

Annual Comprehensive Financial Report

of the

Borough of Stone Harbor Board of Education

Stone Harbor, New Jersey

For the Fiscal Year Ended June 30, 2023

Prepared by

Borough of Stone Harbor Board of Education

Finance Department

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Introductory Section

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STONE HARBOR BOARD OF EDUCATION
275 93rd STREET STONE HARBOR, NJ 08247
PH #609-368-4596 X24 FAX #609-368-6545

KATHLEEN FOX
Chief School Administrator

DR. RENEE MURTAUGH
Supervisor of Curriculum
& Instruction

LINDA FIORI
Business
Administrator

November 30, 2023

Honorable President and
Members of the Board of Education
Borough of Stone Harbor School District
County of Cape May
Stone Harbor, New Jersey

Dear Board Members:

The annual comprehensive financial report of the Borough of Stone Harbor School District (District) for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (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 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 Management's Discussion and Analysis, 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 not required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, OMB Uniform Guidance, and State Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. However, the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES:

The Borough of Stone Harbor School District is an independent reporting entity as set forth in Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards*. All funds and account groups of the District are included in this report. The Borough of Stone Harbor Board of Education and the school district constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 4 and includes servicing Avalon students as tuition students to the District. Students in grade levels PreK 3, PreK 4 and 5 through 8 attend Avalon School District. Additionally, it provides tuition for grades 9 through 12 to Middle Township High School and to the Cape May County Special Services School District. These include regular, as well as special education for handicapped students. The District completed the 2022-2023 fiscal year with an enrollment of 86 students, which is 6 students below the previous year's enrollment.

The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment Student Enrollment</u>	<u>Percent Change</u>
2022-2023	86	(6.5)%
2021-2022	92	(1.1)%
2020-2021	93	4.5%
2019-2020	89	(10.0)%
2018-2019	99	10.0%
2017-2018	90	20.0%
2016-2017	75	11.0%
2015-2016	68	(1.5)%
2014-2015	69	(6.8)%
2013-2014	74	(5.1)%

2) ECONOMIC CONDITION AND OUTLOOK:

Stone Harbor Borough is an affluent seashore community consisting primarily of residential properties. The estimated 876 permanent, year-round resident population (2020 U.S. Bureau of Census, Population Division) swells to approximately 25,000 during the summer season. There is no major industry and very little room for growth in both the residential and business districts. Most residential properties are used for income purposes (summer rentals).

3) MAJOR INIATIVES:

Students continued to score above the state and national averages. During the 2022-23 school year the district of Stone Harbor & Avalon continued a shared instructional model for educating students on the island. Stone Harbor Elementary School will educate all the K-4 students & Avalon Elementary School will educate grades PreK 3, PreK 4 and 5-8. We continue to align our curriculum syllabus K-8 with the New Jersey State Department's Common Core Content Standards and with the Work Place Readiness Standards. Technology continues to play a supplemental role in all academic areas.

4) INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control 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 the District management.

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

5) BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as 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.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

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

8) RISK MANAGEMENT:

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

9) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford Scott & Associates, LLC, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act, OMB Uniform Guidance and State Treasury Circular Letter 15-08 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules are 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.

10) ACKNOWLEDGMENTS:

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

Respectfully submitted,

Kathleen Fox

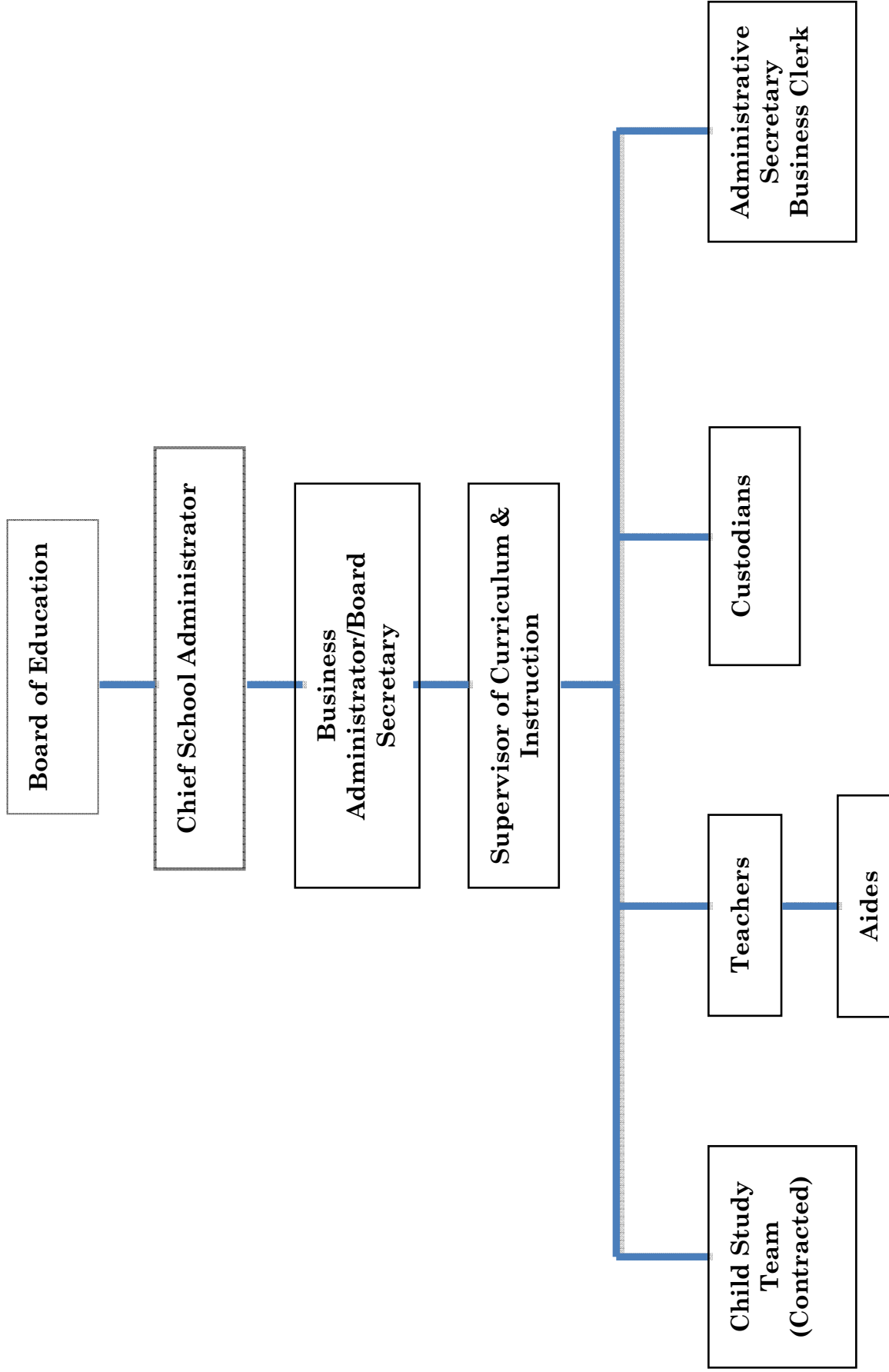
Kathleen Fox
Superintendent

Linda Fiori

Linda Fiori
Business Administrator

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**STONE HARBOR SCHOOL DISTRICT
ORGANIZATIONAL CHART**



BOROUGH OF STONE HARBOR BOARD OF EDUCATION

STONE HARBOR, NEW JERSEY

ROSTER OF OFFICIALS
June 30, 2023

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Ms. Suzanne Walters, President	2023
Mr. Mark Matreale, Vice President	2023
Ms. Maggie Day	2024
Dr. John McAllister	2025
Mr. Robert Ross	2024
Lois Scarpa (Avalon Representative)	2023

Other Officials

Mrs. Kathleen Fox, Chief School Administrator

Ms. Linda Fiori, School Business Administrator

Mr. James Craft, Treasurer of School Monies

**BOROUGH OF STONE HARBOR BOARD OF EDUCATION
Consultants and Advisors**

Audit Firm

Ford Scott & Associates, LLC
1535 Haven Avenue
Ocean City, NJ 08226
(609) 399-6333

Attorney

Stephen J. Edelstein, Esq.
Weiner Law Group
629 Parsippany Road
P.O. Box 0438
Parsippany, NJ 07054

Official Depository

Sturdy Savings Bank
9417 Third Avenue
P.O. Box 98
Stone Harbor, New Jersey 08247

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Financial Section

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

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Independent Auditor's Report

Honorable President and
Members of the Board of Education
Borough of Stone Harbor School District
County of Cape May, 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 Borough of Stone Harbor School District, in the County of Cape May, 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 Borough of Stone Harbor 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 Borough of Stone Harbor 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 Borough of Stone Harbor 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 Borough of Stone Harbor 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 November 30, 2023 on our consideration of the Borough of Stone Harbor 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 Borough of Stone Harbor 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

Michael S. Garcia

Michael S. Garcia
Certified Public Accountant
Licensed Public School Accountant
No. 2080

November 30, 2023

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Required Supplemental Information
Part I

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Borough of Stone Harbor School District ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statement.

FINANCIAL HIGHLIGHTS

- The net position of the District decreased compared to the prior year as a result of an excess of expenses over revenues.
- The State of New Jersey reimbursed the District \$55,435 during the fiscal year ended June 30, 2023 for the employer's share of social security contributions. The State of New Jersey also paid \$402,098 in pension contributions and retiree health coverage for TPAF members as calculated on their base salaries on behalf of the District. This amount, which is not budgeted, is included as both a revenue and appropriation in the financial statements.
- As indicated by New Jersey State Statutes, the unreserved fund balance of the general fund is limited to 2% of the total general fund expenditures or \$250,000, whichever is greater. Any excess is required to be designated as Reserved Fund Balance – Excess Surplus and included in the next year's budget as budgeted fund balance. As of June 30, 2023, the District had excess surplus of \$114,168, of which \$65,907 was required to be budgeted as a revenue for the year ending June 30, 2024 and \$48,261 is designated for subsequent year budgets.
- During the fiscal year ended June 30, 2023, the District's expenditures were approximately \$191,000 more than total revenues in the fund financial statements. This is due to anticipated fund balance in the 2022-23 budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis* (this section), the basic *financial statements, required supplementary information*, and an optional section that presents *combining statements for special revenue, proprietary, and fiduciary funds*. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District's government, reporting on the District's operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services like instruction were financed in the *short term* as well as what remains for future spending.

- *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the District operates like businesses, such as the milk program.
- *Fiduciary fund* statements provide information about the financial relationships – like the unemployment trust fund – in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the District’s financial statements, including the portion of the District’s government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Figure A-1
Major Features of Borough of Stone Harbor Board of Education’s
Government-wide and Fund Financial Statements

	Government wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as food service and student activities	Activities the District operates similar to private businesses; food service	Instances in which the District is the trustee or agent for someone else’s resources, such as payroll agency and student activities.
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position

Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health, or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the Borough's property tax base and the condition of the District's facilities.

