

**Annual Comprehensive
Financial Report
of the**

**South Harrison Township School District
Harrisonville, New Jersey
For The Year Ended June 30, 2023**

Prepared by
South Harrison Township Board of Education
Finance Department

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Introductory Section

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South Harrison Township Elementary School District

Steven W. Price
Interim Superintendent

Christian Albadine
School Business Administrator

Elizabeth Winterburn, Ed. D.
Building Principal

December 20, 2023

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

Dear Board Members:

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

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

Reporting Entity

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

School District Organization

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

Committed to Excellence

The District completed the 2022-2023 fiscal year with an average daily enrollment of 347 students. The following details the changes in the student enrollment of the District over the last seven years:

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2022-2023	347	5.47%
2021-2022	329	6.13%
2020-2021	310.0	(2.69)%
2020-2021	318.6	(4.05)%
2019-2020	332.0	(7.49)%
2018-2019	358.9	(2.79) %
2017-2018	369.2	(4.72) %

Economic Condition and Outlook

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

Participating in the school choice program, South Harrison generates approximately \$280,000 annually in school choice aid. Additionally, by partnering with the Logan Township School District, South Harrison saves approximately \$299,699 in annual administrative costs, while improving service quality, program alignment and administrative direction. The savings generated through shared service continues to be redirected back to the classroom to support our instructional program.

The South Harrison Township Elementary School added the Preschool Expansion Grant in 2022-2023, which has provided enhancement in enrollment and finance. South Harrison expects to encourage resident students to remain in our district by drawing them into the school through the full-day Preschool program.

Educational Program & Initiatives

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

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

Committed to Excellence

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

Math (New Jersey Student Learning Standards)

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

Science (New Jersey Student Learning Standards)

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

English/Language Arts (New Jersey Student Learning Standards)

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

Social Studies (New Jersey Student Learning Standards)

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

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

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

Visual and Performing Arts (New Jersey Student Learning Standards)

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

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

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

World Language (New Jersey Student Learning Standards)

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

Technology & Media Studies (New Jersey Student Learning Standards)

The Library/Media curricula is currently aligned to the NJSLs, and all students receive exposure to technology through a library/media elective K-6. Keyboarding without Tears is also infused in grades K-2. Additionally, as we continue to work to integrate technology effectively and through a blended approach to instruction, there continues to be a focus on technology integration into all curricula and instruction through the use of the SAMR method. We believe this helps to reinforce the NJSLs technology standards effectively and in a responsible manner.

Internal Accounting Controls

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

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

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

Committed to Excellence

Budgetary Controls

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

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

Accounting System and Reports

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

Management's Discussion and Analysis

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

Cash Management

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

Risk Management

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

Other Information

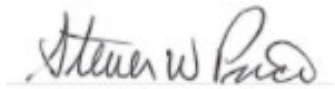
State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford-Scott & Associates, LLC was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet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

Committed to Excellence

Acknowledgements

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

Sincerely,



Steven W. Price

Interim Superintendent



Christian Albadine

School Business Administrator

CA/sri

Committed to Excellence

SOUTH HARRISON TOWNSHIP BOARD OF EDUCATION
HARRISONVILLE, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2023

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Laura Bruno, President	2024
Joan Pino-Talbot, Vice-President	2023
Janet Brown	2023
Debbie Cunningham	2025
Carole English	2023
Janice Huggins	2025
Jennifer McIlvaine	2024
Carrie Selb	2025
Joseph Talbot	2024

Other Officials

Steve Price., Interim Superintendent
Dawn Leary, Business Administrator/Board Secretary
Charles Owens, Treasurer of School Monies

SOUTH HARRISON TOWNSHIP BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

AUDIT FIRM

Ford, Scott & Associates, L.L.C.
1535 Haven Avenue
Ocean City, New Jersey

ATTORNEY

Comegno Law Group PC
521 Pleasant Valley Avenue
Moorestown, NJ 08057

OFFICIAL DEPOSITORIES

Citizens Bank
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Mullica Hill, NJ 08062

ARCHITECT

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

Financial Section

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

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Independent Auditor's Report

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

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Harrison Township School District, in the County of Gloucester, New Jersey, 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 South Harrison Township School District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements 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 Financial Statements section of our report. We are required to be independent of the South Harrison Township School 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 opinions.

Responsibility 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 misstatements, 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 South Harrison Township School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey 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 an 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

- exercise professional judgement 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 the 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 entity'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 judgement there are conditions or events considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charge 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Harrison Township School District's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards as required by 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 schedule of state financial assistance as required by NJ OMB 15-08 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by the Uniform Guidance, and the schedule of state financial assistance as required by NJ OMB 15-08 is 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 Comprehensive Financial Report. The other information comprises of the introductory and statistical sections and have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023 on our consideration of the South Harrison Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the South Harrison Township School District's internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello

Leon P. Costello
Certified Public Accountant
Licensed Public School Accountant
No. 767

December 20, 2023

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REQUIRED SUPPLEMENTARY INFORMATION
PART 1

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
UNAUDITED**

The discussion and analysis of South Harrison Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; 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 \$242,417, which represents an increase of approximately 7 percent from prior year.
- General revenues accounted for \$6,690,712 in revenue or 94 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$376,976 or 6 percent of total revenues of \$7,067,688.
- Total assets of governmental activities increased \$120,750 as cash and cash equivalents increased by \$355,051, receivables decreased by \$52,533, and net capital assets decreased by \$286,834.
- The School District had \$6,825,271 in expenses; \$376,976 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$6,690,712 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$5,820,100 in revenues and \$5,962,923 in expenditures. The General Fund's fund balance decreased \$142,823 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 Harrison Township 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 Harrison Township School District, the General Fund is by far the most significant fund.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)**

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 FY 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 businesses. 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 position of the School District have improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

- **Governmental Activities** - All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-Type Activity** - This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service and Latchkey enterprise funds are reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transaction. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps the reader 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 HARRISON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)**

Reporting the School District's Most Significant Funds (Continued)

Enterprise Fund

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

The School District as a Whole

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

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

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)**

Table 1 provides a summary of the School District's net position for 2023 and 2022.

Table 1 Net Position		2023	2022
Assets			
Current and Other Assets	\$	1,869,418	1,289,070
Capital Assets		9,575,882	9,862,472
Total Assets		11,445,300	11,151,542
Deferred Outflows of Resources			
Deferred Outflows Related to Pensions and Debt		224,964	266,497
Liabilities			
Long-Term Liabilities		6,999,808	7,625,910
Other Liabilities		846,185	142,663
Total Liabilities		7,845,993	7,768,573
Deferred Inflows of Resources			
Deferred Inflows Related to Pensions		73,789	182,685
Total Liabilities		73,789	182,685
Net Position			
Net Investment in Capital Assets		3,131,545	2,759,466
Restricted		842,708	1,044,162
Unrestricted		(223,771)	(295,807)
Total Net Position	\$	3,750,482	\$ 3,507,821

The overall increase in net position is the result of the operations in the current year. The variance in the restricted and unrestricted net position is primarily due to the classification of committed balances reflected as restricted in the prior year.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)**

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

**Table 2
Changes in Net Position**

	2023	2022
Revenues		
Program Revenues:		
Charges for Services	\$ 96,323	180
Operating Grants and Contributions	280,653	1,506,213
General Revenues:		
Property Taxes	4,287,467	4,220,469
Grants and Entitlements	2,362,665	1,756,390
Other	43,506	35,081
Total Revenues	7,070,614	7,518,333
Program Expenses		
Instruction	2,034,274	2,297,833
Support Services:		
Tuition	117,411	111,502
Pupils and Instructional Staff	993,529	689,917
General and School Administration, Business	550,937	535,430
Operations and Maintenance of Facilities	532,305	609,936
Pupil Transportation	523,888	366,506
Unallocated Benefits	1,663,073	1,575,788
Charter Schools	19,915	10,070
Interest on Debt	222,389	246,555
Unallocated Depreciation		535,945
Food Service	170,232	153,682
Other		-
Total Expenses	6,827,953	7,133,164
Increase in Net Position	\$ 242,661	385,169

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)**

Governmental Activities

Property taxes made up 62% of revenues for governmental activities for the South Harrison Township School District for the fiscal year 2023. The School District's total governmental revenues were \$6,876,608 for the year ended June 30, 2023. Charges for services represent 1% of revenue and federal, state, and local grants accounted for another 37% of revenue.

The total cost of all programs and services was \$6,657,721. Instruction comprises 30% of District expenses.

Business-Type Activities

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

- Revenues exceeded expenses by \$23,774.
- Charges for services represent \$88,573 of revenue. This represents amounts paid by patrons for daily food service services.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast, and donated commodities was \$101,635.

Governmental Activities

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

Table 3

	<u>Total Cost of Services 2023</u>	<u>Net Cost of Services 2023</u>	<u>Total Cost of Services 2022</u>	<u>Net Cost of Services 2022</u>
Instruction	\$ 2,492,332	2,654,834	2,297,833	2,093,069
Support Services:				
Tuition	117,411	117,411	111,502	111,502
Student and Instructional Staff	1,175,546	833,955	689,917	568,687
General Administration, School				
Admin & Business Services	606,976	608,913	535,430	535,430
Operation of Plant	1,455,064	1,443,920	609,936	609,936
Pupil Transportation	568,088	569,616	366,506	366,506
Unallocated Benefits			1,575,788	627,216
Unallocated Depreciation			535,945	535,945
Interest and Finance Charges	222,389	222,389	246,555	246,555
Charter School	19,915	19,915	10,070	10,070
Other	-	-	-	-
Total Expenses	<u>\$ 6,657,721</u>	<u>6,470,953</u>	<u>6,979,482</u>	<u>5,704,916</u>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)**

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

Tuition is predominately made up of charges for private schools for disabled students.

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

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

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

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

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

"Other" includes special schools and a loss on the disposal of capital assets.

None of the variances are unusual or unexpected.

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$7,436,815 and expenditures were \$7,656,235. The net decrease in the fund balance of operations for the year was (\$219,420).

As demonstrated by the various statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2023, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenue	Amount	Percent of Total	Increase (Decrease) from 2022	Percent of Increase (Decrease)
Local Sources	\$ 4,362,863	58.7%	79,028	1.8%
State Sources	2,686,404	36.1%	(142,862)	-5.0%
Federal Sources	387,548	5.2%	97,473	33.6%
Total	<u>\$ 7,436,815</u>	100.0%	<u>33,639</u>	0.5%

The decrease in State funding is due to decreased on-behalf Contributions and Equalization Aid.

The following schedule represents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2023, and the percentage of increases and decreases in relation to prior year amounts.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)**

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2022	Percent of Increase (Decrease)
Current expense:				
Instruction	\$ 2,250,602	29.4%	(47,231)	-2.1%
Undistributed expenditures	4,181,446	54.6%	69,672	1.7%
Capital Outlay	311,938	4.1%	311,938	
Special Schools & Charter Schools	19,915	0.3%	9,845	97.8%
Debt Service:				
Principal	615,000	8.0%	20,000	3.4%
Interest	277,333	3.6%	(23,800)	-7.9%
Total	<u>\$ 7,656,234</u>	100.0%	<u>340,424</u>	4.7%

Changes in the expenditures were the results of varying factors. The significant change in Capital Outlay is partly due to no prior construction projects going on within District.

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.

Over the course of the year, the School District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line-item accounts.

- On-behalf TPAF Pension contributions appear as both a revenue and an expense in the School District's financial statements. The State of New Jersey made on behalf TPAF Pension Contributions of \$688,712 for FY 2023 and also made on-behalf TPAF post-retirements contributions of \$180,923 and long-term disability insurance for the School District in the amount of \$347.
- The State of New Jersey reimbursed the District for TPAF Social Security contributions made during the school year. The amount of \$144,162.

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)**

Capital Assets

At the end of the fiscal year 2023, the School District had \$9,575,882 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2023 balances compared to 2022.

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

	2023	2022
Land	\$ 18,937	18,937
Construction in Progress	266,496	17,098
Site Improvements	2,446	-
Buildings	9,195,096	9,533,760
Machinery and Equipment	92,907	292,677
Total	\$ 9,575,882	9,862,472

Debt Administration

At June 30, 2023, the School District had \$4,260,901 of outstanding long term liabilities. Of this amount, \$178,789 is for compensated absences, \$3,390,000 of serial bonds net of unamortized premiums on bonds issued, net pension liability of \$646,272 and a lease agreement of \$45,840.

**Table 5
Bonded Outstanding Debt as of June 30,**

	2023	2022
2021 General Obligation Bonds	\$ 6,115,000	6,730,000
Unamortized Bond Premium	536,244	607,348
Pension liability	244,145	207,824
Compensated Absences	104,419	80,738
Total	\$ 6,999,808	7,625,910

As of June 30, 2023, the School District was within its overall legal debt margin.

For the Future

The South Harrison Township School District is in good financial condition presently.

In conclusion, the South Harrison Township School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue to identify operational efficiencies which will allow it to meet the challenges of declining or stable state aid.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)**

Contacting the School District's Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Business Administration/Board Secretary at South Harrison Board of Education, 904 Mullica Hill Road, Harrisonville, NJ 08039. Please visit our website at www.southharrison.k12.nj.us.

