received	Budgetary Expenditure	Adjustments	Balance June 30, 2023			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General Fund														
Transportation Aid	23-495-034-5120-014	\$ 351,714	07/01/22	06/30/23	\$ -	\$ -	\$ 319,726	\$ 351,714	\$ -	\$ -	\$ -	\$ -	\$ 31,988	\$ 351,714
Special Education Categorical Aid	23-495-034-5120-089	820,333	07/01/22	06/30/23	-	-	745,724	820,333	-	-	-	-	74,609	820,333
School Choice Aid	23-495-034-5120-068	1,399,094	07/01/22	06/30/23	-	-	1,271,846	1,399,094	-	-	-	-	127,248	1,399,094
Security Aid	23-495-034-5120-084	125,891	07/01/22	06/30/23	-	-	114,441	125,891	-	-	-	-	11,450	125,891
Extraordinary Special Education Costs Aid	22-495-034-5120-044	189,266	07/01/21	06/30/22	(189,266)	-	189,266	-	-	-	-	-	-	189,266
Extraordinary Special Education Costs Aid	23-495-034-5120-044	128,314	07/01/22	06/30/23	-	-	-	128,314	-	(128,314)	-	-	-	128,314
Non-Public Transportation Aid	22-495-034-5120-014	12,760	07/01/21	06/30/22	(12,760)	-	12,760	-	-	-	-	-	-	12,760
Non-Public Transportation Aid	23-495-034-5120-014	12,168	07/01/22	06/30/23	-	-	-	12,168	-	(12,168)	-	-	-	12,168
Securing Our Children's Future Bond Act	23-100-082-2000-A92	204,094	07/01/22	06/30/23	-	-	204,094	204,094	-	-	-	-	-	204,094
Reimbursed TPAF Social Security Contribution	22-495-034-5094-003	743,408	07/01/21	06/30/22	(74,170)	-	74,170	-	-	-	-	-	-	743,408
Reimbursed TPAF Social Security Contribution	23-495-034-5094-003	760,949	07/01/22	06/30/23	-	-	757,358	760,949	-	(3,591)	-	-	-	760,949
On-Behalf TPAF Pension Contribution - Teacher's Pension & Annuity Fund	23-495-034-5094-002	3,706,360	07/01/22	06/30/23	-	-	3,706,360	3,706,360	-	-	-	-	-	3,706,360
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	23-495-034-5094-004	51,422	07/01/22	06/30/23	-	-	51,422	51,422	-	-	-	-	-	51,422
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	23-495-034-5094-004	1,587	07/01/22	06/30/23	-	-	1,587	1,587	-	-	-	-	-	1,587
On-Behalf TPAF Pension Contribution - Post Retirement Medical	23-495-034-5094-001	987,160	07/01/22	06/30/23	-	-	987,160	987,160	-	-	-	-	-	987,160
Total General Fund					(276,196)	-	8,435,914	8,549,086	-	(144,073)	-	-	245,295	9,494,520
State Department of Education														
Special Revenue Fund														
SDA Emergent and Capital Maintenance Needs	23-100-034-5120-519	20,569	07/01/22	06/30/23	-	-	20,569	-	-	-	20,569	-	-	-
School Climate	23-WB01-G02	6,660	07/01/22	06/30/23	-	-	6,660	6,660	-	-	-	-	-	6,660
Preschool Expansion Aid	22-495-034-5120-086	303,072	07/01/21	06/30/22	69,489	-	-	69,489	-	-	-	-	-	303,072
Preschool Expansion Aid	23-495-034-5120-086	505,404	07/01/22	06/30/23	-	-	454,864	435,915	-	-	69,489	-	50,540	435,915
Total Special Revenue Fund					69,489	-	482,093	512,064	-	-	90,058	-	50,540	745,647
Debt Service Fund														
Debt Service Aid - State Support	23-495-034-5120-017	347,734	07/01/22	06/30/23	-	-	347,734	347,734	-	-	-	-	-	347,734
Total Debt Service Fund					-	-	347,734	347,734	-	-	-	-	-	347,734
State Department of Agriculture														
Enterprise Fund														
State School Lunch Program	22-100-010-3350-023	8,778	07/01/21	06/30/22	(549)	-	549	-	-	-	-	-	-	8,778
State School Lunch Program	23-100-010-3350-023	5,691	07/01/22	06/30/23	-	-	5,610	5,691	-	(81)	-	-	-	5,691
State School Breakfast Program	23-100-010-3350-023	392	07/01/22	06/30/23	-	-	381	392	-	(11)	-	-	-	392
Total Enterprise Fund					(549)	-	6,540	6,083	-	(92)	-	-	-	14,861