The government-wide financial statements of the District are divided into two categories:

- *Governmental activities* – most of the District's basic services are included here, such as instruction, transportation, administration, and plant operations. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* – the District charges fees to customers to help it cover the costs of certain services it provides. The District's milk fund program is included here. The District also has an internal service fund which provides for the Supervisor of Curriculum and Instruction. This fund is supported by payments from the District and Avalon Board of Education.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds* – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for other assets that - because of a trust arrangement – can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in separate statement of fiduciary net position and a statement of

changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's governmental activities net position decreased between fiscal years 2023 and 2022 as a result of an excess of expenses over revenues. The business-type activities net position remained unchanged.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 970,892	\$1,128,840	5,068	5,068	975,960	1,133,908
Capital assets	3,408,106	3,301,628			3,408,106	3,301,628
Total assets	4,378,998	4,430,468	5,068	5,068	4,384,066	4,435,536
Deferred outflows of resources	161,465	187,165	-	-	161,465	187,165
Other liabilities	595,330	455,288			595,330	455,288
Total liabilities	595,330	455,288	-	-	595,330	455,288
Deferred inflows of resources	71,581	227,291	-	-	71,581	227,291
Net position						
Net invested in capital assets	3,408,106	3,301,628			3,408,106	3,301,628
Restricted	711,578	919,990			711,578	919,990
Unrestricted	(246,132)	(286,564)	5,068	5,068	(241,064)	(281,496)
Total net assets	\$ 3,873,552	\$3,935,054	5,068	5,068	3,878,620	3,940,122

Net position of the District decreased due to an excess of expenses over revenues. Also, included in long-term liabilities are amounts due to be paid on compensated absences and the unfunded pension liability.

As required by New Jersey Statutes, the unrestricted net position of the District are not permitted to exceed the greater of \$250,000 or 2% of total general fund expenditures, after reductions for On-behalf TPAF pension and social security. Any excess must be appropriated as budgeted fund balance in the subsequent years' budget. As of June 30, 2023, the District had excess fund balance in the amount of \$114,168 of which \$65,907 has been included in the 2023-2024 budget and the remaining \$48,261 will be included in the 2024-2025 budget.

Changes in net position. The total governmental activities revenue of the District decreased approximately \$98,000 due to a decrease in operating grants.

Approximately 1.37% of the District's governmental funds revenue comes from the State of New Jersey in the form of non-restricted federal and state aid. This aid is based on the District's enrollment as well as other factors related to the District's formula aid which is a relationship of the adequacy budget and the Borough's property values and income of the residents. The District expenses are primarily related to instruction, administration, and plant operations.

	2023		2022	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property taxes	\$ 2,594,142	69.20%	2,594,142	67.43%
Unrestricted Federal and State aid	51,201	1.37%	47,925	1.25%
Tuition	642,613	17.14%	517,190	13.44%
Operating grants and contributions	452,297	12.07%	455,914	11.85%
Other	8,445	0.23%	232,075	6.03%
Totals	\$ <u>3,748,698</u>	<u>100.00%</u>	<u>3,847,246</u>	<u>100.00%</u>

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Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2023 and 2022 fiscal years:

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenue						
Charges for services	\$ 642,613	743,472			642,613	743,472
State grants and entitlements	452,297	455,914			452,297	455,914
General revenues						
Property taxes	2,594,142	2,594,142			2,594,142	2,594,142
State aid entitlements	51,201	47,925			51,201	47,925
Other	8,445	5,793			8,445	5,793
Total revenues	3,748,698	3,847,246	-	-	3,748,698	3,847,246
Expenses						
Instruction:						
Regular	1,303,675	1,268,674			1,303,675	1,268,674
Special Education	109,617	109,338			109,617	109,338
Other Instruction	283,175	139,138			283,175	139,138
Support services:						
Tuition	659,460	607,605			659,460	607,605
Student & instruction related	614,867	614,353			614,867	614,353
School administration services	122,118	120,140			122,118	120,140
General & business admin	164,341	165,335			164,341	165,335
Plant operations & maintenance	346,258	345,438			346,258	345,438
Pupil transportation	75,753	60,009			75,753	60,009
Internal service fund	130,863	226,282			130,863	226,282
Special Schools	73	36			73	36
Business-type activities					-	-
Total expenses	3,810,200	3,656,348	-	-	3,810,200	3,656,348
Increase/(Decrease)						
in net assets	(61,502)	190,898	-	-	(61,502)	190,898

Business-type Activities

Operating and non-operating revenues of the District's business-type activities remained zero.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$920,652 which is approximately \$190,706 lower than the beginning of the year.

General Fund Budgetary Highlights

As further explained in the Notes to the Financial Statements, annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and, beginning with the 2012-2013 budget voter approval is no longer required if the budget meets certain statutory requirements. Transfers of appropriations may be made by Board resolution at any time during the fiscal year. The District is permitted to encumber funds throughout the year for purchases ordered but not yet received. Any open encumbrances as of June 30th carry over to the next fiscal year and are added to the appropriation reflected in the certified budget.

After adjusting total revenue reported on Exhibit C-1 for the Reimbursed TPAF Social Security Contribution and on-behalf TPAF Pension Contributions, which are not budgeted, the District's budgeted revenue exceeded the actual revenue by approximately \$5,000. This is a result of less tuition students than anticipated. Again, after adjusting for the Reimbursed TPAF Social Security Contribution and on-behalf TPAF Pension Contributions, actual expenditures were below the budgeted appropriations by approximately \$45,000.

CAPITAL ASSET

Capital Assets

At the end of 2023, the District had invested \$3.4 million in a broad range of capital assets, including land, buildings, vehicles and machinery.

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 410,630	\$ 410,630			410,630	410,630
Buildings and Bldg improvements	2,773,849	2,612,979			2,773,849	2,612,979
Machinery & equipment	223,627	278,019			223,627	278,019
					-	
Total	\$ 3,408,106	\$ 3,301,628	-	-	3,408,106	3,301,628

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The student population in the District has fluctuated over the past 10 years, however state aid has remained fairly constant despite an increase in student population.

The District budget for the 2024 fiscal year includes required supplies and anticipated contractual increases in salaries and employee benefits.

EFFECTS OF COVID-19 ON THE DISTRICT'S FINANCIAL POSITION

The district was able to resume close to normal activity relatively quickly starting in the Fall of 2020. Due to the already in place one to one Chromebook initiative additional funds to increase connectivity was minimal. Increased cleaning was implemented by current staff and grant funds were used to update our water fountains as bottle filling stations for students. Overall, the effects on the district's financial position were minimal.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to present users (residents, receiving districts, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, contact the District's business administrator at 275 93rd Street, Stone Harbor, New Jersey, 08247.

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BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the district's operation. These financial statements present the financial position and operating results of all activities as of June 30, 2023.

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DISTRICT-WIDE FINANCIAL STATEMENTS

The district-wide financial statements provide a financial overview of the district's operation. These financial statements present the financial position and operating results of the governmental and business-like activities as of June 30, 2023.

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BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 815,807	5,068	820,875
Receivables, net	51,473		51,473
Due from other governments	103,612		103,612
Capital assets, net			
Land and land improvements	410,630		410,630
Depreciable assets, net of depreciation	2,997,476		2,997,476
Total Assets	<u>4,378,998</u>	<u>5,068</u>	<u>4,384,066</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	161,465		161,465
Total Deferred Outflows of Resources	<u>161,465</u>	<u>-</u>	<u>161,465</u>
LIABILITIES			
Accounts payable	46,322	-	46,322
Unearned revenue	3,918		3,918
Noncurrent liabilities:			
Due within one year	-		-
Due beyond one year	86,550		86,550
Net Pension Liability	458,540		458,540
Total liabilities	<u>595,330</u>	<u>-</u>	<u>595,330</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	71,581		71,581
Total Deferred Inflows of Resources	<u>71,581</u>	<u>-</u>	<u>71,581</u>
NET POSITION			
Net investment in capital assets	3,408,106	-	3,408,106
Restricted for:			
Other purposes	711,578		711,578
Unrestricted	(246,132)	5,068	(241,064)
Total net position	<u>\$ 3,873,552</u>	<u>5,068</u>	<u>3,878,620</u>

The accompanying notes are an integral part of these financial statements.

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Statement of Activities
June 30, 2023

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	\$ 987,152	316,523	511,750	182,475		(609,450)	(609,450)	
Special education	83,003	26,614		7,120		(102,497)	(102,497)	
Other instruction	214,422	68,753		25,034		(258,141)	(258,141)	
Support services:								
Tuition	499,348	160,112		101,804		(557,656)	(557,656)	
Student & instruction related services	465,582	149,285		80,498		(534,369)	(534,369)	
School administrative services	92,469	29,649		7,381		(114,737)	(114,737)	
Other administrative services	124,440	39,901		11,958		(152,383)	(152,383)	
Plant operations and maintenance	262,189	84,069		29,325		(316,933)	(316,933)	
Pupil transportation	57,360	18,393		6,697		(69,056)	(69,056)	
Unallocated benefits	893,299	(893,299)				-	-	
Internal Service Func	130,863		130,863			-	-	
Special Schools	73			5		(68)	(68)	
Total governmental activities	<u>3,810,200</u>	<u>-</u>	<u>642,613</u>	<u>452,297</u>	<u>-</u>	<u>(2,715,290)</u>	<u>(2,715,290)</u>	
Business-type activities:								
After School Program	-	-	-	-	-	-	-	
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,715,290)</u>	<u>(2,715,290)</u>	
Total primary government	<u>\$ 3,810,200</u>	<u>-</u>	<u>642,613</u>	<u>452,297</u>	<u>-</u>	<u>(2,715,290)</u>	<u>(2,715,290)</u>	

General revenues:

Taxes:							
Property taxes, levied for general purposes, ne			2,594,142			2,594,142	
Federal and State aid not restricted			51,201			51,201	
Investment Earnings			156			156	
Miscellaneous Income			8,289			8,289	
Total general revenues, special items, extraordinary items and transfer			<u>2,653,788</u>			<u>2,653,788</u>	
Change in Net Position			(61,502)			(61,502)	
Net Position—beginning			3,935,054		5,068	3,940,122	
Restatement			-		-	-	
Net Position—beginning (Restated)			3,935,054		5,068	3,940,122	
Net Position—ending			<u>3,873,552</u>		<u>5,068</u>	<u>3,878,620</u>	

FUND FINANCIAL STATEMENTS

The combining and individual fund and account group statements and schedules present more detailed information for the individual funds in a format that segregates information by fund type. The statements are segregated as follows:

Governmental Funds - This section consists of the general special revenue and capital project funds.

Proprietary Funds - This section consists of the milk program and the internal service fund. These funds are operated in a manner similar to a private business enterprise.

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BOROUGH OF STONE HARBOR SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2023

	General	Special Revenue	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 806,961	8,253	815,214
Due from other funds	99,922		99,922
Intergovernmental receivable - state	360		360
Intergovernmental receivable - federal	-	103,252	103,252
Other Accounts Receivable	42,255		42,255
	<hr/>	<hr/>	<hr/>
Total Assets	<u>949,498</u>	<u>111,505</u>	<u>1,061,003</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	34,057	4,809	38,866
Due to other funds	-	94,526	94,526
Payroll Deductions and Withholdings	3,041		3,041
Unearned revenue	-	3,918	3,918
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>37,098</u>	<u>103,253</u>	<u>140,351</u>
FUND BALANCES			
Restricted for:			
Excess surplus	48,261		48,261
Excess surplus - designated for subsequent year's expenditures	65,907		65,907
Unemployment Compensation	32,426		32,426
Scholarships		2,111	2,111
Student Activities		6,141	6,141
Committed to:			
Capital reserve account	498,116		498,116
Maintenance reserve account	250		250
Emergency reserve account	13,200		13,200
Assigned to:			
Encumbrances	4,388		4,388
Designated for subsequent year's expenditures	100		100
Unreserved, reported in:			
General fund	249,752		249,752
Special revenue fund	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>912,400</u>	<u>8,252</u>	<u>920,652</u>
Total Liabilities and Fund Balances	<u>\$ 949,498</u>	<u>111,505</u>	

Amounts reported for governmental activities in the statement of net position (A-1) is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 3,408,106

Long-term pension liabilities are not due and payable in the current period and therefore are not reported in the funds (368,656)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (86,550)

Net position of governmental activities 3,873,552

The accompanying notes are an integral part of these financial statements.