BASIC FINANCIAL STATEMENTS

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SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,556,872	83,346	1,640,218
Receivables, Net	208,272	5,340	213,612
Inventory		15,588	15,588
Capital Assets			
Non-depreciated assets	285,433		285,433
Capital Assets being Depreciated, net	9,290,205	244	9,290,449
Total Assets	<u>11,340,782</u>	<u>104,518</u>	<u>11,445,300</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	18,057		18,057
Loss on Refunding Bonds	206,907	-	206,907
Total Deferred Outflows of Resources	<u>224,964</u>	<u>-</u>	<u>224,964</u>
LIABILITIES			
Accounts Payable	429,007	-	429,007
Payroll Taxes Payable	37,911		37,911
Accrued Salaries and Wages	16,748		16,748
Payable to Federal Government	7,667		7,667
Unearned Revenue	240,154	2,590	242,744
Accrued Interest	112,108		112,108
Noncurrent Liabilities			
Due Within One Year	650,000		650,000
Due Beyond One Year	6,105,663		6,105,663
Net Pension Liability	244,145		244,145
Total Liabilities	<u>7,843,403</u>	<u>2,590</u>	<u>7,845,993</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	73,789		73,789
Total Deferred Outflows of Resources	<u>73,789</u>	<u>-</u>	<u>73,789</u>
NET POSITION			
Net Investment in Capital Assets	3,131,301	244	3,131,545
Restricted for:			
Capital Projects	233,789		233,789
Other Purposes	567,885		567,885
Student Activities	41,034		41,034
Unrestricted (Deficit)	(325,455)	101,684	(223,771)
Total Net Position (Deficit)	<u>\$ 3,648,554</u>	<u>101,928</u>	<u>3,750,482</u>

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

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2023

Function/Programs	Expenses	Indirect Costs Allocation	Program Revenue			Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	1,448,001	326,046	7,750	(364,326)	(2,130,623)	-	(2,130,623)
Special Education	571,427	128,669		197,810	(502,286)		(502,286)
Other Special Instruction	14,846	3,343		(3,736)	(21,925)		(21,925)
Support Services:							
Tuition	117,411	-			(117,411)		(117,411)
Student & Instruction Related Services	993,529	182,017		341,591	(833,955)		(833,955)
General Administration and Business Services	154,320	28,272		(977)	(183,569)		(183,569)
School Administrative Services	151,564	27,767		(960)	(180,291)		(180,291)
Plant Operation and Maintenance	532,305	922,759		11,144	(1,443,920)		(1,443,920)
Pupil Transportation	523,888	44,200		(1,528)	(569,616)		(569,616)
Central Services	245,053	-		-	(245,053)		(245,053)
Unallocated Benefits	1,663,073	(1,663,073)		-	-		-
Charter Schools	19,915				(19,915)		(19,915)
Interest on Long-Term Debt	222,389				(222,389)		(222,389)
Capital Outlay	-				-		-
Total Governmental Activities	6,657,721	-	7,750	179,018	(6,470,953)	-	(6,470,953)
Business-Type Activities:							
Food Service	170,232	-	88,573	101,635	-	19,976	19,976
Total Business-Type Activities	170,232	-	88,573	101,635	-	19,976	19,976
Total Primary Government	6,827,953	-	96,323	280,653	(6,470,953)	19,976	(6,450,977)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					3,573,525		3,573,525
Taxes Levied for Debt Service					713,942		713,942
Federal and State Aid not Restricted					2,362,665		2,362,665
Investment Earnings					20,577	872	21,449
Miscellaneous Income					25,841		25,841
Special Items:							
Fixed Assets Adjustment					(6,710)	2,926	(3,784)
Total General Revenues, Special Items, Extraordinary Items and Transfers					6,689,840	3,798	6,693,638
Change in Net Position					218,887	23,774	242,661
Net Position (Deficit) - Beginning					3,429,667	78,154	3,507,821
Net Position (Deficit) - Ending					3,648,554	101,928	3,750,482

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

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,431,775	\$ 125,097		\$ 1,556,872
Intergovernmental Accounts Receivable				
Federal		132,055		132,055
State	76,217			76,217
Total Assets	<u>1,507,992</u>	<u>257,152</u>	<u>-</u>	<u>1,765,144</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	398,569	30,438		429,007
Payroll Taxes Payable	37,911			37,911
Accrued Salaries and Wages	16,748			16,748
Payable to Federal Government		7,667		7,667
Unearned Revenue		240,154		240,154
Total Liabilities	<u>453,228</u>	<u>278,259</u>	<u>-</u>	<u>731,487</u>
Fund Balances:				
Restricted for:				
Excess Surplus - Current Year	121,320			121,320
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	308,706			308,706
Debt Service			-	-
Capital Reserve	233,789			233,789
Maintenance Reserve	200,000			200,000
Tuition Reserve	-			-
Emergency Reserve	-			-
Unemployment Claims	-			-
Student Activities		41,034		41,034
Assigned to:				
Designated for				
Subsequent Year's Expenditures	92,360			92,360
Other Purposes	-			-
Unassigned				
General Fund	98,589			98,589
Special Revenue Fund		(62,141)		(62,141)
	<u>1,054,764</u>	<u>(21,107)</u>	<u>-</u>	<u>1,033,657</u>
Total Liabilities and Fund Balances	<u>\$ 1,507,992</u>	<u>\$ 257,152</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$19,594,212 and the accumulated depreciation is \$10,018,574.	9,575,638
Deferred Outflows of Resources - Loss on Refunding Bond Issue is not a resource in the funds and therefore not reported in the funds.	206,907
Interest on long-term debt in the statement of activities is accrued, regardless of when due.	(112,108)
Pension Liabilities Net of Deferred Outflows & Inflows	(299,877)
Long-term liabilities, including bonds and capital lease payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(6,755,663)
Net Position of governmental activities	<u>3,648,554</u>

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

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 3,573,525	-	713,942	4,287,467
Interest Earned on Investments	20,577			20,577
Miscellaneous	25,841	21,228		47,069
Total Local Sources	3,627,693	21,228	713,942	4,362,863
State Sources	2,192,407	323,739	170,258	2,686,404
Federal Sources	-	387,548		387,548
Total Revenues	5,820,100	732,515	884,200	7,436,815
EXPENDITURES				
Current:				
Regular Instruction	1,601,983			1,601,983
Special Education Instruction	290,609	341,585		632,194
Other Special Instruction	16,425			16,425
Support Services:				
Tuition	117,411			117,411
Student & Instruction Related Serv.	469,830	424,481		894,311
General Administrative Services	138,909			138,909
School Administrative Services	136,429			136,429
Plant Operation and Maintenance	486,466			486,466
Pupil Transportation	527,680			527,680
Central Services	217,168			217,168
Unallocated Employee Benefits	1,663,073			1,663,073
Transfer to Charter School	19,915			19,915
Debt Service:				
Principal			615,000	615,000
Interest and Other Charges	8,133		269,200	277,333
Capital Outlay	268,892	43,046		311,938
Total Expenditures	5,962,923	809,112	884,200	7,656,235
Excess (Deficiency) of Revenues Over Expenditures	(142,823)	(76,597)	-	(219,420)
Net Changes in Fund Balance	(142,823)	(76,597)	-	(219,420)
Fund Balance - July 1	1,197,587	55,490	-	1,253,077
Fund Balance - June 30	\$ 1,054,764	(21,107)	-	1,033,657

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

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Total Net Change in Fund Balance - Governmental Funds (from B-2)		(219,420)
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>		
Depreciation expense	(529,522)	
Loss on Disposal of Capital Assets	(6,710)	
Capital Outlay	249,398	(286,834)
<p>Repayment of bond principal and capital leases are expenditures in the governmental funds, but the repayment reduces long - term liabilities in the statement of Net Position and is not reported in the statement of activities.</p>		
Principal Repayments:		
Bonds Payable		615,000
<p>Governmental funds report the effect of premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the difference in the treatment of the long-term debt related items.</p>		
Amortization of Bond Premium	71,104	
Amortization of Gain on Refunding Bonds	(27,435)	43,669
<p>Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of of employee contributions is reported as pension expense.</p>		
District pension contributions - PERS	58,477	
Cost of benefits earned net of employee contributions	20,401	78,878
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations and sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.</p>		
		(23,681)
<p>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 deduction in the reconciliation.</p>		
		11,275
Change in Net Position of Governmental Activities		218,887

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

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2023

	Business-Type Activities - Enterprise Fund	
	Food Service	Totals
ASSETS		
Current Assets:		
Cash and Cash Equivalents	83,346	83,346
Intergovernmental Accounts Receivable		
Federal	2,943	2,943
State	145	145
Other	2,252	2,252
Inventories	15,588	15,588
Total Current Assets	104,274	104,274
Noncurrent Assets:		
Furniture, Machinery & Equipment	110,391	110,391
Less: Accumulated Depreciation	(110,147)	(110,147)
Total Noncurrent Assets	244	244
Total Assets	104,518	104,518
LIABILITIES		
Current Liabilities:		
Unearned Revenue	2,590	2,590
Total Current Liabilities	2,590	2,590
Noncurrent Liabilities:		
None	-	-
Total Noncurrent Liabilities	-	-
NET POSITION		
Net Investment in Capital Assets		
Related Debt	244	244
Unrestricted	101,684	101,684
Total Net Position	101,928	101,928

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

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Fund	
	Food Service	Totals Enterprise
Operating Revenues:		
Charges for Services:		
Reimbursable Program Daily Sales	\$ 57,358	57,358
Non-Reimbursable Program Daily Sales	31,215	31,215
Total Operating Revenue	<u>88,573</u>	<u>88,573</u>
Operating Expenses:		
Cost of Sales-Reimbursable	47,790	47,790
Cost of Sales- Non Reimbursable	12,660	12,660
Salaries and Wages	52,073	52,073
Fringe Benefits	14,254	14,254
Purchased Professional/Technical Services	29,397	29,397
Other Purchased Services (400-500 series)	800	800
Supplies and Materials	2,935	2,935
Depreciation	2,682	2,682
Miscellaneous	7,641	7,641
Total Operating Expenses	<u>170,232</u>	<u>170,232</u>
Operating (Loss)	(81,659)	(81,659)
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	1,935	1,935
State School Breakfast Program	717	717
Federal Sources:		
National School Lunch Program	41,794	41,794
School Breakfast Program	7,557	7,557
Food Distribution Program	20,405	20,405
COVID-19 - Supply Chain	29,227	29,227
Interest and Investment Income	872	872
Total Nonoperating Revenues (Expenses)	<u>102,507</u>	<u>102,507</u>
Income (Loss) before Contributions & Transfers	20,848	20,848
Fixed Asset Adjustment	<u>2,926</u>	<u>2,926</u>
Changes in Net Position	23,774	23,774
Total Net Position - Beginning	<u>78,154</u>	<u>78,154</u>
Total Net Position - Ending	<u>\$ 101,928</u>	<u>101,928</u>

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

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Fund	
	Food Service	Totals Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Other Income	\$ 85,443	\$ 85,443
Payments for Food and Supplies	(86,860)	(86,860)
Payments for Employees and Benefits	(66,327)	(66,327)
Net Cash Provided by Operating Activities	<u>(67,744)</u>	<u>(67,744)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	2,716	2,716
Federal Sources	88,618	88,618
Net Cash Provided by Noncapital Financing Activities	<u>91,334</u>	<u>91,334</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest and Dividends	872	872
Purchase of Equipment	-	-
Net Cash Provided by Investing Activities	<u>872</u>	<u>872</u>
Net Increase in Cash and Cash Equivalents	24,462	24,462
Balance - Beginning of Year	58,884	58,884
Balance - End of Year	<u>\$ 83,346</u>	<u>\$ 83,346</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income	(81,659)	(81,659)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation and Net Amortization	2,682	2,682
Food Distribution Program	20,405	20,405
(Increase) Decrease in Inventories	(4,114)	(4,114)
(Increase) Decrease in Accounts Receivable	(2,252)	(2,252)
Increase (Decrease) in Accounts Payable	(1,928)	(1,928)
Increase (Decrease) in Unearned Revenue	(878)	(878)
Total Adjustments	<u>13,915</u>	<u>13,915</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (67,744)</u>	<u>\$ (67,744)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The South Harrison Township School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the School District. A chief school administrator is appointed by the Board and is responsible for the administrative control of the School District.

The financial statements of the Board of Education (Board) of the South Harrison Township School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the School District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the School District are discussed below.

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

A. REPORTING ENTITY

The South Harrison Township School District is a Type II district located in the County of Gloucester, State of New Jersey. As a Type II District, the District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The members are elected during the general election held in November each year. The purpose of the district is to educate students in grades PreK-8.

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

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

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

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The School District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The School District's general and special revenue activities are classified as governmental activities. The School District's food service program is classified as business-type activities.

In the governmental-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position are reported in three parts-invested in capital assets, net

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

of related debt; restricted net position; and unrestricted net position. The School District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the School District's functions and business-type activities (food service). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, interest income, etc.).

- a. The School District does allocate indirect costs such as depreciation expense, compensated absences, On-behalf TPAF Pension Contributions, and Reimbursed TPAF Social Security Contributions.

The government-wide focus is more on the sustainability of the School District as an entity and the change in the District's net position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the School District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB standards set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a single column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the criteria are applied to proprietary funds.

The following fund types are used by the School District:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the School District

- a. **General Fund** is the general operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special Revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. The special revenue fund is specifically used to account for state and federal grant monies that have been allocated to the School District.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

- c. **Capital Projects** funds are used to account for all financial resources to be used for the acquisition or construction of major capital facilities. 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.
- d. **Debt Service** funds are 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.

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 School 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.

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 School District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

The details of the fund balances are included in the Governmental Funds Balance Sheet. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, 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 School District:

- a. **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs. The School District operates a food service fund to provide a child nutrition program for the students of the district.

All fund internal activity is eliminated when carried to the Government-wide statements.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents:

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

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

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

NJSA 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental units.

2. Investments:

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned on investments in the Capital Projects Fund is recognized as a reserve to pay future debt service or transferred to the general fund.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

3. Inventories:

Inventories in the general fund consist of expendable supplies held for the School District's use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first –out method. As of June 30, 2023, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$	12,924
Supplies		<u>2,664</u>
	\$	<u><u>15,588</u></u>

The value of Federal donated commodities is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements. The value of commodities included in the food inventory on June 30, 2023 is \$0.

4. Capital Assets:

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and equipment	5-10 years
Improvements	10-20 years
Infrastructure Assets	50-65 years

Infrastructure assets include roads, parking lots, underground pipe, etc. The School District includes all infrastructure assets as depreciable assets in the financial statements.

5. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes in the amount certified, prior to the end of the school year. The School 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. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses, and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient. Program revenues, including tuition revenue are reported as reductions to expenses in the statement of activities.

6. Expenditures:

Expenses are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

7. Compensated Absences:

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

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as both an expenditure and a fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the District-wide Financial Statements as a Governmental Activity.

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

8. Interfund Activity:

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

9. 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 for approval and, as long as the School District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPs, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

Significant transfers approved by the Board of Education during the fiscal year were as follows:

Regular Programs - Instruction		
Kindergarten - Salaries of Teachers	\$	51,271
Grades 1-5 Salaries of Teachers		(60,835)
Undist. Expend. - Central Services		
Salaries		(58,446)
Purchased Professional Services		83,784
Unallocated Benefits - Employee Benefits		
Health Benefits		(57,326)

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 payments 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.

10. 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. The final cost is based on an agreement with various Boards of Education with a negotiated amount up to the final cost as determined by State of New Jersey.

11. Tuition Payable:

Tuition charges for the fiscal years 2022/23 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

12. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those results.

13. Allocation of Costs:

In the government-wide statement of activities, the School District has allocated unallocated benefits to various programs based on the budgetary expenditures by program.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

F. IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2023:

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription Based Information Technology Arrangements". This statement, which is effective for fiscal years beginning after June 15, 2022, and all reporting periods, thereafter. Management has implemented this Statement in the District's financial statements for the year ended June 30, 2023.

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32". This statement, which is effective for fiscal years beginning after June 15, 2022, and all reporting periods, thereafter. This standard did not have any effect on the School District's financial reporting.

G. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations". This statement is effective for fiscal periods beginning after December 31, 2022, will not have any effect on the School District's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93, "Replacement of Interbank Offered Rates". This statement, which is effective for fiscal periods beginning after December 31, 2022, and all reporting periods, thereafter, will not have any effect on the School District's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". This statement, which is effective for fiscal years beginning after December 31, 2023, and all reporting periods, thereafter, will not have any effect on the School District's financial reporting.