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B (continued)
For the Fiscal Year Ended June 30, 2023

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2022		Cash Received	Budgetary Expenditure	Adjustments	Balance June 30, 2023			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
Total State Financial Assistance					<u>\$ (207,256)</u>	<u>\$ -</u>	<u>\$ 9,272,281</u>	\$ 9,414,967	\$ -	<u>\$ (144,165)</u>	<u>\$ 90,058</u>	<u>\$ -</u>	<u>\$ 295,835</u>	<u>\$ 10,602,762</u>
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	23-495-034-5094-002							3,706,360						
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	23-495-034-5094-004							51,422						
On-Behalf TPAF Pension Contribution - Postretirement Medical	23-495-034-5094-001							987,160						
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	23-495-034-5094-004							<u>1,587</u>						
Total for State Financial Assistance - Major Program Determination								<u>\$ 4,668,438</u>						

See independent auditors' report.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2023

Note 1 - General

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

Note 2 - Basis of accounting

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

Note 3 - Relationship of financial statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$9,465 for the general fund and (\$89,292) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2023

Note 3 - Relationship of financial statement (continued)

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

	Federal	State	Total
General fund	\$ 64,494	\$ 8,558,551	\$ 8,623,045
Special revenue fund	1,120,593	485,171	1,605,764
Debt service fund	-	347,734	347,734
Food service fund	249,758	6,083	255,841
Total awards and financial assistance	\$ 1,434,845	\$ 9,397,539	\$ 10,832,384

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension contributions represents the amount paid by the state on behalf of the District for the fiscal year ended June 30, 2023. TPAF Social Security contribution represents the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the fiscal year ended June 30, 2023.

Note 6 - Indirect Costs

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

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

Noncompliance material to basic financial statements noted? X Yes No

Federal Awards

Internal Control Over Major Programs:

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

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

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a)? X Yes No

Identification of Major Programs:

CFDA Number(s)	FEIN Number(s)	Name of Federal Program or Cluster
<u>84.425U</u>	<u>S425U210027</u>	<u>ARP ESSER Cluster:</u>
		<u>ARP ESSER III</u>
<u>84.425U</u>	<u>S425U210027</u>	<u>Accelerated Learning Coach and Educator Support</u>
<u>84.425U</u>	<u>S425U210027</u>	<u>Evidence Based Comprehensive Beyond the School Day</u>
<u>84.425U</u>	<u>S425U210027</u>	<u>Evidence Based Summer Learning</u>
<u>84.425U</u>	<u>S425U210027</u>	<u>NJTSS Mental Health Support</u>

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

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

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023**

State Awards

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

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

Internal Control Over Major Programs:

1. Were material weakness(es) identified? Yes X No

2. Were there significant deficiencies identified that are not considered to be material weaknesses? X Yes None reported

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

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

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
	<i>State Aid Public Cluster:</i>
<u>23-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>23-495-034-5120-084</u>	<u>Security Aid</u>
<u>23-495-034-5120-068</u>	<u>School Choice Aid</u>
<u>23-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security Contribution</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
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SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section II - Financial Statement Findings

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

Finding 2023-001

Criteria

Approval signatures and receiving signatures certifying goods or services should be evident for all applicable payments.

Condition

In some instances, the District did not obtain the proper approval signatures and receiving signatures certifying goods or services.

Context

An examination of claims paid during the period under review indicated discrepancies with respect to approval and receiving signatures.

Cause

Unknown.

Effect

Approval signatures and receiving signatures certifying goods or services were received by the District were at times not evident on payment forms.

Recommendation

Approval signatures and receiving signatures certifying goods or services are to be evident for all applicable payments.

Views of Responsible Officials and Planned Corrective Action (unaudited)

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

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

Federal Awards

There were no findings or questioned costs for fiscal year ended June 30, 2023.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

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

State Awards

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

Finding 2023-001

Criteria

Approval signatures and receiving signatures certifying goods or services should be evident for all applicable payments.

Condition

In some instances, the District did not obtain the proper approval signatures and receiving signatures certifying goods or services.

Context

An examination of claims paid during the period under review indicated discrepancies with respect to approval and receiving signatures.

Cause

Unknown.

Effect

Approval signatures and receiving signatures certifying goods or services were received by the District were at times not evident on payment forms.

Recommendation

Approval signatures and receiving signatures certifying goods or services are to be evident for all applicable payments.

Views of Responsible Officials and Planned Corrective Action (unaudited)

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Summary Schedule of Prior Year Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2023

Status of Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. Corrective action has been taken on all findings.