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
for the Fiscal Year ended June 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES:			
Local tax levy	\$ 2,594,142		2,594,142
Interest	156		156
Tuition	511,750		511,750
Miscellaneous	8,289		8,289
Local sources		5,659	5,659
State sources	508,734	-	508,734
Federal sources	-	153,270	153,270
Total Revenues	3,623,071	158,929	3,782,000
EXPENDITURES:			
Current expense			
Instruction	833,022	61,284	894,306
Special education instruction	65,608		65,608
Other instruction	230,679		230,679
Support services and undistributed costs:			
Tuition	493,703	43,506	537,209
Student & instruction related services	435,353	29,998	465,351
School administrative services	35,079		35,079
Other administrative services	110,186		110,186
Central services	32,926		32,926
Plant operations and maintenance	270,225		270,225
Pupil transportation	61,709		61,709
Unallocated benefits	893,299		893,299
Capital outlay	350,969	25,080	376,049
Special Schools	80		80
Total Expenditures	3,812,838	159,868	3,972,706
Excess (deficiency) of revenues over (under) expenditures	(189,767)	(939)	(190,706)
Other financing sources (uses):			
Total other financing sources (uses)	-	-	-
Net change in fund balances	(189,767)	(939)	(190,706)
Fund Balances, July 1	1,102,167	9,191	1,111,358
Fund Balances, June 30	<u>\$ 912,400</u>	<u>8,252</u>	<u>920,652</u>

The accompanying notes are an integral part of these financial statements.

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 for the Year Ended June 30, 2023

Total net change in fund balances - governmental funds (from B-2) \$ (190,706)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement
 of activities, the cost of those assets is allocated over their estimated useful lives as depreciation
 expense. This is the amount by which depreciation exceeded capital outlays in the period.

	Depreciation expense	(220,187)	
	Capital outlays	<u>326,668</u>	106,481

In the statement of activities, certain operating expenses, e.g. pension expense are
 measured under full accrual accounting. In the governmental funds, however, expenditures
 are reported on the amounts actually billed by the State.

	District pension contributions	(11,955)	
	Cost of benefits earned, net of employee contributions	<u>38,316</u>	26,361

In the statement of activities, certain operating expenses, e.g., compensated absences
 (vacations) 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 (retired). When the earned amount exceeds the retired amount, the difference is reduction in
 the reconciliation (-); when the retired amount exceeds the earned amount the difference
 is an addition to the reconciliation (+).

(3,638)

Change in net position of governmental activities: \$ (61,502)

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2023

	Non Major Funds	
	Business-type Activities - Enterprise Funds	Governmental Activities
	After School Program Fund	Internal Service Fund
ASSETS		
Current assets:		
Cash and cash equivalents	5,068	593
Accounts receivable		9,218
Interfund receivable		
Inventories		
Total current assets	<u>5,068</u>	<u>9,811</u>
Noncurrent assets:		
Furniture, machinery & equipment		
Less accumulated depreciation		
Total noncurrent assets	<u>-</u>	<u>-</u>
Total assets	<u><u>5,068</u></u>	<u><u>9,811</u></u>
Liabilities		
Current liabilities		
Interfund payable	-	5,396
Accounts payable	-	4,415
Total current liabilities	<u>-</u>	<u>9,811</u>
Total liabilities	<u>-</u>	<u>9,811</u>
NET POSITION/(DEFICIT)		
Invested in capital assets, net of related debt	-	-
Unrestricted	<u>5,068</u>	<u>-</u>
Total net position	<u><u>5,068</u></u>	<u><u>-</u></u>

The accompanying notes are an integral part of these financial statements.

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
for the Fiscal Year ended June 30, 2023

	Non Major Funds	
	Business-type Activities - Enterprise Funds	Governmental Activities
	After School Program Fund	Internal Service Fund
OPERATING REVENUES:		
Local sources:		
Other revenue		130,863
Total Operating Revenues	-	130,863
OPERATING EXPENSES:		
Salaries		82,548
Other Objects		2,445
Employee Benefits		17,031
General Supplies		28,839
Total Operating Expenses	-	130,863
Operating profit	-	-
Net loss before contributions and transfers	-	-
OPERATING TRANSFERS:		
Transfers in - General Fund		
Change in net position	-	-
Total net position - beginning	5,068	-
Total net position - ending	5,068	-

The accompanying notes are an integral part of these financial statements.

BOROUGH OF STONE HARBOR SCHOOL DISTRICT

Statement of Cash Flows
 Proprietary Fund
 for the Fiscal Year ended June 30, 2021

	Non Major Funds	
	Business-type Activities - Enterprise Funds	Governmental Activities Internal Service Fund
	After School Program Fund	Internal Service Fund
Cash Flows from Operating Activities		
Receipts from customers and others	\$ -	125,535
Payments to employees	-	(82,548)
Payments for employee benefits	-	(17,031)
Payments to suppliers	-	(27,939)
Net cash provided by (used for) operating activities	-	(1,983)
Cash Flows from Noncapital Financing Activities		
Interfund Activity	-	2,575
Net cash provided by noncapital financing activities	-	2,575
Net increase in cash and cash equivalent	-	592
Balances - beginning of year	5,068	1
Balances - end of year	\$ 5,068	593
Reconciliation of operating loss to net cash used by operating activities		
Operating income	-	-
Adjustments to reconcile operating loss to cash used by operating activities		
Change in assets and liabilities		
(Increase) in Accounts Receivable	-	(5,328)
Increase in Accounts Payable	-	3,345
Total adjustments	-	(1,983)
Net cash (used) by operating activities	-	(1,983)

The accompanying notes are an integral part of these financial statements.

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Borough of Stone Harbor 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 District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education (Board) of the Borough of Stone Harbor 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 District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. REPORTING ENTITY:

The Borough of Stone Harbor School District is a Type II district located in the County of Cape May, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of five board members and 1 representative from Avalon elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Borough of Stone Harbor School District had an approximate enrollment on June 30, 2023, of 86 students.

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

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

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

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS:

The 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 District's general and special revenue activities are classified as governmental activities. The District's after school program is classified as business-type activities. Fiduciary funds are excluded from the government-wide financial statements.

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 District's net positions are reported in three parts—invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The 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 District's functions and business-type activities (after school program). 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, 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, tuition, interest income, etc.).

- a. The 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 District as an entity and the change in the District's net positions 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 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. GASBS No. 34 sets 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 non-major funds are combined in a 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.

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

The following fund types are used by the 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 District.

- a. **General fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- 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.

Fund Balances – Governmental Funds

Stone Harbor Board of Education has implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. In the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable – 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, ect.) or by constitutional provision or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

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 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 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 positions, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District:

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

- 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.
- b. **Internal Service funds** are used to account for activities that service multiple funds or governmental agencies.

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net positions and changes in net positions and are reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments), private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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.

For the purpose of determining cash equivalents the District considers all investments with an original maturity of three months or less as cash equivalents.

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

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 in the District’s General Fund.

3. 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

GASBS No. 34 requires the District to report and depreciate new infrastructure assets. Infrastructure assets include roads, parking lots, underground pipe, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The District has included all infrastructure assets in the current fiscal year.

4. 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 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.

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

5. 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.

6. Compensated Absences:

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

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and 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.

7. Interfund Activity:

Interfund activity is reported as either 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.

8. 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 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. No material transfers were made to/(from) budgetary line items during the year.

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

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

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

9. Encumbrances:

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

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

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

10. 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.

11. Tuition Receivable

Tuition is received through an interlocal agreement negotiated annually with the Avalon Board of Education.

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 District has allocated unallocated benefits to various programs based on the amended budget by program.

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

14. 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 Teachers' 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.

F. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

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 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 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 District's financial reporting.

NOTE 2. 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 limit 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 3. 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. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholding or student activity funds. As of June 30, 2023, \$0 of the government's bank balance of \$962,609 was exposed to custodial credit risk.

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Stone Harbor Board of Education by the inclusion of \$1 on October 11, 2000 for the accumulation of funds for the use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. 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 16:60-2. Pursuant to NJAC 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. The activity is shown as follows:

Beginning Balance, July 1, 2022	\$	295,579.00
Interest Earned		106.00
Increase in Budget		202,431.00

Ending Balance, June 20, 2023	\$	498,116.00

NOTE 5. MAINTENANCE RESERVE

New Jersey Statute 18A:7G-9 permits districts to accumulate funds for the required maintenance of a facility in accordance with the Educational Facilities Construction and Financing Act (EFCFA). The balance may be increased through an appropriation in the annual general fund budget certified for taxes or a resolution of the Board at the June meeting. This reserve may be used at any time during the year, by resolution, to transfer to the required maintenance budget lines for use on required maintenance activities for a school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted for use on required maintenance appropriations and may not be transferred to any other line-item account. As of June 30, 2023, the District has reserved \$250 for maintenance.

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

NOTE 6. FIXED ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 410,630	\$ -	\$ -	\$ 410,630
Total capital assets not being depreciated	<u>410,630</u>	<u>-</u>	<u>-</u>	<u>410,630</u>
Capital assets being depreciated:				
Buildings and building improvements	3,660,984	314,681		3,975,665
Site Improvements	848,643			848,643
Machinery and Equipment	1,226,999	11,984		1,238,983
Total capital assets being depreciated at historical cost	<u>5,736,626</u>	<u>326,665</u>	<u>-</u>	<u>6,063,291</u>
Less accumulated depreciation for	(2,845,628)	(220,187)		(3,065,815)
Total capital assets being depreciated, net of accumulated depreciation	<u>2,890,998</u>	<u>106,478</u>	<u>-</u>	<u>2,997,476</u>
Governmental activity capital assets, net	<u>\$ 3,301,628</u>	<u>\$ 106,478</u>	<u>\$ -</u>	<u>\$ 3,408,106</u>

Depreciation expense as charged to governmental functions as follows:

Regular Instruction	\$ 110,093
Special Instruction	22,019
Student & Instruction Related Services	33,028
School Administration Services	22,019
General Administration Services	22,019
Central Services	11,009
	<u>\$ 220,187</u>

NOTE 7. GENERAL LONG-TERM DEBT

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

	<u>Balance 6/30/2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 6/30/2023</u>	<u>Amounts Due in one year</u>
Compensated Absences Payable	\$ 82,912	\$ 3,638		\$ 86,550	-
Net Pension Liability	227,291	231,249		458,540	-
Total Long-term Obligations	<u>\$ 310,203</u>	<u>\$ 234,887</u>	<u>\$ -</u>	<u>\$ 545,090</u>	<u>\$ -</u>

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

NOTE 8. PENSION PLANS

Description of Plans

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

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January, 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

The Public Employees' Retirement System was established in January 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 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, 2008, under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 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 NJSA 43:15C-1 et seq.