In April 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 99, "Omnibus 2022". This statement, which is effective for fiscal years beginning after June 15, 2023, and all reporting periods, thereafter, may have an effect on the School District's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, "Accounting Changes and Error Corrections (an amendment of GASB Statement No. 62)". This statement, which is effective for fiscal years beginning after June 15, 2023, may have an effect on the School District's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, "Compensated Absences". This statement, which is effective for fiscal years beginning after December 15, 2023, may have an effect on the School District's financial reporting.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

NOTE 2 – CASH

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The district’s policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2023, \$127,055 of the School District’s bank balance of \$1,843,811 was exposed to custodial credit risk.

NOTE 3 - INVESTMENTS

As of June 30, 2023, the District had no investments:

Interest Rate Risk. The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investment to 397 days.

Credit Risk. New Jersey Statutes 18A:20-37 limits district investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the district or the local units in which the district is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The district places no limit on the amount the district may invest in any one issuer.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2023, consisted of accounts (extraordinary services), interfund, intergovernmental, and other revenues. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Business-Type Activities Financial Statements	Government Wide Financial Statements
State Aid	\$ 76,217	\$ 145	\$ 76,362
Federal Aid	132,055	2,943	134,998
Other		2,252	2,252
Gross Receivables	208,272	5,340	213,612
Less: Allowance for Uncollectibles			
Total Receivables, Net	\$ 208,272	\$ 5,340	\$ 213,612

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES

The District had no interfund balances as of June 30, 2023.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

NOTE 6 – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Disposals</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 18,937	\$	\$	\$ 18,937
Construction in Progress	17,098	249,398		266,496
Total capital assets not being depreciated	<u>36,035</u>	<u>249,398</u>	<u>-</u>	<u>285,433</u>
Capital assets being depreciated:				
Land Improvements	123,418			123,418
Buildings and Improvements	17,851,478		139,706	17,991,184
Equipment	1,456,148		(261,971)	1,194,177
Total capital assets being depreciated at historical cost	<u>19,431,044</u>	<u>249,398</u>	<u>(122,265)</u>	<u>19,308,779</u>
Less accumulated depreciation for:				
Land Improvements	(123,418)	(376)	2,822	(120,972)
Buildings and Improvements	(8,317,718)	(508,502)	30,132	(8,796,088)
Equipment	(1,163,471)	(20,644)	82,601	(1,101,514)
Total capital assets being depreciated, net of accumulated depreciation	<u>(9,604,607)</u>	<u>(529,522)</u>	<u>115,555</u>	<u>(10,018,574)</u>
Governmental activity capital assets, net	<u>\$ 9,862,472</u>	<u>\$ (30,726)</u>	<u>\$ (6,710)</u>	<u>\$ 9,575,638</u>
Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 100,391	\$	\$ 10,000	\$ 110,391
Less accumulated depreciation	<u>(100,391)</u>	<u>(2,682)</u>	<u>(7,074)</u>	<u>(110,147)</u>
Enterprise Fund capital assets, net	<u>-</u>	<u>(2,682)</u>	<u>2,926</u>	<u>244</u>
Grand Total	<u>\$ 9,862,472</u>	<u>\$ (33,408)</u>	<u>\$ (3,784)</u>	<u>\$ 9,575,882</u>

Depreciation expense was charged to governmental functions:

Regular Instruction	\$ 205,701
Special Education Instruction	81,176
Other Special Instruction	2,109
Student and Instruction Related Services	114,833
General and Business Administrative Services	17,836
School Administrative Services	17,518
Plant Operations and Maintenance	62,464
Central Services	27,885
	<u>\$ 529,522</u>

No interest on debt was capitalized during the year and the amount of interest expense paid on long term debt was \$269,200, for the entity wide statements this was modified by the change in accrued interest of (\$11,275); amortization of premium on bond sale of (\$71,104); amortization of gain on refunding \$27,435 and the state charge back to the School District for debt service aid of \$8,133 for a total charge of \$222,389.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

NOTE 7 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2023 are as follows:

	Balance July 1, 2022	Issues or Additions	Payments or Expenditures	Balance June 30, 2023	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 6,730,000	\$	\$ 615,000	\$ 6,115,000	\$ 650,000
Unamortized Bond Premiums	607,348		71,104	536,244	
Compensated Absences	80,738	23,681		104,419	
Net Pension Liability	207,824	36,321		244,145	
	<u>\$ 7,625,910</u>	<u>\$ 60,002</u>	<u>\$ 686,104</u>	<u>\$ 6,999,808</u>	<u>\$ 650,000</u>

Compensated absences and Net Pension Liability have been liquidated in the General Fund.

Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

At June 30, 2023 bonds payable consisted of the following issues:

\$9,980,000 Refunding Bonds dated April 21, 2015, due in annual installments through January 15, 2031, bearing interest at 4.00%. The balance remaining as of June 30, 2023, is \$6,115,000.

Debt service requirements on serial bonds payable at June 30, 2023 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 650,000	\$ 244,600	\$ 894,600
2025	675,000	218,600	893,600
2026	710,000	191,600	901,600
2027	745,000	163,200	908,200
2028	775,000	133,400	908,400
2029-2031	2,560,000	208,000	2,768,000
	<u>\$ 6,115,000</u>	<u>\$ 1,159,400</u>	<u>\$ 7,274,400</u>

Bonds Authorized But Not Issued:

As of June 30, 2023, the District had no authorized but not issued bonds.

NOTE 8 – UNEARNED REVENUE

The District has unearned revenue reflected on the Statement of Net Position in the District-Wide Financial Statements of \$242,7444. This consists of unearned revenue of \$240,154 in the special revenue fund which is made up of grant proceeds on hand where the grant period overlaps the district's fiscal year and \$2,590 in the food service fund for student meals prepaid.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

NOTE 9 – PENSION PLANS

Description of Plans - All required employees of the School District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>

Teachers' Pension and Annuity Fund (TPAF)

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

Public Employees' Retirement System (PERS)

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

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the District's contribution amounts for each pay period are required to be transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The District has employees enrolled in the Defined Contribution Retirement Program (DCRP) for the fiscal year ended June 30, 2023.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 7.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF and the PERS rate is 7.5% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2023, 2022 and 2021 were \$869,982, \$913,641, and \$701,404 respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2023, 2022 and 2021 were \$20,401, \$20,545, and \$18,873 respectively, equal to the required contributions for each year.

The Board's total payroll for the year ended June 30, 2023, was \$2,259,256. The TPAF covered payroll for the years ending June 30, 2023, 2022 and 2021 were \$1,785,418, \$2,042,242, and \$1,877,122. and the PERS covered payroll was \$102,232, \$124,564, and \$119,236.

During the fiscal years ended June 30, 2023, 2022 and 2021, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$144,162, \$151,610, and \$153,733, during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, 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 standards.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security and requires the pension to be calculated using a three-year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006, report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

NOTE 10 – PENSION LIABILITIES – PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

the School District's pension liabilities. The following information describes the District's proportionate share of the statewide pension system's liabilities and expenses.

The following represents the School District's pension liabilities as June 30, 2022:

Public Employees' Retirement System

The School District has a liability of \$244,145 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 that was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion is 0.00161778140%, which is a decrease of 7.78% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the District recognized negative pension expense of \$58,477. At December 31, 2022, 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 & actual experience	\$ 1,762	\$ (1,554)
Changes of assumptions	756	(36,558)
Net difference between projected and actual earnings on pension plan investments	10,105	-
Changes in proportion	5,434	(35,677)
Total	\$ 18,057	\$ (73,789)

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,	
2024	\$ (50,942)
2025	(18,762)
2026	(1,318)
2027	15,410
2028	(120)
Total	\$ (55,732)

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 assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Salary increases:	2.75% – 6.55% (based on years of service)
Investment rate of return:	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-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 disable retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on 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.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US 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 made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for 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.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Municipality's proportionate share of the net pension liability	\$ 292,780	\$ 244,145	\$ 202,801

Pension plan fiduciary net position.

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

NOTE 11 – PENSION LIABILITIES - TEACHERS' PENSION AND ANNUITY FUND (TPAF)

At June 30, 2022, the District liability for its proportionate share of the net pension liability which is considered a Special Funding Situation with the State of New Jersey is reported below.

The employer contributions for local participating employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 18:66-33. Therefore, 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, 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.

The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net position liability associated with the District		<u>9,150,393.00</u>
Total	\$	<u><u>9,150,393.00</u></u>

The net pension liability was measured as of June 30, 2022 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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(CONTINUED)**

and the State, actuarially determined. At June 30, 2022, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the District recognized pension expense of \$246,263 and revenue of \$246,263 for support provided by the State.

Actuarial assumptions. The total pension liability in the June 30, 2022, actuarial valuation 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 assumptions, applied to all period included in the measurement:

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary increases	2.75% - 5.65% (based on years of service)
Investment rate of return	7.00%

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

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. 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 weighing 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 are summarized in the following table:

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NOTES TO FINANCIAL STATEMENTS
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(CONTINUED)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return.
US 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	2.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	8.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	5.00%	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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.0% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net position liability associated with the District	\$ 10,729,030.24	\$ 9,150,393.00	\$ 7,820,589.49

Pension plan fiduciary net position.

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

Additional Information

Collective balances of the local group at June 30, 2022 are as follows:

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(CONTINUED)**

Deferred outflows of resources	\$ 5,004,259,312
Deferred inflows of resources	19,682,774,794
Net pension liability	51,676,587,303

Collective pension expense for the plan for the measurement period ended June 30, 2022 is \$1,390,761,344.

NOTE 12 – OTHER POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

State Health Benefit State Retired Employees Plan:

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State’s contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State’s contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans’ net pension liability. The State’s share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be reported on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contributions. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds post-retirement medical benefits on a “pay-as-you-go” basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for “pay-as-you-go” PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State’s contribution to fund increases in prescription drugs and medical claims costs. In accordance with the provisions of GASBE Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent, from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.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 LEA’s proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

Accordingly, the LEA 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 board of education/board of trustees. Note that actual numbers will be published in June 30, 2023 III-3.8 the NJ State ACFR on the Office of Management and Budget’s Financial Publications webpage: [NJ OMB - Financial Publications](#)

Actuarial assumptions and other imputes. The total OPEB liability in the June 30, 2022, actuarial valuation reported by the State in the State’s most recently issued ACFR 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 and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases

TPAF/ABP	PERS	PFRS
2.75% to 4.25% based on service years	2.75% to 6.55% based on service years	3.25% to 16.25% based on service years

Mortality Rates

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2020 “Safety” (PFRS), “General” (PERS), and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026, and decreases to 4.5% 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 4.5% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate used to measure the total OPEB liability 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.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

Changes in the Total OPEB Liability reported by the State of New Jersey

Balance at 6/30/22 (Based on 6/30/2021 measurement date)	\$ 60,007,650,970.00
Changes for the year:	
Service cost	2,770,618,025.00
Interest	1,342,187,139.00
Changes in Benefit Terms	-
Differences between Expected & Actual Experiences	1,399,200,736.00
Changes in assumptions or other inputs	(13,586,368,097.00)
Contributions: Member	42,650,252.00
Benefit payments	<u>(1,329,476,059.00)</u>
Net changes	<u>(9,361,188,004.00)</u>
Balance at 6/30/23 (Based on 6/30/2022 measurement date)	<u><u>\$ 50,646,462,966.00</u></u>

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

The following presents the total OPEB liability as of June 20, 2022, respectively, calculated using a discount rate as disclosed above as well as what the total non-employer OPEB would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	\$ 59,529,589,697.00	\$ 50,646,462,966.00	\$ 43,527,080,995.00

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

The following presents the total OPEB liability as of June 30, 2022, calculated using the healthcare trend rate as disclosed above as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ 41,862,397,291.00	\$ 50,646,462,966.00	\$ 62,184,866,635.00

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

For the year ended June 30, 2022, the board of education recognized OPEB expense of (\$57,496) determined by the State as the total OPEB liability for benefits provided through a defined OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

In accordance with GASB 75, the board of education's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

deferred inflows of resources. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,042,402,619.00	\$ (15,462,950,679.00)
Changes in assumptions	8,765,620,577.00	(17,237,289,230.00)
	\$ 17,808,023,196.00	\$ (32,700,239,909.00)

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

Year Ended June 30,			
2023	\$	(2,517,151,602.00)	
2024		(2,517,151,602.00)	
2025		(2,517,151,602.00)	
2026		(2,175,449,761.00)	
2027		(1,243,951,140.00)	
Thereafter		(3,921,361,006.00)	
	\$	(14,892,216,713.00)	

(Contributions made after June 30 are reported as deferred outflow of resources but are not amortized in the expense.)

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

NOTE 13 – COMPENSATED ABSENCES

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2023, the liability for compensated absences was \$104,419.

NOTE 14 – DEFERRED COMPENSATION

The District offers its employees a deferred compensation plan 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:

Lincoln Investment Planning, Inc.
Travelers

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

NOTE 15 – CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the inclusion of \$100.00 on September 26, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-2.13(g) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve account for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance, July 1, 2022	\$	352,680
Increased by:		
Interest Earnings	\$	
Board Resolution		150,000
		150,000
Decreased by:		
Budget Withdrawals		(268,891)
		(268,891)
Ending balance, June 30, 2023	\$	233,789

NOTE 16 – COMMITMENTS

The District did not have an encumbrance policy for the fiscal year end to determine significant encumbrances. All encumbrances are classified as either Assigned Fund Balance in the General Fund or Committed Fund Balance in the Capital Projects Fund. Encumbrances in the Special Revenue Fund are reflected as unearned revenue. Reserve for encumbrances as of June 30th are as follows.

Fund	Amount
General Fund Encumbered Orders	\$ -

Of the general fund encumbrances, \$0 is for capital outlay.

NOTE 17 – RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report (Exhibit J-20).

The School District is a member of the Gloucester, Cumberland and Salem School Districts Insurance fund and public entity risk pool. The Pool provides its members with insurance coverage.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

NOTE 18 – CONTINGENT LIABILITIES

Federal and State Grants

The School District participates in numerous federal and state grant programs. The grant programs are subject to program compliance audits by the grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance would result in the disallowance of program expenditures.

NOTE 19 – FUND BALANCE APPROPRIATED

General Fund – Of the \$1,054,764 General Fund - Fund balance, at June 30, 2023, \$0 is reserved for encumbrances; \$430,026 is reserved as excess surplus in accordance with NJSA 18A:7F-7 (\$308,706 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2024), \$233,789 has been reserved in the Capital Reserve Account; \$200,000 has been reserved in a Maintenance Reserve Account; \$92,360 has been assigned as designated for subsequent year's expenditures, and \$98,589 is classified as Unassigned.

Special Revenue Fund – Of the (\$21,107) Special Revenue Fund - fund balance at June 30, 2023, \$41,034 has been restricted for Student Activities and (\$62,141) is Unassigned.

NOTE 20 – CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by P.L. 2004, c.73, the designation for Reserved Fund Balance – Excess Surplus is a required calculation. New Jersey school districts are required to reserve General Fund - fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2021 is \$430,026, of which \$308,706 has been included in the 2024 fiscal year budget.

NOTE 21 – DEFICIT IN NET POSITION

Unrestricted Net Position – The School District's governmental activities Special Revenue Fund had a deficit in unrestricted net position in the amount of \$(62,141). The primary causes of the deficit are the School District not recognizing the receivable for the last two state aid payments. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

NOTE 22 – LITIGATION

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

NOTE 23 – ECONOMIC DEPENDENCY

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

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

NOTE 24 – SUBSEQUENT EVENT

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2023 through December 20, 2023, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

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SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,573,525		\$ 3,573,525	\$ 3,573,525	
Tuition Individuals	27,500		27,500	7,750	(19,750)
Interest Earned on Investments			-	20,577	20,577
Unrestricted Miscellaneous	10,000		10,000	25,841	15,841
Total Local Sources	3,611,025	-	3,611,025	3,627,693	16,668
State Sources:					
Categorical Special Education Aid	302,902		302,902	302,902	
School Choice Aid	292,972		292,972	292,972	
Security Aid	34,238		34,238	34,238	
Transportation Aid	140,825		140,825	140,825	
Equalization Aid	417,840		417,840	417,840	
Extraordinary Aid			-	52,421	52,421
Nonpublic Transportation			-	8,112	8,112
Lead Testing School Aid				1,942	1,942
TPAF Pension (On-Behalf - Non-Budgeted)				688,712	688,712
TPAF Post-retirement (On-Behalf - Non-Budgeted)				180,923	180,923
TPAF Long Term Disability Insurance				347	347
TPAF Social Security (Reimbursed-Non-Budgeted)				144,162	144,162
Total State Sources	1,188,777	-	1,188,777	2,265,396	1,076,619
Total Revenues	4,799,802	-	4,799,802	5,893,089	1,093,287

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
EXPENDITURES:					
CURRENT EXPENSE					
REGULAR PROGRAMS - INSTRUCTION					
Preschool - Salaries of Teachers	74,305	(26,636)	47,669	32,622	15,047
Kindergarten - Salaries of Teachers	120,769	51,271	172,040	170,544	1,496
Grades 1 - 5 Salaries of Teachers	976,762	(60,835)	915,927	897,934	17,993
Grades 6 - 8 Salaries of Teachers	109,987	40,046	150,033	150,033	
Regular Programs - Home Instruction					
Salaries of Teachers	1,000		1,000		1,000
Regular Programs - Undistributed Instruction					
Purchased Professional - Educational Services	16,938	(5,000)	11,938	11,555	383
Purchased Technical Services	66,921	(3,500)	63,421	62,942	479
Other Purchased Services (400-500 series)	214,600	37,574	252,174	245,346	6,828
General Supplies	62,475	(11,574)	50,901	31,007	19,894
TOTAL REGULAR PROGRAMS - INSTRUCTION	1,643,757	21,346	1,665,103	1,601,983	63,120
SPECIAL EDUCATION - INSTRUCTION					
Resource Room/Resource Center					
Salaries of Teachers	307,314	(209)	307,105	290,198	16,907
General Supplies	1,500		1,500	411	1,089
Total Resource Room/Resource Center	308,814	(209)	308,605	290,609	17,996
Special Education - Home Instruction					
Purchased Professional - Educational Services	1,000		1,000		1,000
Total Home Instruction	1,000	-	1,000	-	1,000
TOTAL SPECIAL EDUCATION - INSTRUCTION	309,814	(209)	309,605	290,609	18,996

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
School-Spon. Cocurricular Activities - Instruction					
Salaries	17,925	(4,291)	13,634	13,634	
Supplies & Materials	3,000		3,000	2,791	209
Total School-Spon. Cocurricular Activities - Inst.	<u>20,925</u>	<u>(4,291)</u>	<u>16,634</u>	<u>16,425</u>	<u>209</u>
TOTAL INSTRUCTION	1,974,496	16,846	1,991,342	1,909,017	82,325
UNDISTRIBUTED EXPENDITURES					
Undistributed Expenditures - Instruction					
Tuition to CSSD & Regional Day Schools	92,880	(20,880)	72,000	67,153	4,847
Tuition to Private Schools for the Disabled - Within State	93,542	2,500	96,042	50,258	45,784
Total Undistributed Expenditures - Instruction	<u>186,422</u>	<u>(18,380)</u>	<u>168,042</u>	<u>117,411</u>	<u>50,631</u>
Undistributed Expend. - Attend. & Social Work Services					
Salaries	8,432	2,000	10,432	8,852	1,580
Total Undist. Expend. - Attend. & Social Work Services	<u>8,432</u>	<u>2,000</u>	<u>10,432</u>	<u>8,852</u>	<u>1,580</u>
Undistributed Expend. - Health Services					
Salaries	82,302		82,302	81,904	398
Purchased Professional and Technical Services	9,250	10,441	19,691	14,803	4,888
Other Purchased Services (400-500 series)	550		550	306	244
Supplies & Materials	5,400	(1,250)	4,150	3,404	746
Total Undistributed Expend. - Health Services	<u>97,502</u>	<u>9,191</u>	<u>106,693</u>	<u>100,417</u>	<u>6,276</u>
Undist. Expend. - Speech, PT, OT & Related Services					
Salaries			-		-
Purchased Professionals - Educational Services	112,000	8,627	120,627	119,958	669
Supplies & Materials	4,000	(2,882)	1,118	1,118	-
Total Undist. Expend.-Speech, PT, OT & Rel. Svocs	<u>116,000</u>	<u>5,745</u>	<u>121,745</u>	<u>121,076</u>	<u>669</u>
Undist. Expend. - Other Support Serv. Students - Extraordinary Services					
Salaries	4,500	(3,324)	1,176	765	411
Purchased Professional-Educational Services	174,480	(9,000)	165,480	120,110	45,370
Total Undist. Expend. - Other Support Services	<u>178,980</u>	<u>(12,324)</u>	<u>166,656</u>	<u>120,875</u>	<u>45,781</u>

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expenditures - Guidance					
Salaries of Other Professional Staff	14,720	(14,720)	-		-
Salaries of Secretarial and Clerical Assistants	8,696		8,696	6,774	1,922
Other Purchased Professional and Technical Services	7,000	(3,000)	4,000		4,000
Other Purchased Services (400-500 series)	500		500		500
Supplies & Materials	4,050	(255)	3,795	125	3,670
Total Undistributed Expend. - Guidance	<u>34,966</u>	<u>(17,975)</u>	<u>16,991</u>	<u>6,899</u>	<u>10,092</u>
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	58,981	(17,010)	41,971	10,189	31,782
Salaries of Secretarial and Clerical Assistants	21,577	2,000	23,577	23,577	-
Purchased Professional - Education Services	4,500	4,000	8,500	6,919	1,581
Other Purchased Prof. And Tech. Services	17,500	30,070	47,570	47,570	-
Other Purchased Services (400-500 series)	12,855	3,000	15,855	14,788	1,067
Supplies & Materials	3,200		3,200	3,024	176
Total Undist. Expend. - Child Study Teams	<u>118,613</u>	<u>22,060</u>	<u>140,673</u>	<u>106,067</u>	<u>34,606</u>
Undist. Expend. - Improvement of Inst. Services					
Salaries of Other Professional Staff	6,000	(3,000)	3,000		3,000
Other Salaries			-		
Purchased Professional - Education Services	11,946		11,946		11,946
Other Purchased Services (400-500 series)	1,500		1,500		1,500
Supplies & Materials	3,885		3,885	3,885	
Total Undist. Expend. - Improvement of Inst. Serv.	<u>23,331</u>	<u>(3,000)</u>	<u>20,331</u>	<u>3,885</u>	<u>16,446</u>
Undist. Expend. - Edu. Media Serv./Sch. Library					
Other Purchased Services (400-500 series)	1,700		1,700	1,700	
Supplies & Materials	150		150	26	124
Total Undistributed Expenditures - Educational Media Services - School Library	<u>1,850</u>	<u>-</u>	<u>1,850</u>	<u>1,726</u>	<u>124</u>
Undist. Expend. - Instructional Staff Training Serv.					
Other Purchased Services (400-500 series)	1,500		1,500	33	1,467
Total Undistributed Expenditures - Instructional Staff Training Services	<u>1,500</u>	<u>-</u>	<u>1,500</u>	<u>33</u>	<u>1,467</u>

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	59,737	(7,520)	52,217	52,217	
Legal Services	15,000	(300)	14,700	14,400	300
Audit Fees	21,000		21,000	21,000	
Other Purchased Professional Services	8,000	(2,998)	5,002	4,735	267
Purchased Technical Services	10,600		10,600	10,582	18
Communications/Telephone	16,500	6,500	23,000	20,276	2,724
BOE Other Purchased Services	3,000	296	3,296	3,190	106
Misc. Purch Serv (400-500) [Other than 530 & 585]	9,500	(1,229)	8,271	7,628	643
BOE In-house Train/Meeting Supplies	600		600	192	408
BOE Membership Dues/Fees	2,700	1,989	4,689	4,689	
Total Undistr. Expend. - Support Sys - Gen.Admin.	<u>146,637</u>	<u>(3,262)</u>	<u>143,375</u>	<u>138,909</u>	<u>4,466</u>
Undist. Expend. - Supp. Serv. - School Admin.					
Salaries of Principals/Asst.	95,000	4,230	99,230	96,812	2,418
Salaries of Secretarial Asst.	44,190	(2,153)	42,037	33,488	8,549
Purchased Professional and Technical Services	150		150	150	
Other Purchased Services (400-500 series)	6,750		6,750	3,434	3,316
Supplies and Materials	1,750		1,750	1,005	745
Other Objects	2,725		2,725	1,690	1,035
Total Undistributed Expenditures - Support Services - School Administration	<u>150,565</u>	<u>2,077</u>	<u>152,642</u>	<u>136,429</u>	<u>16,213</u>
Undist. Expend. - Central Services					
Salaries	101,576	(58,446)	43,130	43,130	
Purchased Professional Services		83,784	83,784	83,784	
Purchased Technical Services	22,050	2,082	24,132	23,353	779
Miscellaneous Purchased Services (400-500 series)	3,400	1,600	5,000	4,824	176
Supplies and Materials	1,500	(500)	1,000	932	68
Other Objects	1,000	(300)	700	699	1
Total Undistributed Expenditures - Central Services	<u>129,526</u>	<u>28,220</u>	<u>157,746</u>	<u>156,722</u>	<u>1,024</u>
Undist. Expend. - Admin Info Tech.					
Purchased Technical Services	92,570	(11,734)	80,836	60,446	20,390
Total Undistributed Expenditures - Admin Info. Tech.	<u>92,570</u>	<u>(11,734)</u>	<u>80,836</u>	<u>60,446</u>	<u>20,390</u>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Required Maint. School Fac.	142,900	(7,000)	135,900	135,100	800
Cleaning, Repair and Maintenance Services	20,000		20,000	10,308	9,692
General Supplies					
Total Undistributed Expenditures - Required Maintenance for School Facilities	162,900	(7,000)	155,900	145,408	10,492
Custodial Services Other Oper. & Maint.of Plant					
Salaries - Non- Instructional Aides	21,547	(8,000)	13,547	11,688	1,859
Purchased Professional and Technical Services	19,250		19,250	11,221	8,029
Cleaning, Repair and Maintenance Services	195,000	(20,999)	174,001	143,274	30,727
Other Purchased Property Services	1,000		1,000		1,000
Insurance	13,200		13,200	11,131	2,069
Miscellaneous Purchased Services			-		
General Supplies	1,710	(50)	1,660		1,660
Energy (Natural Gas)	35,000	2,194	37,194	35,845	1,349
Energy (Electricity)	110,000		110,000	103,955	6,045
Total Undistributed Expenditures - Custodial Services	396,707	(26,855)	369,852	317,114	52,738
Undist. Expend- Care & Upkeep of Grounds					
Salaries					
Cleaning, Repair, and Maintenance Services	37,000	(5,155)	31,845	23,926	7,919
General Supplies	1,000		1,000	18	982
Total Care and Upkeep of Grounds	38,000	(5,155)	32,845	23,944	8,901
Total Undistributed Expenditures Operations and Maintenance of Plant	597,607	(39,010)	558,597	486,466	72,131
Undist. Expend. - Student Transportation Serv.					
Purchased Professional and Technical Services	10,000	1,000	11,000	11,000	
Contr. Serv. - Aid in Lieu Payments - NonPub Sch	30,000	(251)	29,749	29,749	
Contr. Serv. - (Bth Home & School) - Vendors	250,000	30,962	280,962	280,708	254
Contr. Serv. - (Other than Bth Home & School) - Vendors	215,500	3,400	3,400	3,350	50
Contr. Serv. - (Sp Ed Stkds) - Vendors	1,000	31,535	247,035	202,873	44,162
Transportation Supplies			1,000		1,000
Total Undistributed Expenditures - Student Transportation Services	506,500	66,646	573,146	527,680	45,466

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Unallocated Benefits - Employee Benefits					
Social Security Contribution	24,500	5,151	29,651	29,651	-
Other Retirement Contributions - PERS	24,500	(2,000)	22,500	22,432	68
Unemployment	7,000	2,698	9,698	9,698	-
Workmen's Compensation	16,000	(74)	15,926	14,260	1,666
Health Benefits	600,559	(57,326)	543,233	509,537	33,696
Tuition Reimbursement	15,000		15,000	7,500	7,500
Other Employee Benefits	51,500	4,351	55,851	55,851	-
Total Unallocated Benefits	739,059	(47,200)	691,859	648,929	42,930
On-Behalf Contributions					
On-Behalf TPAF Pension Contribution (non-bud)			-	688,712	(688,712)
On-Behalf TPAF Post-retir. Contribution (non-bud)	-		-	180,923	(180,923)
On-Behalf TPAF Long Term Disability Insurance			-	347	(347)
Reimbursed TPAF Social Security Cont.(non-bud)			-	144,162	(144,162)
Total On-Behalf Contributions	-	-	-	1,014,144	(1,014,144)
Total Personal Services - Employee Benefits	739,059	(47,200)	691,859	1,663,073	(971,214)
TOTAL UNDISTRIBUTED EXPENDITURES	3,130,060	(16,946)	3,113,114	3,756,966	(643,852)
TOTAL GENERAL CURRENT EXPENSE	5,104,556	(100)	5,104,456	5,665,983	(561,527)
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services					
Construction Services	350,000		350,000	268,892	81,108
Assessment for Debt Service on SDA Funding	8,133		8,133	8,133	
Total Facilities Acquisition and Construction Services	358,133	-	358,133	277,025	81,108
TOTAL CAPITAL OUTLAY	358,133	-	358,133	277,025	81,108
Transfer of Funds to Charter Schools	19,909	100	20,009	19,915	94
TOTAL EXPENDITURES	5,482,598	-	5,482,598	5,962,923	(480,325)