**BOROUGH OF STONE HARBOR 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 rate is 35.24% and the PERS rate is 15.11% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2023, 2022 and 2021 were \$318,338, \$330,211, and \$223,214 respectively, and paid by the State of New Jersey on behalf of the board. The School District's contributions to PERS for the years ending June 30, 2023, 2022 and 2021 were \$39,434, \$35,084 and \$23,077 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2023, 2022 and 2021, the State of New Jersey contributed \$83,627, \$77,151, and \$69,952 respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$55,435, \$70,154, \$62,813 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.

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 Teacher's Pension and Annuity Fund (TPAF) 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 and TPAF 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 $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the systems is increased from age 63 to 65 for Tier 5 members.
- 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. For fiscal year 2013, the member contribution rates increased in October 2012. 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, and employer contributions to the retirement systems.

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS and TPAF from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS and TPAF to 1/60th from 1/55th, and it provided that new members of PERS and TPAF 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 and TPAF will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. 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 and TPAF 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 9: 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 the 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 District's pension liabilities as June 30, 2022:

Public Employees' Retirement System

The District has a liability of \$458,540 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 0.00303842510%, which is an increase of 1.42% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the District recognized negative pension expense of \$11,955. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected & actual experience	\$ 3,310	\$ (2,919)
Changes of assumptions	1,421	(68,662)
Net difference between projected and actual earnings on pension plan investments	18,979	-
Changes in proportion	137,755	-
Total	<u>\$ 161,465</u>	<u>\$ (71,581)</u>

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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	\$	82,159
2025		30,259
2026		2,126
2027		(24,853)
2028		193
Total	\$	<u><u>89,884</u></u>

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%
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:

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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. 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 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	\$ 549,883	\$ 458,540	\$ 380,889

Pension plan fiduciary net position.

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

Teachers' Pension and Annuity Fund

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

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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		4,080,977
Total	\$	4,080,977

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 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 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 \$(221,212) and revenue of \$(221,212) 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

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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:

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 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:

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	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	\$	4,785,032	\$	4,080,977	\$ 3,487,899

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:

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 11. 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

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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. 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

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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.

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>\$ 50,646,462,966.00</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 nonemployer 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:

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	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 \$57,047.00 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 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:

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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		<u>(3,921,361,006.00)</u>
	\$	<u>(14,892,216,713.00)</u>

(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 12. DEFERRED COMPENSATION

The Board 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, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Lincoln Investment Planning
Travelers Insurance Company

NOTE 13. COMPENSATED ABSENCES

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. Unused sick leave may be accumulated and carried forward to subsequent years. Upon retirement for those who have not less than fifteen (15) years of service in the District, the District shall pay the employee for unused sick leave in accordance with the District's agreements with the various employee unions. Vacation days not used during the year may only be carried forward with approval from the Superintendent.

In the district-wide Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

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NOTE 14. LITIGATION

From time to time, the District is a defendant in legal proceedings relating to its operations as a school district. In the best judgment of the District's management, the outcome of any present legal proceedings will not have any adverse material affect on the accompanying financial statements.

NOTE 15. FUND BALANCE APPROPRIATED

General Fund – Of the \$912,400 General Fund fund balance at June 30, 2023, \$4,388 is reserved for encumbrances; \$114,168 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$65,907 has been anticipated as revenue in the 2023-2024 budget, \$498,116 has been reserved in the Capital Reserve Account; \$250 has been reserved in the Maintenance Reserve Account. \$13,200 has been reserved in the Emergency Reserve Account; \$32,426 has been reserved for Unemployment Claims; and \$249,752 is unreserved and undesignated.

NOTE 16. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), 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, 2023, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2023 is \$114,168, of which \$65,907 has been appropriated and included as anticipated revenue for the year ended June 30, 2024.

NOTE 17. INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2023, an interfund remained on the various balance sheets of the Borough of Stone Harbor Board of Education.

	From		To
General Fund	\$ 99,922.00	\$	
Special Revenue Fund			94,526.00
Internal Service Fund			5,396.00
	\$ 99,922.00	\$	99,922.00

Interfunds were created throughout the year due to short term borrowings to cover cash flow needs in the various funds. The fund financial interfunds were eliminated in the governmental-wide statements.

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NOTE 18. RISK MANAGEMENT

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

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. During the fiscal year ended June 30, 2021 the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Interest on Investments</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022-2023	\$ 1,923	\$ 18	\$ 14,761	\$ 32,426
2021-2022	2,051	4		45,246
2020-2021	2,198	11	399	43,191

Worker's Compensation Fund –The Board currently maintains traditional insurance for its worker's compensation coverage.

NOTE 19. ECONOMIC DEPENDENCY

The District is heavily reliant on local property taxation to fund District operations. Property taxes funded 69% of the Districts 2022-2023 governmental operations.

NOTE 20. SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 30, 2023, the date on which the financial statements were available to be issued, and no items were identified that require disclosure.

Required Supplemental Information
Part II

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BOROUGH OF STONE HARBOR SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 for the Fiscal 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	\$ 2,594,142		2,594,142	2,594,142	-
Interest earned	156		156	156	-
Tuition - individuals	119,500		119,500	106,750	(12,750)
Tuition - other LEA's	405,000		405,000	405,000	-
Other Restricted Miscellaneous Revenues	-		-	1,941	1,941
Miscellaneous	425		425	6,348	5,923
Total local sources	3,119,223	-	3,119,223	3,114,337	(4,886)
State sources:					
Special Education Aid	23,364		23,364	23,364	-
Security Aid	2,797		2,797	2,797	-
Adjustment Aid	1,194		1,194	1,194	-
Transportation Aid	19,899		19,899	19,899	-
On behalf TPAF Pension					
Contributions (non-budgeted)				318,338	318,338
On behalf TPAF Pension					
Post-Retirement Medical (non-budgeted)				83,627	83,627
On behalf TPAF Pension					
Long-Term Disability Insurance (non-budgeted)				133	133
Reimbursed TPAF Social Security					
Contributions (non-budgeted)				55,435	55,435
Total state sources	47,254	-	47,254	504,787	457,533
Total Revenues	3,166,477	-	3,166,477	3,619,124	452,647

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 for the Fiscal 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:					
Salaries of teachers:					
Kindergarten	103,320	21,878	125,198	125,196	2
Grades 1 - 5	445,163	3,691	448,854	448,853	1
Regular programs - home instruction:	250		250	-	250
Salaries of teachers					
Regular programs - undistributed instruction:	47,023	(1,300)	45,723	45,640	83
Other salaries for instruction					
Purchased professional/educational services	99,391	5,840	105,231	105,116	115
Purchased technical services	500	(500)	-	-	-
Other purchased services	27,332	6,796	34,128	32,136	1,992
General supplies	69,656	3,544	73,200	64,779	8,421
Textbooks	12,981	(4,750)	8,231	8,220	11
Other objects	5,000	(1,915)	3,085	3,082	3
Total regular programs	810,616	33,284	843,900	833,022	10,878
Resource room/Resource center:					
Salaries of teachers	68,402	(4,280)	64,122	64,122	-
General supplies	2,000	(25)	1,975	1,486	489
Textbooks	100	-	100	-	100
Total resource room/resource center	70,502	(4,305)	66,197	65,608	589
Total special education - instruction	70,502	(4,305)	66,197	65,608	589
Basis Skills/Remedial - instruction:					
Salaries of teachers	104,382	252	104,634	104,634	-
Purchased professional/educational services	108,210		108,210	108,210	-
General Supplies	1,500	(955)	545	281	264
Total Basic Skills/Remedial	214,092	(703)	213,389	213,125	264

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 for the Fiscal Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
School sponsored cocurricular activities - instruction:					
Salaries	4,975	703	5,678	5,360	318
Purchased professional/educational services	-	8,580	8,580	8,580	-
Other purchased services	10,646	(7,540)	3,106	3,106	-
Supplies and Materials	1,000	(40)	960	508	452
Total school sponsored cocurricular activities - instruction	16,621	1,703	18,324	17,554	770
Total - Instruction	1,111,831	29,979	1,141,810	1,129,309	12,501
Undistributed expenditures - Instruction:					
Tuition to other LEA's within the state - regular	443,147	(2,000)	441,147	441,147	-
Tuition to other LEA's within the state - special	4,658	1,921	6,579	6,579	-
Tuition to CSSD & Reg Day Schools	-	27,446	27,446	27,446	-
Tuition - County Voc. School District - Regular	18,531	-	18,531	18,531	-
Total undistributed expenditures - instruction	466,336	27,367	493,703	493,703	-
Undistributed expenditures - Attendance & Social Work					
Salaries	11,375	-	11,375	11,269	106
Purchased professional and technical services	13,544	347	13,891	13,831	60
Other Purchased Services	1,500	(1,128)	372	245	127
Total undistributed expenditures - attendance & social work	26,419	(781)	25,638	25,345	293
Undistributed expenditures - Health services:					
Salaries	1,750	(1,750)	-	-	-
Purchased professional and technical services	109,318	8,769	118,087	118,083	4
Other purchased services	-	140	140	99	41
Supplies and materials	4,204	(1,091)	3,113	2,954	159
Total undistributed expenditures - health services	115,272	6,068	121,340	121,136	204

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 for the Fiscal Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed expenditures - Other support services - students - speech, OT, PT and related services: Purchased professional educational services	2,000	(1,995)	5	-	5
Total undistributed expenditures - other support services - students - speech, OT, PT and related services:	2,000	(1,995)	5	-	5
Undistributed expenditures - Other support services - Guidance	64,717	-	64,717	64,717	-
Other purchased prof. and tech. services	1,611	(203)	1,408	1,206	202
Total undistributed expenditures - other support services - Guidance	66,328	(203)	66,125	65,923	202
Undistributed expenditures - other support services - students - Child Study Team:					
Salaries of secretaries and clerical assistants	5,768	56	5,824	5,824	-
Purchased professional educational services	54,970	1	54,971	48,746	6,225
Other purchased prof. and tech. services	3,044	1,050	4,094	4,094	-
Supplies and Materials	981	320	1,301	1,270	31
Total undistributed expenditures - other support services - students - Child Study Teams	64,763	1,427	66,190	59,934	6,256
Undistributed expenditures - Improvement of instruction services:					
Salaries of Supervisor of Instruction	76,733	840	77,573	77,572	1
Salaries of Other Prof. Staff	1,000	(1,000)	-	-	-
Purchased professional educational services	14,373	(294)	563	563	-
Other purchased prof. and tech. services	1,478	(350)	14,079	13,234	845
Supplies and materials	1,500	(350)	1,128	1,070	58
Other Objects	-	(1,500)	-	-	-
Total undistributed expenditures - improvement of instruction services	95,084	(1,741)	93,343	92,439	904