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(682,796)	-	(682,796)	(69,834)	612,962
Other Financing Sources/(Uses):					
Operating Transfers:					
Capital Financing Agreement Proceeds (Non-Budget)		-	-	-	-
Transfer to Special Revenue Fund		-	-	-	-
Total Other Financing Sources/(Uses):	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(682,796)	-	(682,796)	(69,834)	612,962
Fund Balance July 1	1,336,542		1,336,542	1,336,542	-
Fund Balance June 30	\$ 653,746	\$ -	\$ 653,746	\$ 1,266,708	\$ 612,962
Recapitulation:					
Restricted Fund Balance:				\$ 308,706	
Excess Surplus - Designated for Subsequent Year's Expenditures				121,320	
Excess Surplus - Current Year				233,789	
Capital Reserve				200,000	
Maintenance Reserve					
Assigned Fund Balance:					
Year-End Encumbrances				-	
Designated for Subsequent Year's Expenditures				92,360	
Unassigned Fund Balance					
General Fund				310,533	
				1,266,708	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payments not recognized on GAAP Basis				(211,944)	
				\$ 1,054,764	

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources	\$ 30,000	5,685 \$	35,685 \$	21,228 \$	(14,457)
State Sources		621,414	621,414	385,880	(235,534)
Federal Sources	436,755	101,003	537,758	387,548	(150,210)
Total Revenues	466,755	728,102	1,194,857	794,656	(400,201)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	89,000	188,153	277,153	190,245	86,908
Purchased Professional - Educational Services	62,500	107,814	170,314	63,485	106,829
Other Purchased Services (400-500 series)		21,452	21,452	10,500	10,952
General Supplies	80,955	(783)	80,172	77,355	2,817
Total Instruction	232,455	316,636	549,091	341,585	207,506
Support Services:					
Other Salaries	127,000	(22,963)	104,037	96,434	7,603
Personal Services - Employee Benefits		95,118	95,118	39,589	55,529
Purchased Professional - Educational Services		13,417	13,417	10,000	3,417
Purchased Professional and Technical Services	62,300	12,900	75,200	48,020	27,180
Other Purchased Services (400-500 series)	15,000	241,494	256,494	193,101	63,393
General Supplies		1,653	1,653	1,653	
Student Activities	30,000	5,685	35,685	35,684	1
Total Support Services	234,300	347,304	581,604	424,481	157,123
Contribution to Charter Schools			-	-	-
Facilities Acquisition & Construction Services:					
Instructional Equipment		21,995	21,995	2,473	19,522
Non-Instructional Equipment		42,167	42,167	40,573	1,594
Total Expenditures	466,755 \$	728,102 \$	1,194,857 \$	809,112 \$	385,745
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	(14,456)	(14,456)
Fund Balance, July 1				55,490	
Fund Balance, June 30				41,034	

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**NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION
PART II**

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SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Budget-to-GAAP Reconciliation
Note to RSI
For the Year Ended June 30, 2023

Note A - Explanation of Differences Between Budgetary Inflows and Outflows GAAP Revenue and Expenditures

	General Fund	Special Revenue Fund
Sources / inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 5,893,089	794,656
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year		-
Current Year		-
Preschool Education Aid - Local Share		-
The Final State Aid payment for the Year Ended June 30, 2022 that was delayed until July 2022 was recorded as budgetary revenue for the Year Ended June 30, 2022 but is not recognized under GAAP until the Year Ended June 30, 2023.	138,955	-
The Final State Aid payment for the Year Ended June 30, 2023 that was delayed until July 2023 was recorded as budgetary revenue for the Year Ended June 30, 2023 but is not recognized under GAAP until the Year Ended June 30, 2024.	(211,944)	(62,141)
	5,820,100	732,515
Uses / outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	5,962,923	809,112
Difference - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for GAAP financial reporting purposes.		
Prior Year		-
Current Year		-
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	\$ 5,962,923	809,112

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**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

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SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employee Retirement System
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0016177814%	0.0017543092%	0.0052975020%	0.0068148072%	0.0060971557%	0.0070945037%	0.0079704118%	0.0031400000%	0.0043000000%	0.4200000000%
District's proportionate of the net pension liability (asset)	\$ 244,145	\$ 207,824	\$ 281,338	\$ 307,870	\$ 371,906	489,292	951,837	704,251	805,746	802,319
District's covered payroll	\$ 102,232	\$ 124,564	\$ 119,236	\$ 128,559	\$ 115,144	121,422	145,591	200,690	219,020	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	238.81%	166.84%	235.95%	239.48%	322.99%	402.97%	653.77%	350.91%	367.89%	N/A
Plan fiduciary net position as a percentage of the total pension liability	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Source: GASB 68 report on Public Employees' Retirement System; District records

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
Schedule of District Contributions
Public Employee Retirement System
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 20,401	\$ 20,545	\$ 18,873	\$ 16,620	\$ 18,788	\$ 19,472	\$ 28,551	\$ 26,972	\$ 35,478	\$ 31,631
Contributions in relation to the contractually required contribution	20,401	20,545	18,873	16,620	18,788	19,472	28,551	26,972	35,478	31,631
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	102,232	124,564	119,236	128,559	115,144	121,422	145,591	200,690	219,020	N/A
Contributions as a percentage of covered-employee payroll	19.96%	16.49%	15.83%	12.93%	16.32%	16.04%	19.61%	13.44%	16.20%	N/A

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to be show information for a 10 year period.
However, information is only currently available for five years.
Additional years will be presented as they become available.

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund
Last Nine Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
State's proportionate share of the net pension liability (asset) associated with the District	9,150,393	8,663,952	12,958,667	11,769,163	12,518,062	12,363,676	15,159,545	11,643,716	9,799,209	8,632,791
Total	\$ 9,150,393	\$ 8,663,952	\$ 12,958,667	\$ 11,769,163	\$ 12,518,062	\$ 12,363,676	15,159,545	11,643,716	9,799,209	8,632,791
District's covered payroll	1,785,418	2,042,242	1,877,122	2,033,398	2,129,192	2,047,649	2,081,451	1,931,239	1,903,618	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to be show information for a 10 year period. However, information is only currently available for five years. Additional years will be presented as they become available.

SOUTH HARRISON SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net OPEB Liability
Public Employee Retirement System and Teachers' Pension and Annuity Fund
Last Six Fiscal Years

	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate of the net OPEB liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 10,253,117</u>	<u>\$ 12,751,120</u>	<u>\$ 14,911,200</u>	<u>\$ 9,143,227</u>	<u>\$ 10,331,681</u>	<u>\$ 12,174,773</u>
Total	<u><u>\$ 10,253,117</u></u>	<u><u>\$ 12,751,120</u></u>	<u><u>\$ 14,911,200</u></u>	<u><u>\$ 9,143,227</u></u>	<u><u>\$ 10,331,681</u></u>	<u><u>\$ 12,174,773</u></u>
District's covered payroll	\$ 1,887,650	\$ 2,166,806	\$ 1,996,358	\$ 2,161,957	\$ 2,244,336	\$ 2,169,071
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State's proportionate share of OPEB associated with the District:						
Service Cost	534,879	654,574	387,206	352,139	416,290	504,172
Interest Cost	271,719	330,777	329,198	408,244	446,028	386,383
Change in Benefit Terms		(13,572)				
Differences between Expected & Actual	(293,598)	(2,892,335)	2,579,529	(1,812,813)	(1,253,081)	
Changes in Assumptopns	(2,750,491)	12,580	2,723,764	136,326	(1,185,612)	(1,632,157)
Member Contributions	8,634	8,456	7,868	8,320	9,548	10,384
Benefit Payments	(269,146)	(260,560)	(259,592)	(280,670)	(276,265)	(281,994)
Change in Total Opeb Liability	<u>(2,498,003)</u>	<u>(2,160,080)</u>	<u>5,767,973</u>	<u>(1,188,454)</u>	<u>(1,843,092)</u>	<u>(1,013,212)</u>
State's proportionate share of the net OPEB liability (asset) associated with the District -						
Beginning Balance	<u>12,751,120</u>	<u>14,911,200</u>	<u>9,143,227</u>	<u>10,331,681</u>	<u>12,174,773</u>	<u>13,187,985</u>
Ending Balance	<u><u>10,253,117</u></u>	<u><u>12,751,120</u></u>	<u><u>14,911,200</u></u>	<u><u>9,143,227</u></u>	<u><u>\$ 10,331,681</u></u>	<u><u>\$ 12,174,773</u></u>
State's proportionate share of the net OPEB liability associated with the District - as a percentage of its covered-employee payroll	543.17%	588.48%	746.92%	422.91%	460.34%	561.29%

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

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

OTHER SUPPLEMENTARY INFORMATION

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

	Student Activity	CRRSA/ ESSER II	CRRSA/ Learning Acceleration	CRRSA/ Mental Health
REVENUES:				
Local Sources	\$ 21,228			
State Sources		44,662	19,735	34,032
Federal Sources		44,662	19,735	34,032
Total Revenues	<u>21,228</u>	<u>44,662</u>	<u>19,735</u>	<u>34,032</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers			13,000	
Purchased Technical Services				
Other Purchased Services (400-500 series)		16,162		
General Supplies		16,162		
Total Instruction	<u>-</u>	<u>16,162</u>	<u>13,000</u>	<u>-</u>
Support Services:				
Salaries of Other Professional Staff			1,750	32,000
Personal Services - Employee Benefits			4,985	2,032
Purchased Professional - Educational Services				
Purchased Professional and Technical Services		28,500		
Other Purchased Services (400-500 series)				
General Supplies	35,684			
Student Activities	35,684	28,500	6,735	34,032
Total Support Services	<u>35,684</u>	<u>28,500</u>	<u>6,735</u>	<u>34,032</u>
Capital Outlay:				
Instructional Equipment				
Non-Instructional Equipment				
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>35,684</u>	<u>44,662</u>	<u>19,735</u>	<u>34,032</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources (Uses)	\$ (14,456)	\$ -	\$ -	\$ -
Fund Balance, July 1	<u>55,490</u>			
Fund Balance, June 30	<u>\$ 41,034</u>			

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

	ARP ESSER	ARP Learning Acceleration	ARP ESSER Summer	ARP ESSER Beyond School	ARP Mental Health
REVENUES:					
Local Sources					\$
State Sources	59,896	23,520	18,020	16,071	45,000
Federal Sources	59,896	23,520	18,020	16,071	45,000
Total Revenues					
EXPENDITURES:					
Instruction:					
Salaries of Teachers			8,110		
Purchased Technical Services	10,500				
Other Purchased Services (400-500 series)	2,741		9,129	16,071	
General Supplies	13,241	-	17,239	16,071	-
Total Instruction					
Support Services:					
Salaries of Other Professional Staff	22,513				31,035
Personal Services - Employee Benefits					13,965
Purchased Professional - Educational Services		23,520			
Purchased Professional and Technical Services	24,142		781		
Other Purchased Services (400-500 series)					
General Supplies					
Student Activities					
Total Support Services	46,655	23,520	781	-	45,000
Capital Outlay:					
Instructional Equipment					
Non-Instructional Equipment					
Total Expenditures	59,896	23,520	18,020	16,071	45,000
Excess (Deficiency) of Revenues Over (Under)	-	-	-	-	-
Expenditures and Other Financing Sources (Uses)	-	-	-	-	-
Fund Balance, July 1					
Fund Balance, June 30	\$	\$	\$	\$	\$

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

	Preschool Education	Title IIA	Title IV	Rural Education	Title I Part A	I.D.E.A. Part B	I.D.E.A. Preschool	Totals 2023
REVENUES:								
Local Sources	-	\$				\$		21,228
State Sources	385,880	5,299	20,000	26,318	11,510	60,351	3,134	385,880
Federal Sources								387,548
Total Revenues	385,880	5,299	20,000	26,318	11,510	60,351	3,134	794,656
EXPENDITURES:								
Instruction:								
Salaries of Teachers	135,194			26,318	7,623	60,351	3,134	190,245
Purchased Professional and Technical Services								63,485
Other Purchased Services (400-500 series)								10,500
General Supplies	33,252							77,355
Total Instruction	168,446	-	-	26,318	7,623	60,351	3,134	341,585
Support Services:								
Salaries of Other Professional Staff	9,136							96,434
Personal Services - Employee Benefits	14,720				3,887			39,589
Purchased Professional - Educational Services	10,000		20,000					10,000
Purchased Professional and Technical Services		4,500						48,020
Other Purchased Services (400-500 series)	138,879	799						193,101
General Supplies	1,653							1,653
Student Activities								35,684
Total Support Services	174,388	5,299	20,000	-	3,887	-	-	424,481
Capital Outlay:								
Instructional Equipment	2,473							2,473
Non-Instructional Equipment	40,573							40,573
Total Capital Outlay	43,046	-	-	-	-	-	-	43,046
Total Expenditures	385,880	5,299	20,000	26,318	11,510	60,351	3,134	809,112
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	- \$	- \$	-	-	- \$	-	- \$	(14,456)
Fund Balance, July 1								55,490
Fund Balance, June 30								\$ 41,034

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Preschool Education Aid
Budgetary Basis
For the Year Ended June 30, 2023

	Total		
	Budgeted	Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 186,370	135,194	\$ 51,176
Purchased Professional - Educational Services	103,267		103,267
General Supplies	34,503	33,252	1,251
Total Instruction	324,140	168,446	155,694
Support Services:			
Salaries of Principals/Program Directors	16,100	9,136	6,964
Personal Services - Employee Benefits	70,249	14,720	55,529
Purchased Professional Educational Services	13,417	10,000	3,417
Other Purchased Professional Services	700		700
Cleaning, Repair and Maintenance	46,533	46,533	
Contr Service Trans. - Between Home & School	90,585	90,585	
Other than Between Home and School	2,000	1,061	939
Miscellaneous Purchased Services	767	700	67
Supplies	1,653	1,653	
Total Support Services	242,004	174,388	67,616
Facilities Acquisition and Construction Services			
Instructional Equipment	13,103	2,473	10,630
Non-Instructional Equipment	42,167	40,573	1,594
Total Facilities Acquisition and Construction Ser.	55,270	43,046	12,224
Total Expenditures	\$ 621,414	\$ 385,880	\$ 235,534

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2022-23 Preschool Aid Allocation	\$ 621,414
Adjustments	
Add: Actual ECPA Carryover June 30, 2022	-
Add: Budgeted Transfer from the General Fund	
Total Preschool Education Aid Funds Available for 2022-23 Budget	621,414
Less: 2022-23 Budgeted Preschool Education Aid	(621,414)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2023	-
Add: June 30, 2023 Unexpended Preschool Education Aid	235,534
2022-23 Actual Carryover - Preschool Education Aid	\$ 235,534
2022-23 Preschool Education Aid Carryover Budgeted for 2023-24	\$ -