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 for the Fiscal Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed expenditures - educational media services/school library:					
Salaries	14,683	150	14,833	14,833	-
Purchased professional and technical services	25,854	(24,854)	1,000	1,000	-
Other Purchased Prof & Tech Serv.	-	21,355	21,355	21,354	1
Other purchased services	500	(500)	-	-	-
Supplies and materials	9,110	(690)	8,420	7,287	1,133
Total undistributed expenditures - educational media services/school library	50,147	(4,539)	45,608	44,474	1,134
Undistributed expenditures - instruction staff training services					
Other purchased prof. educational services	5,000	(3,431)	1,569	1,125	444
Other purchases professional and technical services	18,951	3,406	22,357	22,357	-
Other purchased services	4,000	(1,406)	2,594	2,427	167
Supplies and materials	1,000	(546)	454	193	261
Total undistributed expenditures - instructional staff training services	28,951	(1,977)	26,974	26,102	872
Undistributed expenditures - Support services - general administration:					
Salaries	38,326	(6,597)	31,729	31,237	492
Legal services	12,500	(7,192)	5,308	3,374	1,934
Audit fees	9,000	-	9,000	9,000	-
Other purchased professional services	42,367	9,500	51,867	48,624	3,243
Purchased technical services	400	1,000	1,400	342	1,058
Communications/telephone	5,835	880	6,715	4,621	2,094
BOE other purchased services	500	1,930	2,430	1,430	1,000
Other purchased services	7,529	-	7,529	7,366	163
Supplies and materials	4,032	(1,430)	2,602	1,180	1,422
Miscellaneous expenditures	1,250	1,000	2,250	1,065	1,185
BOE membership dues and fees	3,000	405	3,405	1,947	1,458
Total undistributed expenditures - support services - general administration	124,739	(504)	124,235	110,186	14,049
Undistributed expenditures - Support services school administration:					
Salaries of Other Professional Staff	-	1,000	-	6,648	3,020
Salaries of secretarial and clerical assistants	26,321	3,057	29,378	26,321	3,057
Purchased professional and tech. services	500	-	500	-	500
Other purchased services	4,000	(615)	3,385	-	3,385
Supplies and materials	1,500	615	2,115	2,110	5
Other objects	-	-	-	-	-
Total undistributed expenditures - support services school administration	40,989	4,057	45,046	35,079	9,967
Undistributed expenditures - Central services					
Purchased professional services	21,310	-	21,310	21,310	-
Purchased technical services	9,500	1,702	11,202	11,179	23
Miscellaneous purchased services	750	(250)	500	437	500
Supplies and materials	2,000	(1,130)	870	437	433
Total Undistributed expenditures - central services	33,560	322	33,882	32,926	956

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 for the Fiscal Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed expenditures - Maintenance of school property:					
Salaries	22,898	1,444	24,342	24,342	-
Cleaning, repair and maintenance	56,317	(22,744)	33,573	33,572	1
Supplies and materials	3,090		3,090	2,518	572
Total undistributed expenditures - maintenance of school property	82,305	(21,300)	61,005	60,432	573
Undistributed expenditures - Operation and maintenance of plant services:					
Salaries	57,758	2,228	59,986	59,986	-
Purchased professional and technical services	36,706	(8,400)	28,306	27,437	869
Cleaning, repair and maintenance services	15,000	(8,678)	6,322	6,322	-
Rental of Land & Buildings	2,000	(185)	1,815	1,815	-
Other Purchased Property Services	5,000	3,273	8,273	8,071	202
Insurance	38,034	(3,750)	34,284	34,282	2
General supplies	13,646	(2,189)	11,457	11,457	-
Energy (natural gas)	22,500		22,120	16,900	5,220
Energy (electricity)	45,000	(380)	45,000	43,473	1,527
Total undistributed expenditures - operation and maintenance of plant services	235,644	(18,081)	217,563	209,743	7,820
Undistributed expenditures - student transportation services:					
Salaries for pupil transportation (Between home and school) - regular	1,442	1	1,443	1,442	1
Salaries for pupil transportation non-public	7,211	-	7,211	7,210	1
Other Purchased Prof. and technical Services	10,249	1	10,250	10,250	-
Contracted services (other than between home and school) - vendors	5,500	64	5,564	5,438	126
Contracted services (bet. home & sch) joint agreements	28,706	(1,951)	26,755	26,708	47
Contracted services (special education students) - ECS & CTSA		8,551	8,551	7,672	879
General Supplies		3,000	3,000	2,989	11
Total undistributed expenditures student transportation services	53,108	9,666	62,774	61,709	1,065

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 for the Fiscal Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Unallocated Benefits					
Social security	25,000	8,443	33,443	33,443	-
Other retirement contributions - PERS	36,000	3,454	39,454	39,434	20
Unemployment compensation	2,000	(911)	1,089	15,500	(14,411)
Workmen's compensation	18,500	(7,855)	10,645	10,645	-
Health benefits	331,506	(38,504)	293,002	293,002	-
Tuition reimbursement	7,500	(7,500)	-	-	-
Other employee benefits	29,100	14,700	43,800	43,742	58
Total Regular Program Instruction Employee Benefits	449,606	(28,173)	421,433	435,766	(14,333)
On behalf TPAF Pension Contributions (non-budgeted)				318,338	(318,338)
On behalf TPAF Pension Post-Retirement Medical (non-budgeted)				83,627	(83,627)
On behalf TPAF Pension Long-Term Disability (non-budgeted)				133	(133)
Reimbursed TPAF Social Security Contributions (non-budgeted)				55,435	(55,435)
Total on-behalf contributions	-	-	-	457,533	(457,533)
Total undistributed expenditures	1,935,251	(30,387)	1,904,864	2,332,430	(427,566)
Interest Earned on Emergency Reserve	50		50	50	-
Interest Earned on Maintenance Reserve					
Total current expense	3,047,132	(408)	3,046,724	3,461,789	(415,065)
Capital Outlay:					
Instruction					
Equipment					
Undist. Expend. - Security	180,000	(1,110)	178,890	178,558	332
Undist. Expend. - Instruction	11,000	1,393	12,393	12,392	1
Undist. Expend. - Operations/Maintenance Plant	136,124		136,124	136,124	-
Total equipment	327,124	283	327,407	327,074	333
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	20,000	125	20,125	20,125	-
Construction Services	-	-	-	-	-
Assessment for Debt Service on SDA funding	3,664	-	3,664	3,664	-
Total Facilities Acquisition and Construction Services	23,664	125	23,789	23,789	-
Interest Deposit to Capital Reserve	106		106	106	-
Total Capital Outlay	350,894	408	351,302	350,969	333

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 for the Fiscal Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Special Schools:					
Summer School - Instruction	2,000	-	2,000	-	2,000
Salaries of teachers	250	-	250	80	170
General supplies					
Total summer school - instruction	2,250	-	2,250	80	2,170
Total Special Schools	2,250	-	2,250	80	2,170
Total Expenditures	3,400,276	-	3,400,276	3,812,838	(412,562)
Excess (deficiency) of revenues over (under) expenditures	(233,799)	-	(233,799)	(193,714)	40,085
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(233,799)	-	(233,799)	(193,714)	40,085
Fund Balances, July 1	1,106,362		1,106,362	1,106,362	-
Fund Balances, June 30	\$ 872,563	-	872,563	912,648	40,085
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Reserve for Excess Surplus				48,261	
Excess Surplus Designated for Subsequent Years Expenditures				65,907	
Unemployment Compensation				32,426	
Committed Fund Balance:					
Maintenance Reserve				250	
Capital Reserve				498,116	
Emergency Reserve				13,200	
Assigned Fund Balance:					
Designated for Subsequent Years Expenditures				100	
Reserve for Encumbrances				4,388	
Unassigned Fund Balance				250,000	
				<u>912,648</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid payment not recognized on GAAP basis				(248)	
Fund Balance per Governmental Funds (GAAP)				<u>912,400</u>	

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Special Revenue Fund
 for the Fiscal Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources					
AtlantiCare Garden Grant		1,000	1,000	1,000	-
Scholarship Fund				1	1
Student Activities				4,658	(4,658)
Total local sources	-	1,000	1,000	5,659	(4,657)
Federal sources:					
I.D.E.A., Part B	13,790	2,947	16,737	16,737	-
I.D.E.A., Part B - American Rescue Plan		3,891	3,891	3,891	-
I.D.E.A., Preschool		2,380	2,380	2,380	-
American Rescue Plan - Non Title I		36,474	36,474	29,975	(6,499)
ESSER II - CRRSA		164	164	164	-
Learning Acceleration Grant - CRRSA		4,367	4,367	2,767	(1,600)
Mental Health Grant - CRRSA		24,331	24,331	24,331	-
American Rescue Plan - ESSER		32,552	32,552	29,052	(3,500)
American Rescue Plan - ESSER - Beyond School Day		40,000	40,000	28,032	(11,968)
American Rescue Plan - Mental Health Grant		45,000	45,000	13,964	(31,036)
Total federal sources	13,790	192,106	205,896	151,293	(54,603)
Total Revenues	13,790	193,106	206,896	156,952	(59,260)

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Special Revenue Fund
 for the Fiscal Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
EXPENDITURES:					
Instruction:					
Salaries of Teachers		55,649	55,649	42,166	13,483
Purchased Professional and Technical Services	-	7,398	7,398	5,798	1,600
General Supplies		14,227	14,227	9,412	4,815
Other Objects		2,305	2,305	2,305	-
Total instruction	-	79,579	79,579	59,681	19,898
Support services					
Other Salaries		22,349	22,349	22,349	-
Other Purchased Professional and Technical Services	13,790	59,252	73,042	43,506	29,536
General Supplies		1,605	1,605	1,677	(72)
Student Activities		-	-	5,598	(5,598)
Total support services	13,790	83,206	96,996	73,130	23,866
Capital Outlay					
Non Instructional Equipment		1,142	1,142	1,142	-
Construction Services		29,179	29,179	23,938	5,241
Total capital outlay	-	30,321	30,321	25,080	5,241
Total Expenditures	13,790	193,106	206,896	157,891	49,005
Excess (deficiency) of revenues over (under) expenditures	\$ -	-	-	(939)	(10,255)
Fund Balance, July 1				9,191	
Fund Balance, June 30				<u>8,252</u>	
Recapitulation:					
Restricted:					
Scholarships				2,111	
Student Activities				<u>6,141</u>	
Total Fund Balance				<u>8,252</u>	

BOROUGH OF STONE HARBOR SCHOOL DISTRICT

Required Supplementary Information
 Budgetary Comparison Schedule
 Notes to Required Supplementary Information
 for the Fiscal Year Ended June 30, 2023

Note A - Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	General Fund	Special Revenue
	<u> </u>	<u> </u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 3,619,124	156,952
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		2,217
Current year		(240)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	4,195	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(248)</u>	
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>3,623,071</u>	<u>158,929</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	3,812,838	157,891
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		
Prior year		2,217
Current year		(240)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,812,838</u>	<u>159,868</u>

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**Required Supplemental Information
Part III**

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BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employee Retirement System
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0030384251%	0.0029857744%	0.0021095122%	0.0020902525%	0.0018828224%	0.0018595776%	0.0021168733%	0.0016612157%	0.0016022842%	0.188458900%
District's proportionate of the net pension liability (asset)	\$ 458,540	\$ 354,894	\$ 344,006	\$ 376,632	\$ 370,718	\$ 626,957	\$ 372,910	\$ 340,803	\$ 299,991	\$ 360,183
District's covered payroll	\$ 282,508	\$ 223,579	\$ 223,932	\$ 222,075	\$ 148,536	\$ 132,462	\$ 114,011	\$ 146,513	\$ 114,350	\$ 101,934
District's proportionate share of the net pension liability (asset) as a percentage of its covered-payroll	162.31%	158.73%	153.62%	169.60%	249.58%	473.31%	327.08%	232.61%	262.34%	353.35%
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

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
 Schedule of District Contributions
 Public Employee Retirement System
 Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 38,316	\$ 35,084	\$ 23,077	\$ 20,332	\$ 18,728	\$ 18,806	\$ 15,537	\$ 13,209	\$ 14,200	\$ 14,305
Contributions in relation to the contractually required contribution	38,316	35,084	23,077	20,332	18,728	18,806	15,537	13,209	14,200	14,305
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 282,508	\$ 223,579	\$ 223,932	\$ 222,075	\$ 148,536	\$ 132,462	\$ 114,011	\$ 146,513	\$ 114,350	\$ 114,350
Contributions as a percentage of covered-employee payroll	13.56%	15.69%	10.31%	9.16%	12.61%	14.20%	13.63%	9.02%	12.42%	12.42%