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
Schedule of General Serial Bonds
As of June 30, 2023

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding June 30, 2023		Interest Rate	Balance June 30, 2022	Decreased	Balance June 30, 2023
			Date	Amount				
Series 2015 Refunding Bonds	4/21/2015	\$ 9,980,000	1/15/2024	650,000	4.000%	\$ 6,730,000	\$ 615,000	\$ 6,115,000
			1/15/2025	675,000	4.000%			
			1/15/2026	710,000	4.000%			
			1/15/2027	745,000	4.000%			
			1/15/2028	775,000	4.000%			
			1/15/2029	815,000	4.000%			
			1/15/2030	850,000	4.000%			
			1/15/2031	895,000	4.000%			
						<u>\$ 6,730,000</u>	<u>\$ 615,000</u>	<u>\$ 6,115,000</u>

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 713,942		\$ 713,942	\$ 713,942	\$ -
State Sources:					
Debt Service Aid	170,258		170,258	170,258	
Total Revenues	<u>884,200</u>	<u>-</u>	<u>884,200</u>	<u>884,200</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal	615,000		615,000	615,000	-
Interest on Bonds	269,200		269,200	269,200	-
Total Regular Debt Service	<u>884,200</u>	<u>-</u>	<u>884,200</u>	<u>884,200</u>	<u>-</u>
Total Expenditures	<u>884,200</u>	<u>-</u>	<u>884,200</u>	<u>884,200</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Statistical Section

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South Harrison Township School District
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	1,314,821	2,372,432	2,150,241	1,925,556	1,897,419	2,493,768	2,577,718	2,656,742	2,759,466	3,131,301
Restricted	1,148,343	1,131,544	729,033	800,111	502,031	427,591	589,659	1,053,417	1,044,162	842,708
Unrestricted	24,216	(1,541,183)	(1,008,087)	(1,001,695)	(926,112)	(835,910)	(724,025)	(587,507)	(373,961)	(325,455)
Total governmental activities net position	<u>2,487,390</u>	<u>1,962,793</u>	<u>1,871,187</u>	<u>1,723,972</u>	<u>1,473,336</u>	<u>2,085,449</u>	<u>2,443,352</u>	<u>3,122,652</u>	<u>3,429,667</u>	<u>3,648,554</u>
Business-type activities										
Net investment in capital assets	35,333	28,558	21,783	15,008	8,233	1,458			78,154	244
Unrestricted	<u>35,333</u>	<u>28,558</u>	<u>21,783</u>	<u>15,008</u>	<u>8,233</u>	<u>1,458</u>	<u>-</u>	<u>-</u>	<u>78,154</u>	<u>101,684</u>
Total business-type activities net position										
District-wide										
Net investment in capital assets	1,350,154	2,400,990	2,172,024	1,940,564	1,905,652	2,495,226	2,577,718	2,656,742	2,759,466	3,131,545
Restricted	1,148,343	1,131,544	729,033	800,111	502,031	427,591	589,659	1,053,417	1,044,162	842,708
Unrestricted	24,216	(1,541,183)	(1,008,087)	(1,001,695)	(926,112)	(835,910)	(724,025)	(587,507)	(373,961)	(223,711)
Total district net position	<u>2,522,713</u>	<u>1,991,351</u>	<u>1,892,970</u>	<u>1,738,930</u>	<u>1,481,971</u>	<u>2,086,900</u>	<u>2,443,352</u>	<u>3,122,652</u>	<u>3,507,627</u>	<u>3,750,462</u>

Source: ACFR Schedule A-1

**South Harrison Township School District
Changes in Net Position,
Last Ten Fiscal Years**
(accrual basis of accounting)

Exhibit J-2

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
Instruction:										
Regular	1,668,186	1,811,833	1,990,528	2,159,840	2,069,878	1,991,833	1,825,567	1,981,261	1,774,047	
Special education	312,283	329,901	350,964	315,457	330,231	334,260	334,260	291,233	299,830	700,096
Other special education	86,043	88,261	62,522	58,743	14,879	13,184	12,067	3,999	16,742	18,189
Support Services:										
Tuition	141,772	150,868	113,710	84,780	68,385	94,014	25,260	111,502	111,502	117,411
Student & instruction related services	584,995	567,102	628,105	541,664	607,402	636,222	621,013	607,960	689,917	1,175,546
General Administration and Business Services	201,561	199,719	114,873	109,322	87,501	143,620	117,643	95,184	149,854	179,331
School Administration Services	123,583	137,426	140,508	200,231	196,623	205,495	220,362	227,024	202,456	427,645
Central Services	129,059	124,784	120,756	110,814	112,544	106,187	113,609	100,210	183,120	183,120
Plant operations and maintenance	461,967	456,400	501,618	496,297	579,315	497,063	506,114	519,064	609,936	1,455,064
Pupil transportation	368,569	335,198	333,147	321,299	368,787	319,931	319,931	384,347	366,506	568,088
Unallocated benefits	751,534	1,384,835	1,686,053	1,306,294	2,433,284	2,090,471	1,614,896	2,224,452	1,575,788	-
Transfer to Charter Schools	536,236	579,449	593,811	502,287	561,806	543,644	85,008	46,485	10,070	19,915
Unallocated depreciation	481,254	481,254	363,524	354,651	338,031	315,612	294,239	537,660	535,945	222,389
Interest on long-term debt	-	-	-	-	-	-	-	272,631	246,555	-
Total governmental activities expenses	5,735,448	6,484,765	6,810,361	6,427,874	7,843,854	7,414,207	6,737,884	7,135,816	6,979,482	6,657,721
Business-type activities:										
Food service	7,131	6,775	6,775	6,775	6,775	6,775	1,458	1,458	153,682	170,232
Ceramics/Sculpture Classes	2,224	2,535	1,907	-	-	-	-	-	-	170,232
Total business-type activities expenses	9,355	9,310	8,682	6,775	6,775	6,775	1,458	1,458	153,682	170,232
Total district expenses	5,744,803	6,494,075	6,819,043	6,434,649	7,850,629	7,420,982	6,739,342	7,135,816	7,133,164	6,827,953
Program Revenues										
Governmental activities:										
Charges for services:	58,761	60,720	1,167,085	626,547	1,869,047	1,511,036	1,111,135	1,765,308	1,274,566	7,750
Operating grants and contributions	116,665	957,792	1,167,085	626,547	1,869,047	1,511,036	1,111,135	1,765,308	1,274,566	179,018
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	175,426	1,018,512	1,167,085	626,547	1,869,047	1,511,036	1,111,135	1,765,308	1,274,566	186,768
Business-type activities:										
Charges for services:										
Food service	2,224	2,535	1,907	-	-	-	-	-	180	88,573
Ceramics/Sculpture Classes	9,482	-	-	-	-	-	-	-	231,647	101,635
Operating grants and contributions	11,706	2,535	1,907	-	-	-	-	-	231,827	190,208
Total business-type activities program revenue	187,132	1,021,047	1,188,992	626,547	1,869,047	1,511,036	1,111,135	1,765,308	1,506,393	376,976
Net (Expense)/Revenue										
Governmental activities	(5,560,022)	(5,466,253)	(5,643,276)	(5,801,327)	(5,974,807)	(5,903,171)	(5,626,749)	(5,370,508)	(5,704,916)	(6,470,953)
Business-type activities	2,351	(6,775)	(6,775)	(6,775)	(6,775)	(6,775)	(1,458)	-	78,145	19,916
Total district-wide net expense	(5,557,671)	(5,473,028)	(5,650,051)	(5,808,102)	(5,981,582)	(5,909,946)	(5,628,207)	(5,370,508)	(5,626,771)	(6,450,977)

South Harrison Township School District
Changes in Net Position,
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	2,849,053	2,927,311	3,039,630	3,116,783	3,209,771	3,393,966	3,367,413	3,434,761	3,503,458	3,573,525
Taxes levied for debt service	757,646	752,838	727,824	705,764	630,394	708,896	708,291	711,360	717,011	713,942
Unrestricted grants and contributions	2,091,463	2,021,645	1,751,826	1,634,289	1,664,703	1,697,070	1,710,831	1,643,504	1,585,401	2,362,865
Restricted grants and contributions				152,601	168,014	169,054	169,909	169,640	170,989	
Investment earnings	174	174	18							20,577
Tuition and transportation revenue	13,500	9,000	12,385	28,922	28,726	16,600	15,600	11,210	32,738	-
Miscellaneous income	61,852	19,959	28,961	15,753	22,565	48,121	13,608	10,119	2,334	25,841
Fixed asset adjustments										
Other adjustments	20,000									
Extraordinary Item - Loss on Refunding Bonds										(6,710)
Capital Asset Adjustments	(9,482)	13,058	(8,974)							
Transfers										
Total governmental activities	5,784,206	5,743,985	5,551,670	5,654,112	5,724,173	6,033,707	5,984,652	5,980,594	6,011,931	6,689,840
Business-type activities:										
Investment earnings										872
Transfers										-
Other adjustments										2,926
Total business-type activities										3,798
Total district-wide	5,784,206	5,743,985	5,551,670	5,654,112	5,724,173	6,033,707	5,984,652	5,980,594	6,011,940	6,693,638
Changes in Net Position	224,184	277,732	(91,606)	(147,215)	(250,634)	130,536	357,903	610,086	307,015	218,887
Governmental activities	2,351	(6,775)	(6,775)	(6,775)	(6,775)	(6,775)	(1,459)	-	78,154	23,774
Business-type activities	226,555	270,857	(86,361)	(153,990)	(257,409)	123,761	359,445	610,086	305,169	242,061

Source: ACFR Schedule A-2

South Harrison Township School District
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit J-3

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted	1,107,008	977,269	709,930	607,500	383,562	427,591	589,659	983,093	988,672	430,026
Assigned	16,065	5,330	12,053	5,549	21,722	44,743	53,913	18,971	5,510	92,360
Unassigned	96,092	104,219	100,156	95,636	97,753	94,065	79,819	93,323	203,405	36,448
Total general fund	1,219,165	1,086,818	822,139	708,685	503,037	566,399	723,391	1,095,387	1,197,587	558,834
All Other Governmental Funds										
Restricted:										
Capital Projects Fund	225,875	118,474	118,474	118,469	118,469			70,324	55,490	41,034
Special revenue fund	27,516	35,801	82,427	74,142						
Debt Service Fund										
Total all other governmental funds	253,391	154,275	200,901	192,611	118,469	-	-	70,324	55,490	41,034

Source: ACFR Schedule B-1

South Harrison Township School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years **Exhibit J-4**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax Levy	3,606,699	3,680,149	3,767,454	3,822,547	3,840,165	4,102,862	4,075,704	4,146,121	4,220,469	4,287,467
Tuition and transportation charges	13,500	9,000	12,385	28,922	28,726	16,600	15,600	11,210	32,738	-
Interest earnings	174	174	18	-	-	-	-	-	-	20,577
Rental	61,852	19,959	28,961	19,075	26,478	48,121	13,608	24,103	30,628	47,069
Miscellaneous	2,093,138	2,418,806	2,247,320	2,315,883	2,473,304	2,578,049	2,622,889	2,668,281	2,829,266	2,686,404
Slate sources	114,990	132,940	114,926	94,232	140,975	204,368	138,087	115,560	290,075	387,548
Federal sources	5,890,353	6,261,028	6,171,064	6,280,659	6,509,648	6,950,000	6,865,888	6,965,275	7,403,176	7,429,065
Total revenue										
Expenditures										
Instruction:										
Regular instruction	1,512,683	1,668,186	1,811,833	1,990,528	2,159,840	2,069,878	1,931,833	1,825,567	1,981,261	1,601,983
Special education instruction	315,733	311,283	329,901	350,964	315,457	330,231	334,260	291,233	299,830	632,194
Other special education instruction	96,043	88,261	62,522	58,743	14,879	13,184	12,067	3,999	16,742	16,425
Support Services:										
Tuition	141,772	150,868	113,710	84,780	68,385	94,014	25,260	-	111,502	117,411
Student & instruction related services	584,995	567,102	628,105	541,664	607,402	636,222	621,013	607,960	689,917	894,311
General administrative services	142,800	138,999	114,873	109,322	87,501	143,620	117,643	95,184	149,854	138,909
School administrative services	123,583	137,426	140,508	200,231	196,623	205,495	220,362	227,024	202,456	136,429
Business administrative/central services	129,059	124,784	120,756	110,814	112,544	106,187	113,609	100,210	183,120	217,168
Plant operations and maintenance	461,967	456,400	501,618	496,297	579,315	497,063	506,114	519,064	609,936	486,466
Pupil transportation	368,569	335,198	333,147	321,299	368,787	368,586	319,931	384,347	366,506	527,680
Unallocated employee benefits	751,534	968,344	1,133,136	1,262,978	1,398,022	1,554,795	1,494,533	1,588,948	2,388,413	1,663,073
Charter schools							85,008	46,485	420,450	19,915
Support Services	35,713	609,135	237,680			99,749	41,930	13,015	2,866,027	311,938
Capital outlay										
Debt service:										
Principal	435,592	453,000	550,000	470,000	490,000	515,000	540,000	560,000	615,000	615,000
Interest and other charges	499,724	599,472	311,328	404,783	390,683	371,083	345,333	329,133	65,300	277,333
Total Expenditures	5,599,767	6,608,458	6,389,117	6,402,403	6,789,438	7,005,107	6,708,896	6,592,169	10,351,314	7,656,235
Excess (Deficiency) of revenues over (under) expenditures	290,586	(347,430)	(218,053)	(121,744)	(279,790)	(55,107)	156,992	373,106	(2,948,138)	(227,170)
Other Financing Sources (Uses)										
Transfer in	195,514	253,200				118,469	17,098			-
Transfer out	(204,996)	(253,200)				(118,469)	(17,098)			-
Bond Proceeds		11,096,928								-
Deposit in Refunding Escrow		(10,960,961)								-
Capital Lease										
Cancellation of Contracts Payable										
Total other financing sources (uses)	20,000	115,967	-	-	-	-	-	-	-	-
Net change in fund balances	301,104	(231,463)	(218,053)	(121,744)	(279,790)	(55,107)	156,992	373,106	(2,948,138)	(227,170)
Debt service as a percentage of noncapital expenditures	16.70%	17.54%	14.00%	13.66%	12.97%	12.83%	13.28%	13.51%	0.87%	12.15%

Source: ACFR Schedule B-2

**South Harrison Township School District
General Fund Other Local Revenue by Source,
Last Ten Fiscal Years
(Unaudited)**

Exhibit J-5

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Rentals	Prior Year Refund	Miscellaneous	Totals
2014	\$ 2,006	13,500			60,020	\$ 75,526
2015	1,930	9,000			18,203	29,133
2016	1,774	12,385			27,205	41,364
2017	1,756	28,922			17,319	47,997
2018	1,756	28,726			24,722	55,204
2019	1,892	16,600		38,650	7,579	64,721
2020	11,245	15,600	2,153		210	29,208
2021	1,200	11,210	2,000		6,919	21,329
2022	334	32,738	2,000			35,072
2023	20,577	7,750		10,920	14,921	54,168

Source: District Records

South Harrison Township School District
 Assessed Value and Actual Value of Taxable Property,
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Total Assessed Value	Public Utilities	Net Valuation Taxable	Total District School Tax Rate	County Equalized Value
2014	8,852,800	299,016,400	34,566,600	3,695,400	21,437,300		367,568,500	743,659	368,312,159	0.999	365,487,580
2015	10,430,500	301,016,100	34,823,300	3,680,300	21,933,100		371,883,300	703,216	372,586,516	1.012	389,734,776
2016	9,079,300	308,531,100	34,355,900	3,630,200	22,221,400		377,817,900	501,225	378,319,125	1.011	391,019,959
2017	8,491,800	307,969,300	36,090,400	3,574,900	22,841,600		378,968,000	506,452	379,474,452	1.012	395,876,647
2018	8,340,500	311,210,300	37,978,900	3,488,800	22,367,200		383,385,700		383,385,700	1.039	400,823,012
2019	6,872,800	314,873,200	36,930,800	3,410,700	23,285,900		385,373,400		385,373,400	1.089	412,248,745
2020	6,995,800	318,695,700	38,673,100	3,309,600	22,808,600		390,482,800		390,482,800	1.076	406,617,260
2021	6,995,800	318,576,400	38,673,100	3,233,900	22,808,600		390,287,800		390,287,800	1.082	423,076,206
2022	5,727,400	323,012,800	37,025,500	3,205,500	26,895,700		395,866,900		395,866,900	1.083	459,862,551
2023	5,195,000	326,291,900	35,761,400	3,357,000	26,926,500	4,008,800	401,540,600		401,540,600	1.088	534,549,853

Source: County Abstract of Ratables & Municipal Tax Assessor

Exhibit J-7

**South Harrison Township School District
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
(rate per \$100 of assessed value)**

Fiscal Year Ended June 30,	School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Local School	Regional School	Total Direct	Gloucester County	Municipal Local Purpose		
2014	\$ 0.999	\$ 0.851	\$ 1.850	\$ 0.649	\$ 0.198	\$	2.697
2015	1.012	0.868	1.880	0.737	0.201		2.818
2016	1.011	0.868	1.879	0.747	0.210		2.836
2017	1.012	0.869	1.881	0.753	0.231		2.865
2018	1.039	0.864	1.903	0.764	0.241		2.908
2019	1.089	0.835	1.924	0.782	0.247		2.953
2020	1.076	0.799	1.875	0.783	0.255		2.913
2021	1.082	0.788	1.870	0.794	0.262		2.926
2022	1.083	0.806	1.889	0.791	0.268		2.948
2023	1.088	0.858	1.946	0.800	0.276		3.022

Source: District Records and Municipal Tax Collector

**South Harrison Township School District
Principal Property Tax Payers,
Current Year and Nine Years Ago**

Exhibit J-8

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Mullica Hill Group Companies, LLC	8,915,100	1	2.25%	4,544,100	1	1.23%
South Jersey Gas	4,080,800	2	1.03%			
Lineage Logistics Services LLC	4,008,800	3	1.01%			
Mullica Hill Group Companies, LLC	3,115,000	4	0.79%	3,146,900	2	0.85%
American Tower Asset Sub, LLC	2,416,900	5	0.61%	1,678,200	7	0.46%
South Harrison 500 Associates, LLC	2,160,000	6	0.55%	2,160,000	5	0.59%
Taxpayer #3				1,766,100	6	0.48%
Paparone, Bruce Communities Inc.				1,364,100	8	0.37%
Taxpayer #4				1,294,300	9	0.35%
Taxpayer #1	1,292,200	7	0.33%	2,895,100	3	0.79%
Taxpayer #2	1,191,600	8	0.30%	2,171,000	4	0.59%
Taxpayer #3	1,022,000	9	0.26%			
Gres at Mullica Hill, LLC				1,114,800	10	0.30%
Neighbors of Eagle LLC & Eage Tic	1,012,500	10	0.26%			
Totals	\$ 29,214,900		7.38%	\$ 22,134,600		6.01%
	District Assessed Value		\$ 395,866,900			\$ 368,312,159

Source: District ACFR & Municipal Tax Assessor

**South Harrison Township School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	3,606,699	3,606,699	100%	
2015	3,680,149	3,680,149	100%	
2016	3,767,454	3,767,454	100%	
2017	3,822,547	3,822,547	100%	
2018	3,840,165	3,840,165	100%	
2019	4,102,862	4,102,862	100%	
2020	4,075,704	4,075,704	100%	
2021	4,146,121	4,146,121	100%	
2022	4,220,469	4,220,469	100%	
2023	4,287,467	4,287,467	100%	

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

Exhibit J-10

South Harrison Township School District
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				Total District	Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	Capital Leases	NJ EDA Loans				
2014	\$ 12,263,000	\$ -	\$ 61,184	\$	12,324,184	8.19%	3,880
2015	11,878,000		30,592		11,908,592	7.58%	3,759
2016	11,473,000				11,473,000	7.16%	3,638
2017	10,450,000				10,450,000	6.30%	3,323
2018	8,940,000				8,940,000	5.22%	2,850
2019	8,425,000				8,425,000	4.74%	2,697
2020	7,885,000				7,885,000	4.17%	2,518
2021	7,325,000				7,325,000	3.40%	2,126
2022	6,730,000				6,730,000	N/A	1,963
2023	6,115,000				6,115,000	N/A	N/A

Source: District ACFR Schedules I-1, I-2

* = Per Capital Income data presented is for the entire County of Gloucester, not only the Township of South Harrison.

**South Harrison Township School District
Ratios of Net General Bonded Debt Outstanding,
Last Ten Fiscal Years**

Exhibit J-11

Fiscal Year Ended June 30,	Governmental Activities		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	* Per Capita Personal Income
	General Obligation Bonds	Deductions			
2014	12,263,000	-	12,263,000	3.33%	47,406
2015	11,878,000	-	11,878,000	3.19%	49,622
2016	11,473,000	-	11,473,000	3.03%	50,788
2017	10,450,000	-	10,450,000	2.75%	52,729
2018	8,940,000	-	8,940,000	2.33%	54,646
2019	8,425,000	-	8,425,000	2.19%	56,853
2020	7,885,000	-	7,885,000	2.02%	60,386
2021	7,325,000	-	7,325,000	1.88%	62,553
2022	6,730,000	-	6,730,000	1.70%	n/a
2023	6,115,000	-	6,115,000	1.52%	n/a

Source: School District records; New Jersey Department of Labor and Workforce Development.

* = Per Capital Income data presented is for the entire County of Gloucester, not only the Township of South Harrison.

**South Harrison Township School District
 Direct and Overlapping Governmental Activities Bonded Debt,
 As of December 31, 2022 for overlapping debt**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Township of South Harrison	\$ -	100.00%	\$ -
Other Debt			
County of Gloucester	151,050,000	1.42%	2,147,995
Subtotal, Overlapping Debt			<u>2,147,995</u>
Township of South Harrison School District Direct Debt			<u>6,115,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 8,262,995</u></u>

Sources: Township of South Harrison, County of Gloucester.

Exhibit J-13

South Harrison Township School District
 Legal Debt Margin Information,
 Last Ten Fiscal Years

Equalized valuation basis	
2022	\$ 526,208,826
2021	453,401,255
2020	418,141,680
	<u>\$ 1,397,751,761</u>

Average equalized valuation of taxable property \$ 465,917,254

Debt limit (2.5% of average)	13,977,518
Net bonded school debt	6,115,000
Legal debt margin	<u>\$ 7,862,518</u>

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 9,274,050	\$ 9,240,905	\$ 11,113,577	\$ 10,984,591	\$ 11,362,201	\$ 11,877,196	\$ 10,090,101	\$ 10,641,903	\$ 11,647,931	\$ 13,977,518
Total net debt applicable to limit	12,324,184	11,908,592	11,473,000	10,450,000	8,940,000	8,425,000	7,885,000	7,325,000	6,730,000	6,115,000
Legal debt margin	<u>\$ (3,050,134)</u>	<u>\$ (2,667,687)</u>	<u>\$ (359,423)</u>	<u>\$ 534,591</u>	<u>\$ 2,422,201</u>	<u>\$ 3,452,196</u>	<u>\$ 2,205,101</u>	<u>\$ 3,316,903</u>	<u>\$ 4,917,931</u>	<u>\$ 7,862,518</u>

Total net debt applicable to the limit as a percentage of debt limit	132.89%	128.87%	103.23%	95.13%	78.68%	70.93%	78.15%	68.83%	57.78%	43.75%
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Source: Abstract of Ratables and District Records ACFR Schedule J-7

**South Harrison Township School District
Demographic and Economic Statistics,
Last Ten Fiscal Years**

Exhibit J-14

<u>Fiscal Year Ended June 30,</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2014	3,176	150,561,456	47,406	6.0%
2015	3,168	157,202,496	49,622	6.1%
2016	3,154	160,185,352	50,788	4.9%
2017	3,145	165,832,705	52,729	4.5%
2018	3,137	171,424,502	54,646	4.0%
2019	3,124	177,608,772	56,853	3.6%
2020	3,131	189,068,566	60,386	3.4%
2021	3,445	215,495,085	62,553	5.0%
2022	3,429	n/a	n/a	3.0%
2023	n/a	n/a	n/a	n/a

Source: New Jersey Department of Labor and Workforce Development.
Income is for Gloucester County

**South Harrison Township School District
Principal Employers,
Current Year and Nine Years Ago**

Exhibit J-15

Employer	2023			2014		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Rowan University	3,500	1	2.17%	1,483		1.04%
Washington Township School District	1,505	2	0.93%	1,598		1.12%
Inspira Health	1,222	3	0.76%	1,825		1.28%
County of Gloucester	1,200	4	0.74%	1,425		1.00%
Monroe Township School District	902	5	0.56%	792		0.56%
Walmart Turnersville	800	6	0.50%			
Jefferson Health	670	7	0.42%			
Aryzta LaBrea Bakery	500	8	0.31%	525		0.37%
Keller Williams Realty	500	9	0.31%			
Honda of Turnersville	499	10	0.31%			
Kennedy Memorial Hospital				1,675		1.18%
Missa Bay, LLC				950		0.67%
US Foodservices				725		0.51%
Exxon Mobil Research & Engineering				540		0.38%
Totals	11,298		7.00%	11,538		5.95%

Source: Information provided by the Gloucester County Office of Economic Development Directly.
Note: The information is for the County of Gloucester, information at the municipal level is not readily available.

**South Harrison Township School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years**

Exhibit J-16

<u>Function/Program</u>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction:										
Regular instruction	23.0	23.5	24.5	24.5	23.6	23.6	23.6	23.6	23.0	21.0
Special education	6.1	5.0	5.0	5.5	6.0	6.0	6.0	6.0	7.0	6.0
Other special education	4.2	4.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other instruction	1.4	1.4	3.0	1.0	1.0	1.0	1.0	1.0	1.0	3.0
Support Services:										
Student & instruction related services	8.1	7.3	6.2	6.2	6.8	6.8	6.8	6.8	5.0	3.0
General administrative services	1.4	0.3	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0
School administrative services	1.0	1.6	2.5	2.5	2.2	2.2	2.2	2.2	2.0	2.0
Central services	1.9	1.9	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6
Plant operations and maintenance	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Pupil transportation	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Other support services	1.8	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Total	50.0	49.0	42.0	40.5	40.2	40.2	40.2	40.2	38.0	35.0

Source: District Personnel Records

South Harrison Township School District
 Operating Statistics,
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost per Pupil	% Change	Teaching Staff	Pupil/Teacher Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2014	373.0	4,628,738	12,409	6.18%	30.0	12.433	373.30	356.50	2.27%	95.50%
2015	389.0	4,946,851	12,717	2.48%	30.0	12.967	385.60	370.50	3.29%	96.08%
2016	392.0	5,290,109	13,495	6.12%	31.0	12.645	390.90	376.30	1.37%	96.27%
2017	384.0	5,527,620	14,395	6.67%	31.5	12.190	387.50	364.50	-0.87%	94.06%
2018	366.0	5,908,755	16,144	12.15%	29.6	12.365	369.20	352.00	-4.72%	95.34%
2019	354.0	6,019,275	17,004	5.32%	29.6	11.959	358.90	339.10	-2.79%	94.48%
2020	331.0	5,781,633	17,467	2.73%	29.6	11.182	332.00	321.50	-7.50%	96.84%
2021	303.0	5,690,021	18,779	7.51%	29.6	10.236	318.60	303.40	-4.04%	95.23%
2022	316.0	7,419,987	23,481	25.04%	27.0	11.704	310.00	300.20	-2.70%	96.84%
2023	348.0	6,451,964	18,540	-21.04%	30.0	11.600	341.03	319.96	10.01%	93.82%

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

South Harrison Township School District
 School Building Information,
 Last Ten Fiscal Years

Exhibit J-18

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
District Buildings										
Elementary										
Square Feet	68,543	68,543	68,543	68,543	68,543	68,543	68,543	68,543	68,543	68,543
Capacity (students)	463	463	463	463	463	463	463	463	463	463
Enrollment	360	373	383	392	366	354	331	303	316	348

Number of Schools at June 30, 2023
 Elementary - 1

Source: District Records, ASSA

South Harrison Township School District
Insurance Schedule
For the Fiscal Year Ended June 30, 2023
(Unaudited)

Exhibit J-20

Company	Type of Coverage	Amount of Coverage	Deductible
ool Package Policy - Gloucester Cumberland Salem School Districts JIF			
Property, Inland Marine and Automobile Physical Damages			
	Limit of Liability	175,000,000	
	GCSSD JIF Self Insured Retention	250,000	
	Member District Deductible		500
	Property Valuation	Replacement Cost	
Boiler and Machinery			
	Limit of Liability	125,000,000	
	GCSSD JIF Self Insured Retention	None	
	Member District Deductible		1,000,000
Crime			
	Limit of Liability	500,000	
	GCSSD JIF Self Insured Retention	250,000	
	Member District Deductible		500
General and Automobile Liability			
	Limit of Liability	20,000,000	
	GCSSD JIF Self Insured Retention	250,000	
	Member District Deductible		None
Workers' Compensation			
	Limit of Liability	Statutory	
	GCSSD JIF Self Insured Retention	250,000	
	Member District Deductible		None
Educator's Legal Liability			
	Limit of Liability	20,000,000	
	GCSSD JIF Self Insured Retention	250,000	
	Member District Deductible		None
Pollution Legal Liability			
	Limit of Liability	3,000,000	
	GCSSD JIF Self Insured Retention	None	
	Member District Deductible – Pollution Incident		25,000
	Member District Deductible – Mold Incident		100,000-250,000
Cyber Liability			
	Limit of Liability	2,000,000	
	GCSSD JIF Self Insured Retention		None
	Member District Deductible		50,000-100,000
Crisis Protection & Disaster Management Services			
	Limit of Liability	1,000,000	
	GCSSD JIF Self Insured Retention	None	
	Member District Deductible		10,000
Selective Insurance Companu			
	Individual Bonds:		
	School Business Administrator		
	Dawn Leary	175,000.00	
	Treasurer of School Monies		
	Charles Owens	165,000.00	

Source: District Records

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SINGLE AUDIT SECTION

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FORD - SCOTT

& ASSOCIATES, L.L.C.