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

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
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	4,080,977	3,622,688	5,538,278	5,307,806	6,487,617	7,578,245	6,560,243	5,350,407	5,381,934	5,159,698
Total	<u>\$ 4,080,977</u>	<u>\$ 3,622,688</u>	<u>\$ 5,538,278</u>	<u>\$ 5,307,806</u>	<u>\$ 6,487,617</u>	<u>\$ 7,578,245</u>	<u>\$ 6,560,243</u>	<u>\$ 5,350,407</u>	<u>\$ 5,381,934</u>	<u>\$ 5,159,698</u>
District's covered payroll	\$ 739,054	\$ 957,076	\$ 905,346	\$ 836,623	\$ 909,754	\$ 923,245	\$ 926,822	\$ 990,706	\$ 976,233	\$ 1,027,060
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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	24.60%	29.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

BOROUGH OF STONE HARBOR 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 Seven Fiscal Years

	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net OPEB liability (asset)	0.00%	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	\$ 5,287,416	\$ 5,980,225	\$ 6,099,923	\$ 3,684,195	\$ 4,147,928	\$ 5,050,276	\$ 5,417,806
Total	\$ 5,287,416	\$ 5,980,225	\$ 6,099,923	\$ 3,684,195	\$ 4,147,928	\$ 5,050,276	\$ 5,417,806
District's covered payroll	\$ 1,021,562	\$ 1,180,655	\$ 1,129,278	\$ 1,058,698	\$ 1,058,290	\$ 1,055,707	\$ 1,040,833
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%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State's proportionate share of OPEB associated with the District:							
Service Cost	187,429	186,894	112,315	100,635	137,098	163,407.00	
Interest Cost	140,122	155,133	131,091	162,316	183,808	157,470.00	
Change in Benefit Terms	-	(6,365)	-	-	-	-	
Differences between Expected & Actual	532,379	(343,024)	1,161,052	(671,874)	(640,178)	-	
Changes in Assumptopns	(1,418,397)	5,900	1,114,246	54,932	(475,995)	(575,739.00)	
Member Contributions	4,453	3,966	3,219	3,352	3,833	4,307.00	
Peneft Payments	(138,795)	(122,202)	(106,195)	(113,094)	(110,914)	(116,975.00)	
Change in Total Opeb Liability	(692,809)	(119,698)	2,415,728	(463,733)	(902,348)	(367,530)	
State's proportionate share of the net OPEB liability (asset) associated with the District - Beginning Balance	5,980,225	6,099,923	3,684,195	4,147,928	5,050,276	5,417,806	
Ending Balance	\$ 5,287,416	\$ 5,980,225	\$ 6,099,923	\$ 3,684,195	\$ 4,147,928	\$ 5,050,276	
State's proportionate share of the net OPEB liability associated with the District - as a percentage of its covered-employee payroll	517.58%	506.52%	540.16%	347.99%	391.95%	478.38%	

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 seven years. Additional years will be presented as they become available.

Supplementary Information

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BOROUGH OF STONE HARBOR SCHOOL DISTRICT
 Combining Schedule of Revenues and Expenditures
 Budgetary Basis
 for the Fiscal Year ended June 30, 2023

	I.D.E.A. Part B	I.D.E.A. Part B -Preschool	I.D.E.A. Part B American Rescue Plan	CRRSA Act ESSER II	Learning Acceleration Grant CRSSA	Mental Health Grant CRSSA	Non Title I American Rescue Plan	American Rescue Plan CRSSA	American Rescue Plan Beyond School Day	American Rescue Plan Mental Health Grant	AtlantiCare Garden Grant	Scholarship Fund	Student Activity Fund	Totals
REVENUES:														
Federal sources	16,737	2,380	3,891	164	2,767	24,331	29,975	29,052	28,032	13,964	1,000	-	-	151,293
Local sources	16,737	2,380	3,891	164	2,767	24,331	29,975	29,052	28,032	13,964	1,000	1	4,658	5,659
Total Revenue	16,737	2,380	3,891	164	2,767	24,331	29,975	29,052	28,032	13,964	1,000	1	4,658	156,952
EXPENDITURES:														
Instruction:														
Salaries of Teachers					1,625			16,366	24,175					42,166
Other Purchased Services		2,380					6,037	3,418						5,705
Other purchased professional and technical services								1,718	657		1,000			9,412
Supplies								2,305						2,305
Other Objects								23,807	24,832					56,681
Total Instruction					1,625		6,037	23,807	24,832					
Support services														
Other Salaries	16,737		3,891	164		21,589		750	2,000	13,964				22,349
Other purchased professional and tech. services						2,700		4,214	1,200					43,506
Supplies						32		281						1,677
Student Activities	16,737		3,891	164		24,331		5,245	3,200	13,964			5,598	5,598
Transportation													3,595	73,130
Capital Outlay														1,142
Non Instructional Equipment					1,142									23,938
Construction Services							23,938							23,938
Total capital outlay					1,142		23,938							25,080
Total Expenditures	16,737	2,380	3,891	164	2,767	24,331	29,975	29,052	28,032	13,964	1,000	-	5,598	157,881
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)														(949)
Fund Balance, July 1												1	7,081	9,191
Restatement														-
Fund Balance, July 1 (Restated)														9,191
Fund Balance, June 30														8,252

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Statistical Section

Governmental Accounting Standards Board (GASB) requires 10 years of statistical information to be included in the ACFR. However, due to the change in the statistical requirements, information was unavailable for all 10 years.

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BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Net Position by Component,
Last Ten Fiscal Years
Unaudited

	For the Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	1,914,369	2,420,762	2,771,109	2,890,929	2,781,305	3,068,255	3,074,035	3,257,483	3,301,628	3,408,106
Restricted	757,330	758,704	780,486	822,953	1,047,170	848,947	851,214	801,382	919,990	711,578
Unrestricted*	543	(214,499)	(228,763)	(268,245)	(265,967)	(271,598)	(271,177)	(314,709)	(286,564)	(246,132)
Total governmental activities net position	<u>2,672,242</u>	<u>2,964,967</u>	<u>3,322,832</u>	<u>3,445,637</u>	<u>3,562,508</u>	<u>3,645,604</u>	<u>3,654,072</u>	<u>3,744,156</u>	<u>3,935,054</u>	<u>3,873,552</u>
Business-type activities										
Net investment in capital assets	1,077	1,077	1,077	(11,374)	(12,489)	(5,068)	5,068	5,068	5,068	5,068
Restricted	1,077	1,077	1,077	(11,374)	(12,489)	(5,068)	5,068	5,068	5,068	5,068
Total business-type activities net position	<u>1,077</u>	<u>1,077</u>	<u>1,077</u>	<u>(11,374)</u>	<u>(12,489)</u>	<u>(5,068)</u>	<u>5,068</u>	<u>5,068</u>	<u>5,068</u>	<u>5,068</u>
District-wide										
Net investment in capital assets	1,914,369	2,420,762	2,771,109	2,890,929	2,781,305	3,068,255	3,074,035	3,257,483	3,301,628	3,408,106
Restricted	757,330	758,704	780,486	822,953	1,047,170	848,947	851,214	801,382	919,990	711,578
Unrestricted	1,620	(213,422)	(227,686)	(279,619)	(278,456)	(276,666)	(266,109)	(309,641)	(281,496)	(241,064)
Total district net position	<u>2,673,319</u>	<u>2,966,044</u>	<u>3,323,909</u>	<u>3,434,263</u>	<u>3,550,019</u>	<u>3,640,536</u>	<u>3,659,140</u>	<u>3,749,224</u>	<u>3,940,122</u>	<u>3,878,620</u>

Source: ACFR Schedule A-1

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Changes in Net Position, Last Ten Fiscal Years
Unaudited

	For the Year Ended June 30, 2023									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Regular	1,162,153	1,054,873	1,121,525	1,336,009	1,555,586	1,426,737	1,302,766	1,448,959	1,268,674	1,303,675
Special education	148,083	160,655	149,805	157,826	164,440	157,792	158,510	141,192	109,338	109,617
Other instruction	31,664	32,674	35,545	100,063	200,205	167,261	190,748	159,160	139,138	283,175
Adult/continuing education programs										
Support Services:										
Tuition	935,354	745,152	722,129	689,862	564,938	471,475	470,735	550,347	607,605	659,460
Student & instruction related services	384,082	404,955	434,731	482,116	500,901	544,557	539,491	648,954	614,353	614,867
School administrative services	93,554	98,702	93,040	106,783	111,745	129,908	147,481	114,081	120,140	122,118
Other administrative services	131,607	149,288	179,487	211,317	172,431	160,072	176,640	196,532	165,335	164,341
Plant operations and maintenance	372,915	563,572	399,244	373,612	422,274	383,478	393,354	387,335	345,438	346,258
Pupil transportation	52,318	55,572	67,197	73,900	70,593	75,365	66,569	73,027	60,009	75,753
Internal service	69,186	72,122	163,364	172,311	236,413	266,822	283,171	174,754	226,282	130,863
Interest on long-term debt	-	-	3,742	-	1,859	2,830	2,929	3,751	36	73
Special Schools	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	3,380,916	3,337,565	3,369,809	3,703,799	4,001,385	3,786,297	3,732,394	3,897,092	3,656,350	3,810,200
Business-type activities:										
Milk Fund	-	-	-	-	28,966	23,312	17,334	-	-	-
After School Program	-	-	-	-	28,966	23,312	17,334	-	-	-
Total business-type activities expense	-	-	-	-	28,966	23,312	17,334	-	-	-
Total district expenses	3,380,916	3,337,565	3,369,809	3,703,799	4,030,351	3,809,609	3,749,728	3,897,092	3,656,350	3,810,200
Program Revenues										
Governmental activities:										
Charges for Services	766,306	569,522	647,414	603,931	650,641	705,462	718,781	595,634	743,472	642,613
Central and other support services	25,798	305,266	451,135	615,609	761,708	581,924	413,527	697,775	455,914	452,297
Operating grants and contributions										
Total governmental activities program revenues	792,104	874,788	1,098,549	1,219,540	1,412,349	1,287,386	1,132,308	1,293,409	1,199,386	1,094,910
Business-type activities:										
Charges for services:										
Milk Fund	-	-	-	-	28,928	15,733	8,152	-	-	-
After School Program	-	-	-	-	28,928	15,733	8,152	-	-	-
Operating grants and contributions										
Capital grants and contributions										
Total business type activities program revenues	-	-	-	-	28,928	15,733	8,152	-	-	-
Total district program revenues	792,104	874,788	1,098,549	1,219,540	1,441,277	1,303,119	1,140,460	1,293,409	1,199,386	1,094,910
Net (Expense)/Revenue										
Governmental activities	(2,588,812)	(2,462,777)	(2,271,260)	(2,484,259)	(2,589,036)	(2,498,911)	(2,600,086)	(2,603,683)	(2,456,964)	(2,715,290)
Business-type activities	-	-	-	-	(38)	(7,579)	(9,182)	-	-	-
Total district-wide net expense	(2,588,812)	(2,462,777)	(2,271,260)	(2,484,259)	(2,589,074)	(2,506,490)	(2,609,268)	(2,603,683)	(2,456,964)	(2,715,290)

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Changes in Net Position, Last Ten Fiscal Years
Unaudited