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K-1

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

Honorable President and
Members of the Board of Education
South Harrison Township School District
County of Gloucester
State of 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, each major fund, and the aggregate remaining fund information of the South Harrison Township School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the South Harrison Township School District's basic financial statements, and have issued our report thereon dated December 20, 2023.

Report on Internal Control over Financial Reporting

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

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Ford, Scott & Associates, L.L.C.

Ford, Scott & Associates, LLC.
Certified Public Accountants

Leon P. Costello

Leon P. Costello

Certified Public Accountant
Licensed Public School Accountant
No. 767

December 20, 2023



FORD - SCOTT

& ASSOCIATES, L.L.C.

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K-2

Report on Compliance with for Each Major State Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards and State Financial Assistance required by *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards (Uniform Guidance)*, and New Jersey OMB's Circular 15-08

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal & State Program

We have audited the South Harrison Township School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the South Harrison Township School District's major federal and state programs for the year ended June 30, 2023. The South Harrison Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal & State Program

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

We are required to be independent of the South Harrison Township School 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the South Harrison Township School District's compliance with the requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to its 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 South Harrison Township School 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 NJ OMB 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about South Harrison Township School District's compliance with the requirements of each major federal or state program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding South Harrison Township School 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 South Harrison Township School 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 NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of South Harrison Township School 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 no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance or NJ OMB 15-08.

Report on Internal Control Over Compliance

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

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

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

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

Ford, Scott & Associates, L.L.C.

Ford, Scott & Associates, LLC.
Certified Public Accountants

Leon P. Costello

Leon P. Costello
Certified Public Accountant
Licensed Public School Accountant
No. 767

December 20, 2023

SOUTH HARRISON SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022		Cash Received	Budgetary Expenditures		Adjustments	Balance at June 30, 2023	
						Accounts Receivable	Unearned Revenue		Source Pass Through	Total		Unearned Revenue	(Accounts Receivable)
U. S. Department of Agriculture													
Enterprise Fund:													
Food Distribution Program	10.555	2023INJ04N1089	N/A	7/1/22 - 6/30/23	20,405 \$	\$	20,405 \$	(20,405)	(20,405)				\$
School Breakfast Program	10.553	2023INJ04N1089	N/A	7/1/22 - 6/30/23	7,557		7,096	(7,557)	(7,557)				(461)
National School Lunch Program	10.555	2023INJ04N1089	N/A	7/1/21 - 6/30/22	63,718	(3,912)	3,912						
National School Lunch Program	10.555	2023INJ04N1089	N/A	7/1/22 - 6/30/23	41,794		39,312	(41,794)	(41,794)				(2,482)
National School Lunch Program	10.555	2023INJ04N1089	N/A	7/1/21 - 6/30/22	164,079	(9,071)	9,071						
COVID-19 - Supply Chain	10.555	2023INJ04N1089	N/A	7/1/22 - 6/30/23	29,227		29,227	(29,227)	(29,227)				
Total Child Nutrition Cluster					(12,983)		109,023	(98,983)	(98,983)				(2,943)
Total Enterprise Fund					(12,983)		109,023	(98,983)	(98,983)				(2,943)
U.S. Department of Education													
Passed-through State Department of Education:													
Special Revenue Fund:													
Title I, Part A	84.010A	S010A220030	ESEA532023	7/1/22 - 9/30/23	11,510		7,623	(11,510)	(11,510)				(3,887)
Title I, Part A	84.010A	S010A210030	ESEA532022	7/1/21 - 9/30/22	39,890	(10,000)	22,379			(12,379)			
Total Title I					(10,000)		30,002	(11,510)	(11,510)	(12,379)			(3,887)
Title II, Part A	84.367A	S367A220029	ESEA532023	7/1/22 - 9/30/23	5,299			(5,299)	(5,299)				(5,299)
Title II, Part A	84.367A	S367A210029	ESEA532022	7/1/21 - 9/30/22	7,544		7,544						
Total Title II							7,544	(5,299)	(5,299)				(5,299)
Title IV	84.424A	S365A220030	ESEA532023	7/1/22 - 9/30/23	10,000			(20,000)	(20,000)				(20,000)
Title IV	84.424A	S365A210030	ESEA532022	7/1/21 - 9/30/22									
Total Title IV								(20,000)	(20,000)				(20,000)
Rural Education Achievement Program	84.358A	S358A102658	n/a				26,318	(26,318)	(26,318)				
Total Rural Education Achievement Program							26,318	(26,318)	(26,318)				
Total Special Education Cluster							31,041	(63,485)	(63,485)				(32,444)
CARES - Emergency Relief	84.425D	S425D200027	N/A	3/13/20 - 9/30/22	19,824	(2,895)	2,895	(44,662)	(44,662)				
CRSA - ESSER I	84.425D	S425D210027	N/A	3/13/20 - 9/30/23	7,840		44,662						
CRSA - Learning Acceleration	84.425D	S425D210027	N/A	3/13/20 - 9/30/23	25,000	(1,800)	11,014	(19,735)	(19,735)				(8,721)
CRSA - Mental Health	84.425D	S425D210027	N/A	3/13/20 - 9/30/23	45,000	(45,769)	21,779	(34,032)	(34,032)				(14,053)
ARP - ESSER	84.425U	S425U210027	N/A	3/13/20 - 9/30/24	174,481	(2,916)	91,958	(59,896)	(59,896)				(13,707)
ARP - Accelerated Learning (Instruction)	84.425U	S425U210027	N/A	3/13/20 - 9/30/24	50,000		22,629	(23,520)	(23,520)				(3,807)
ARP - Evidence Based Summer Learning	84.425U	S425U210027	N/A	3/13/20 - 9/30/24	40,000		16,649	(18,020)	(18,020)				(1,371)
ARP - Beyond the School Day (After-school)	84.425U	S425U210027	N/A	3/13/20 - 9/30/24	40,000		14,916	(16,071)	(16,071)				(1,155)
ARP - NJTSS Mental Health	84.425U	S425U210027	N/A	3/13/20 - 9/30/24	45,000		17,389	(45,000)	(45,000)				(27,611)
Total Education Stabilization Cluster					(53,380)		243,891	(260,936)	(260,936)				(70,425)
COVID-19 Relief Funds	21.019	S425D200027	N/A	3/27/20-6/30/21		123							123
Total Special Revenue Fund					(63,380)		338,796	(387,548)	(387,548)	(12,379)			(132,055)
Total Federal Financial Assistance					(76,363)		447,819	(486,531)	(486,531)	(12,379)			(134,988)

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

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2023

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2022		Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments / Repayment of Prior Years' Balances	Balance at June 30, 2023		MEMO	
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Deferred Revenue/	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education														
General Fund:														
State Aid Public Cluster:														
Special Education Aid	23-495-034-5121-089	302,902	7/1/2022	6/30/2023	\$ -	\$ -	\$ -	\$ 302,902	\$ (302,902)	\$ -	\$ -	\$ -	\$ 54,004	\$ 302,902
School Choice Aid	23-495-034-5121-088	292,972	7/1/2022	6/30/2023	\$ -	\$ -	\$ 292,972	\$ (292,972)	\$ -	\$ -	\$ -	\$ -	\$ 52,203	\$ 292,972
Security Aid	23-495-034-5121-084	34,238	7/1/2022	6/30/2023	\$ -	\$ -	\$ 34,238	\$ (34,238)	\$ -	\$ -	\$ -	\$ -	\$ 6,104	\$ 34,238
Equalization Aid	23-495-034-5120-078	417,840	7/1/2022	6/30/2023	\$ -	\$ -	\$ 417,840	\$ (417,840)	\$ -	\$ -	\$ -	\$ -	\$ 74,486	\$ 417,840
Total State Aid Public Cluster														
Transportation Aid	23-495-034-5121-014	140,825	7/1/2022	6/30/2023	\$ -	\$ -	\$ 140,825	\$ (140,825)	\$ -	\$ -	\$ -	\$ -	\$ 25,107	\$ 140,825
Non-public Transportation Aid	23-495-034-5120-014	8,112	7/1/2022	6/30/2023	\$ (5,510)	\$ -	\$ 5,510	\$ (8,112)	\$ (1,942)	\$ -	\$ -	\$ -	\$ -	\$ 8,112
Lead Testing for Schools Aid	22-495-034-5120-104	1,942	7/1/2021	6/30/2022	\$ -	\$ -	\$ 1,942	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,942
Extraordinary Aid	23-100-034-5120-044	52,421	7/1/2022	6/30/2023	\$ (86,850)	\$ -	\$ -	\$ (52,421)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,421
Extraordinary Aid	21-100-034-5120-044	86,850	7/1/2021	6/30/2022	\$ -	\$ -	\$ 86,850	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86,850
On-Behalf TPAF Pension	22-495-034-5094-002	688,712	7/1/2022	6/30/2023	\$ -	\$ -	\$ 688,712	\$ (688,712)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 688,712
On-Behalf TPAF Post-Retirement	22-495-034-5094-001	180,923	7/1/2022	6/30/2023	\$ -	\$ -	\$ 180,923	\$ (180,923)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180,923
On-Behalf TPAF LTD	22-495-034-5094-004	347	7/1/2022	6/30/2023	\$ -	\$ -	\$ 347	\$ (347)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 347
Reimbursed TPAF Social Security	23-495-034-5094-003	144,162	7/1/2022	6/30/2023	\$ (92,360)	\$ -	\$ 2,281,539	\$ (2,263,454)	\$ (1,942)	\$ -	\$ -	\$ -	\$ 211,944	\$ 144,162
Total General Fund														
Special Revenue Fund:														
Preschool Education Aid	23-495-034-5121-086	621,414	7/1/2022	6/30/2023	\$ -	\$ -	\$ 621,414	\$ (385,880)	\$ -	\$ 235,534	\$ -	\$ -	\$ 62,141	\$ 385,880
Total Special Revenue Fund														
State Department of Education														
Debt Service Fund:														
Debt Service Aid	23-100-034-5120-017	170,258	7/1/2022	6/30/2023	\$ -	\$ -	\$ 170,258	\$ (170,258)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,258
Total Debt Service Fund														
State Department of Agriculture:														
Enterprise Fund:														
State School Lunch Program	23-100-010-3350-023	1,935	7/1/2022	6/30/2023	\$ (208)	\$ -	\$ 1,828	\$ (1,935)	\$ -	\$ (107)	\$ -	\$ -	\$ -	\$ 1,935
State School Lunch Program	22-100-010-3350-023	3,850	7/1/2021	6/30/2022	\$ -	\$ -	\$ 208	\$ (717)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,850
State School Breakfast Program	23-100-010-3350-023	717	7/1/2022	6/30/2023	\$ (208)	\$ -	\$ 679	\$ (717)	\$ -	\$ (38)	\$ -	\$ -	\$ -	\$ 717
Total Enterprise Fund														
Total State Financial Assistance														
Less: On-Behalf TPAF Pension Less: On-Behalf TPAF Post-Retirement Less: On-Behalf TPAF LTD Total State Financial Assistance (1,952,262)														

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

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2023**

Note 1: General

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, South Harrison Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the schedule of federal awards and state financial assistance.

Note 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Uniform Guidance and NJ OMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The School District has elected not to use the 10% de minimis indirect cost rate.

Note 3: Relationship to Basic Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$72,989) for the general fund and (\$62,141) for the special revenue fund. See the Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

	Federal	State	On-Behalf Contributions	Total
General Fund	\$ -	2,192,407	(1,014,144)	1,178,263
Special Revenue Fund	387,548	323,739		711,287
Debt Service Fund		170,258		170,258
Food Service Fund	98,983	2,652		101,635
Total Financial Assistance	\$ 486,531	2,689,056	(1,014,144)	2,161,443

The On-Behalf Pension Contributions made for the District by the State of New Jersey are recognized as revenue in the basic financial statements but are not considered in the major program determination.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2023
(CONTINUED)**

Note 4: Relationship to Federal and State Financial Reports

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

Note 5: Other

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

Note 6: Adjustments

Amounts reported in the column entitled "adjustments" are shown in the table below for fiscal year 2022-2023:

	Federal	State
Prior year payables not included	\$ (12,379)	
Recapture of prior year expenditures		(1,942)
	\$ (12,379)	(1,942)

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING JUNE 30, 2023**

Exhibit K-6

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	An Unmodified Opinion was issued on the Basic Financial Statements, dated December 20, 2023
Internal control over financial reporting:	
1) Material weakness identified?	No
2) Significant deficiencies identified?	None reported
Noncompliance material to basic financial statements noted?	No

Federal Awards N/A

Internal control over major programs:

- 1) Material weakness identified?
- 2) Significant deficiencies identified?

Type of auditor’s report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Uniform Guidance?

Identification of major programs:

Assistance Listing Number(s)

Name of Federal Program or Cluster

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

Auditee qualified as low-risk auditee?

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING JUNE 30, 2023
(CONTINUED)**

Exhibit K-6

Section I – Summary of Auditor’s Results (Continued)

State Awards

Dollar threshold used to distinguish between type A and Type B Programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes
Type of auditor’s report issued on compliance for major programs:	An Unmodified Opinion was issued on compliance for major programs, dated December 20, 2023
Internal Control over major programs:	
1) Material weaknesses identified?	No
2) Significant deficiencies identified?	None reported
Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08?	No

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
495-034-5120-089 495-034-5120-068 495-034-5120-084 495-034-5120-078	<u>State Aid Public Cluster</u> Special Education Aid School Choice Aid Security Aid Equalization Aid

Section II - Financial Statement Findings

In accordance with Government Auditing Standards, our audit disclosed no findings relating to the financial statements that are required to be reported under this section.

None

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING JUNE 30, 2023
(CONTINUED)**

Exhibit K-6

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

FEDERAL AWARDS

Not applicable.

STATE AWARDS

Our audit disclosed no matters to be reported.

Exhibit K-7

STATUS OF PRIOR YEAR FINDINGS

Financial Statements:

No matters were reported.

Federal:

Not applicable.

State:

No matters were reports.