	For the Year Ended June 30, 2023									
	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	2,349,594	2,396,585	2,396,585	2,444,516	2,493,408	2,543,276	2,594,142	2,594,142	2,594,142	2,594,142
Taxes levied for debt service	238,831	214,869	211,978	211,130	217,678	52,694	50,940	48,637	47,925	51,201
Unrestricted grants and contributions	18	142,397	427	494	549	200	200	200	150	156
Restricted grants and contributions	100,985	1,188	15,731	5,395	379	837	1,696	3,540	5,643	8,289
Investment earnings		463		(25,045)						
Miscellaneous income				(29,426)	(7,184)		(19,106)			
Cancellation of Prior Year Receivable			4,404							
Loss on Disposal of Fixed Assets	(3,888)									
Adjustments										
Transfers					1,077	(15,000)	(19,318)			
Total governmental activities	2,685,540	2,755,502	2,629,125	2,607,064	2,705,907	2,582,007	2,608,554	2,646,519	2,647,860	2,653,788
Business-type activities:										
Investment earnings					(1,077)	15,000	19,318			
Transfers					(1,077)	15,000	19,318			
Total business-type activities						2,597,007	2,627,872	2,646,519	2,647,860	2,653,788
Total district-wide	2,685,540	2,755,502	2,629,125	2,607,064	2,704,830	2,597,007	2,627,872	2,646,519	2,647,860	2,653,788
Change in Net Position										
Governmental activities	96,728	292,725	357,865	122,805	116,871	83,096	8,468	42,836	190,896	(61,502)
Business-type activities					(1,115)	7,421	10,136			
Total district	96,728	292,725	357,865	122,805	115,756	90,517	18,604	42,836	190,896	(61,502)

Source: ACFR Schedule A-2

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
Unaudited

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted	326,037	144,441	223,824	223,824	124,583	201,513	187,328	239,908	197,472	146,594
Committed	421,046	600,105	555,206	555,306	920,656	558,804	659,004	478,431	488,979	511,566
Assigned	10,247	14,158	1,456	43,823	1,931	88,630	4,882	25,566	169,911	4,488
Unassigned	245,417	244,257	245,543	240,139	245,070	245,423	245,287	245,849	245,805	249,752
Total general fund	1,002,747	1,002,961	1,026,029	1,063,092	1,292,240	1,094,370	1,096,501	989,754	1,102,167	912,400
All Other Governmental Funds										
Restricted								7,143	9,191	8,252
Assigned	358,741	12,351	12,351	-	-	-	-	-	-	-
Unreserved, reported in:										
Capital projects fund	(146,802)	1,967	1,967	-	-	-	-	-	-	-
Total all other governmental funds	211,939	14,318	14,318	-	-	-	-	7,143	9,191	8,252

Source: ACFR Schedule B-1

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
Unaudited

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax levy	2,349,594	2,396,585	2,396,585	2,444,516	2,493,408	2,543,276	2,594,142	2,594,142	2,594,142	2,594,142
Tuition charges	697,120	497,400	484,050	431,620	414,228	438,640	435,610	420,880	517,190	511,750
Interest earnings	18	463	427	494	549	200	200	200	150	156
Miscellaneous	100,885	4,318	16,865	8,169	1,479	4,247	3,686	11,690	16,058	13,948
State sources	238,831	413,381	289,107	319,360	516,229	373,404	370,010	404,648	545,551	508,734
Federal sources	25,798	12,537	28,092	11,925	12,628	17,013	20,656	22,092	83,458	153,270
Total revenue	3,412,346	3,324,684	3,215,126	3,216,084	3,438,521	3,376,780	3,424,314	3,453,852	3,756,549	3,782,000
Expenditures										
Instruction	913,362	883,639	813,375	879,251	980,603	958,652	873,045	946,994	879,097	894,306
Regular instruction	114,434	111,122	96,661	98,877	100,896	104,760	107,204	83,949	64,263	65,608
Special education instruction	26,345	24,595	25,431	68,874	135,115	124,512	148,166	112,135	111,252	230,679
Other instruction										
Support Services:										
Tuition	778,222	560,920	516,664	474,836	381,266	350,973	365,649	390,197	485,829	537,209
Student & instruction related services	306,402	290,115	295,257	317,211	322,926	386,322	395,176	435,876	456,483	465,351
General administration	100,726	102,565	117,898	135,695	106,290	106,458	121,287	123,184	109,036	110,186
School administrative services	34,248	30,938	30,202	32,740	34,511	34,482	38,431	33,446	37,670	35,079
Plant operations and maintenance	304,864	418,392	283,245	252,283	279,945	279,207	297,585	266,545	264,625	270,225
Pupil transportation	43,529	41,833	48,078	50,864	47,641	56,102	51,708	51,777	47,981	61,709
Other support services	34,223	32,068	31,756	31,591	30,537	48,129	57,818	32,414	34,893	32,926
Unallocated employee benefits	556,345	582,532	544,738	536,556	737,842	639,215	683,883	751,445	876,407	893,299
Special Schools	-	-	3,226	-	1,560	2,574	2,837	3,333	40	80
Charter Schools	-	-	-	-	-	-	-	-	-	-
Capital outlay	243,583	443,372	404,249	275,198	51,318	468,464	260,076	369,409	274,512	376,049
Debt service:										
Principal										
Interest and other charges										
Total expenditures	3,456,283	3,522,091	3,210,780	3,153,976	3,210,450	3,559,850	3,402,865	3,600,704	3,642,088	3,972,706
Excess (Deficiency) of revenues over (under) expenditures	(43,937)	(197,407)	4,346	62,108	228,071	(183,070)	21,449	(146,852)	114,461	(190,706)
Other Financing sources (uses)										
Transfer in	246,588	6,371	(6,371)							
Transfers out	(246,588)	(6,371)	6,371	(25,045)	1,077	(15,000)	(19,318)	-	-	-
Cancellation of prior year receivable	(3,888)									
Insurance Recoveries for Storm Damage										
Expenses related to Storm Damage										
Increase in Capital Reserve										
Transfer to Capital Reserve		(101)	(101)				(100)			
Decrease in Current Expense Reserve		(178,958)	(44,899)			(264,702)	(100,000)			
Withdrawal from Current Expense Reserve						(57,050)				
Withdrawal from Maintenance Reserve						(40,000)				
Interest earned on Capital Reserve						40,050				
Total other financing sources (uses)	(3,888)	179,059	45,000	4,404	(25,045)	1,077	(284,802)	100,100		
Net change in fund balances	(47,825)	(197,407)	8,750	37,063	229,148	(197,870)	2,131	(146,852)	114,461	(190,706)

Source: ACFR Schedule B-2

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Misc.</u>	<u>Total</u>
2014	18	100,985	101,003
2015	463	1,188	1,651
2016	427	15,731	16,158
2017	494	5,395	5,889
2018	549	379	928
2019	200	837	1,037
2020	200	1,696	1,896
2021	200	3,540	3,740
2022	150	5,643	5,793
2023	156	8,289	8,445

Source: District Records

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Cfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2014	94,982,300	4,451,222,400			165,999,000		4,370,200	4,716,573,900	298,422,200	303,125	4,418,454,825	0.056	4,053,767,320
2015	96,253,000	4,468,793,200			165,112,500		2,655,200	4,732,813,900	299,171,000	304,330	4,433,947,230	0.055	4,008,685,861
2016	82,610,800	4,489,928,900			165,428,800		2,655,200	4,740,623,700	299,171,000	304,621	4,441,757,321	0.056	4,130,826,571
2017	50,599,300	4,536,037,000			163,874,700		2,655,200	4,753,166,200	299,161,600	308,488	4,454,313,088	0.056	4,316,439,875
2018	121,948,900	4,522,154,000			400,104,600		2,750,400	5,046,957,900	218,854,500	-	4,828,103,400	0.053	4,534,047,182
2019	88,234,700	4,574,049,100			399,439,100		2,750,400	5,064,473,300	218,630,100	-	4,845,843,200	0.054	4,782,440,552
2020	99,558,700	4,594,049,400			405,035,700		2,750,400	5,101,394,200	214,763,300	-	4,886,630,900	0.054	5,148,451,293
2021	93,895,100	4,635,430,200			406,852,000		2,750,400	5,138,927,700	215,928,300	-	4,922,999,400	0.053	5,469,911,314
2022	116,686,800	4,679,849,300			393,832,000		2,750,400	5,193,118,500	216,768,800	-	4,976,349,700	0.053	6,156,244,303
2023	106,556,400	4,745,018,600			378,477,700		-	5,230,052,700	219,795,200	-	5,010,257,500	0.052	7,524,332,021

Source: District records Tax list summary & Municipal Tax Assessor

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

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

b Tax rates are per \$100

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Rate per \$100 of Assessed Value
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	BOROUGH OF STONE HARBOR SCHOOL DISTRICT			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General	Total Direct	Borough of Stone Harbor	Cape May County	
		Obligation Debt Service ^b				
2014	0.056	-	0.056	0.232	0.230	0.518
2015	0.055	-	0.055	0.239	0.231	0.525
2016	0.056	-	0.056	0.239	0.240	0.535
2017	0.056	-	0.056	0.245	0.254	0.555
2018	0.053	-	0.053	0.246	0.253	0.552
2019	0.054	-	0.054	0.251	0.268	0.573
2020	0.054	-	0.054	0.268	0.288	0.610
2021	0.053	-	0.053	0.292	0.311	0.656
2022	0.053	-	0.053	0.292	0.347	0.692
2023	0.052	-	0.052	0.302	0.381	0.735

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

- a** The district's basic tax rate is calculated from the A4 form which is submitted with the budget and the Net valuation taxable.
- b** Rates for debt service are based on each year's requirements.

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Principal Property Tax Payers,
Current Year and Nine Years Ago
Unaudited

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Immaculate Heart of Mary Convent	41,508,100	1	0.83%	29,975,000	1	0.68%
100th Street LLC	23,426,200	2	0.47%	15,580,600	3	0.35%
Taxpayer #1	14,711,700	3	0.30%			0.00%
NACL Associates	12,775,600	4	0.26%	11,340,300	6	0.26%
Taxpayer #2	11,198,700	5	0.23%			0.00%
Taxpayer #3	9,622,100	6	0.19%			0.00%
JKM22 LLC	8,970,000	7	0.18%			
Peace & Serenity 390, LLC	8,684,900	8	0.17%			0.00%
Nola Partners	8,129,500	9	0.16%			0.00%
Charles Street Developers, LLC	8,122,000	10	0.16%			0.00%
Taxpayer #6				15,736,100	2	0.36%
Taxpayer #7				13,639,300	4	0.31%
Taxpayer #8				8,852,300	7	0.20%
Taxpayer #9				8,850,500	8	0.20%
Farmersham Associates, LP				12,028,900	5	0.27%
Taxpayer #10				8,084,900	9	0.18%
Taxpayer #11				8,023,500	10	0.18%
Total	147,148,800		2.96%	132,111,400		2.99%

Source: District ACFR & Municipal Tax Assessor

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

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	2,349,594	2,304,594	98%	45,000
2015	2,396,585	2,396,585	100%	
2016	2,396,585	2,396,585	100%	
2017	2,444,516	2,444,516	100%	
2018	2,493,408	2,493,408	100%	
2019	2,543,276	2,543,276	100%	
2020	2,594,142	2,594,142	100%	
2021	2,594,142	2,594,142	100%	
2022	2,594,142	2,594,142	100%	
2023	2,594,142	2,594,142	100%	

Source: District records including the Certificate and Report of School Taxes (A4 form)

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

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANS)	Capital Leases	Business-Type Activities			
2014	-	-	-	-	-	-	-	0.000%	
2015	-	-	-	-	-	-	-	0.000%	
2016	-	-	-	-	-	-	-	0.000%	
2017	-	-	-	-	-	-	-	0.000%	
2018	-	-	-	-	-	-	-	0.000%	
2019	-	-	-	-	-	-	-	0.000%	
2020	-	-	-	-	-	-	-	0.000%	
2021	-	-	-	-	-	-	-	0.000%	
2022	-	-	-	-	-	-	-	0.000%	
2023	-	-	-	-	-	-	-	0.000%	

No Debt for past 10 Years

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

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

^a See Exhibit NJ J-13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>				
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2014	-		-	0.000%	
2015	-		-	0.000%	
2016	-		-	0.000%	
2017	-		-	0.000%	
2018	-		-	0.000%	
2019	-		-	0.000%	
2020	-		-	0.000%	
2021	-		-	0.000%	
2022	-		-	0.000%	
2023	-	-	-	0.000%	

No Debt for past 10 Years

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

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

b Population data can be found in Exhibit NJ J-13.

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2023
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Stone Harbor	49,741,824	100.00%	49,741,824
County of Cape May - Borough's share (9.72%)	346,168,846	9.72%	33,648,045
Subtotal, overlapping debt			83,389,869
BOROUGH OF STONE HARBOR SCHOOL DISTRICT Direct Debt			-
Total direct and overlapping debt			<u><u>83,389,869</u></u>

Sources: Borough of Stone Harbor Finance Officer

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

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

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
 Legal Debt Margin Information,
 Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2018

Equalized valuation basis	
2022	7,469,753.371
2021	6,086,794.510
2020	5,425,972.574
	<u>18,982,520.461</u>
	6,327,506.820
	158,187,671
	<u><u>158,187,671</u></u>

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	105,722,581	101,999,242	101,370,716	103,423,858	107,678,231	113,025,923	119,705,607	127,411,475	138,456,073	158,187,671
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>105,722,581</u>	<u>101,999,242</u>	<u>101,370,716</u>	<u>103,423,858</u>	<u>107,678,231</u>	<u>113,025,923</u>	<u>119,705,607</u>	<u>127,411,475</u>	<u>138,456,073</u>	<u>158,187,671</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Average equalized valuation of taxable property

Debt limit (2.5% of average equalized value)
 Net bonded school debt
 Legal debt margin **a**

Source: Abstract of Rates and District Records ACFR Schedule J-7

a Limit set by NUSA 18A-24-19 for a K through 5 district; other % limits would be applicable for other district

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2014	847	41,244	48,694	11.20%
2015	844	44,121	52,276	10.30%
2016	836	45,087	53,932	8.90%
2017	833	44,406	53,309	6.90%
2018	822	45,099	54,865	6.40%
2019	811	47,301	58,324	5.20%
2020	810	49,310	60,877	3.40%
2021	805	50,501	62,734	8.80%
2022	787	53,387	67,836	6.10%
2023	796	57,320	72,010	3.00%

Source:

a Population information provided by the NJ Dept of Labor and Workforce Development

b Personal income provided by the US Dept. of Commerce, Bureau of Economic Analysis.

c Per Capita information provided by the US Dept. of Commerce, Bureau of Economic Analysis.

d Unemployment data provided by the NJ Dept of Labor and Workforce Development

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years
Unaudited

<u>Function/Program</u>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction										
Regular	11.8	11.1	11.1	11.1	11.1	9.6	10.0	10.0	9.0	9.0
Support Services:										
School administrative services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Business administrative services	0.5	0.5	0.5	0.5	0.5	0.6	1.0	1.0	1.0	1.0
Student & instruction related services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Central services	2.5	2.0	2.0	2.0	2.0	2.0	3.5	3.5	3.5	3.5
Total	17.3	16.1	16.1	16.1	16.1	14.7	17.0	17.0	16.0	16.0

Source: District Personnel Records

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2014	76	2,674,255	35,188	8.42%	11.8	7:1	73.56	69.68	-3.59%	94.73%	
2015	69	2,638,452	38,238	8.67%	11.1	6:1	67.50	64.16	-8.24%	95.05%	
2016	68	2,397,405	35,256	-7.80%	11.1	6:1	69.42	65.63	2.84%	94.54%	
2017	75	2,274,725	30,330	-13.97%	11.1	7:1	81.25	76.69	17.04%	94.39%	
2018	90	2,229,847	24,776	-18.31%	11.1	8:1	89.62	84.07	10.30%	93.81%	
2019	99	2,601,198	26,275	6.05%	11.1	8:1	98.32	92.27	9.71%	93.85%	
2020	99	2,529,820	25,554	-2.74%	10.0	8:1	89.29	85.31	-9.18%	95.54%	
2021	93	2,653,710	28,535	11.66%	10.0	8:1	90.47	87.52	1.32%	96.74%	
2022	92	2,762,991	30,033	5.25%	9.0	10:1	91.59	85.60	1.24%	93.46%	
2023	86	3,078,400	35,795	19.19%	9.0	10:1	85.99	80.60	-6.11%	93.73%	

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

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years
Unaudited

	2014	2015	2016	2017	2018	2019	2020	2021	2023
<u>District Building</u>									
<u>Elementary</u>									
Stone Harbor Elementary	22,665	22,665	22,665	22,665	22,665	22,665	22,665	22,665	22,665
Square Feet	154	154	154	154	154	154	154	154	154
Capacity (students)	76	69	68	75	75	99	99	93	86
Enrollment									

Number of Schools at June 30, 2023
 Elementary = 1

Source: District records, ASSA

Note: Enrollment is based on the annual October district count.

CITY OF BOROUGH OF STONE HARBOR SCHOOL DISTRICT
General Fund
Schedule of Required Maintenance for School Facilities
Last Ten Years
Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-XXX

School Facilities	Project # (s)	2023	2022	2021	2020	2019	218	2017	2016	2015	2014
Stone Harbor Elementary	N/A	60,432	57,964	58,244	99,838	79,996	71,875	55,957	58,742	203,864	67,919
Total School Facilities		<u>60,432</u>	<u>57,964</u>	<u>58,244</u>	<u>99,838</u>	<u>79,996</u>	<u>71,875</u>	<u>55,957</u>	<u>58,742</u>	<u>203,864</u>	<u>67,919</u>
Other Facilities											
Grand Total		<u>60,432</u>	<u>57,964</u>	<u>58,244</u>	<u>99,838</u>	<u>79,996</u>	<u>71,875</u>	<u>55,957</u>	<u>58,742</u>	<u>203,864</u>	<u>67,919</u>

BOROUGH OF STONE HARBOR BOARD OF EDUCATION**Insurance Schedule****June 30, 2023*****Unaudited***

	<u>Coverage ^a</u>	<u>Deductible</u>
School package Policy - New Jersey School Board Association Insurance Group		
Property- Blanket Building & Contents	\$ 5,248,300	1,000
Comprehensive General Liability	11,000,000	
Comprehensive Automobile Liability	11,000,000	
Comprehensive Crime Coverage	50,000	500
Electronic Data Processing Equipment	275,000	1,000
Blanket Extra Expense	50,000,000	1,000
Blanket Valuable Papers and Records	10,000,000	1,000
Employee Benefits Liability	11,000,000	1,000
Cyber Liability	1,000,000	various
Environmental Liability	1,000,000	50,000
Equipment Breakdown	100,000,000	25,000
Loss of Business Income/Tuition	846,000	1,000
Workers' Compensation - New Jersey School Board Association Insurance Group	statutory	
School Board Legal Liability - New Jersey School Board Association Insurance Group		
Errors and Omissions Policy	11,000,000	5,000
Flood Insurance - New Jersey School Board		
Building	1,000,000	500,000
Contents	1,000,000	500,000

Source: District Records

a - Coverage includes all schools covered by the New Jersey School Board Insurance Group.

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Single Audit Section

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FORD - SCOTT

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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 IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable President and
Members of the Board of Education
Borough of Stone Harbor School District
County of Cape May, 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 Borough of Stone Harbor School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Borough of Stone Harbor School District's basic financial statements, and have issued our report thereon dated November 30, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Stone Harbor 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 Borough of Stone Harbor School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Michael S. Garcia

Michael S. Garcia
Certified Public Accountant
Licensed Public School Accountant
No. 2080

November 30, 2023

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal A#	Federal FAIN Number	Grant or State Project Number	Grant Period	Program or Award Amount	Balance 6/30/2022	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures		(MEMO) Pass Through to Sub-Recipients	Repayment of Prior Years' Balances/ Adjustments	(Accounts Receivable) 6/30/2023	Deferred Revenue 6/30/2023	Due to Center at 6/30/2023
									Source	Direct					
Passed-through State Department of Education:															
Special Revenue Fund															
IDEA Part B - Basic Regular	84-1027	H027A22010C	FT20	7/1/22-9/30/23	30,527	(11,741)	-	-	(16,737)	(2,380)	(16,737)	-	(16,737)	(2,380)	-
IDEA Part B - Basic Preschool	84-1173	H173A220114	FT20	7/1/22-9/30/23	2,380	-	-	-	(2,380)	-	(2,380)	-	-	-	-
IDEA Part B - Basic Regular - ARP	84-1027X	H027A21010C	FT20	7/1/22-9/30/23	18,223	(3,891)	11,741	2,432	(3,891)	-	(3,891)	-	(1,609)	-	-
IDEA Part B - Preschool - ARP	84-1027Y	H027A21010C	FT20	7/1/22-9/30/23	3,891	(332)	-	-	-	-	-	-	-	-	-
ESSER II - CRRSA	84-425D	S425D210027	N/A	3/13/20-9/30/23	18,237	(1,024)	1,024	1,024	(164)	(164)	(164)	-	(164)	-	-
Learning Acceleration Grant - CRRSA	84-425D	S425D210027	N/A	3/13/20-9/30/23	25,000	(7,333)	7,333	7,333	(2,767)	(2,767)	(2,767)	-	(2,767)	-	-
Mental Health Grant - CRRSA	84-425D	S425D210027	N/A	3/13/20-9/30/23	24,331	(7,448)	7,448	7,448	(24,331)	(24,331)	(24,331)	-	(24,331)	-	-
American Rescue Plan - ESSEF	84-425D	S425D210027	N/A	3/31/20-9/30/24	32,552	-	27,052	27,052	(29,052)	(29,052)	(29,052)	-	(29,052)	-	-
American Rescue Plan - ESSEF	84-425D	S425D210027	N/A	3/31/20-9/30/24	16,000	-	16,000	16,000	(28,032)	(28,032)	(28,032)	-	(28,032)	-	-
American Rescue Plan - Non Title	84-425D	S425D210027	N/A	3/31/20-9/30/24	36,474	-	18,707	18,707	(13,964)	(13,964)	(13,964)	-	(13,964)	-	-
American Rescue Plan - Beyond School Day	84-425D	S425D210027	N/A	3/31/20-9/30/24	40,000	-	-	-	-	-	-	-	-	-	-
American Rescue Plan - Mental Health Grant	84-425D	S425D210027	N/A	3/31/20-9/30/24	45,000	-	-	-	-	-	-	-	-	-	-
Total Special Revenue Fund									(151,293)	-	(151,293)	-	(103,252)	-	-
Total Federal Awards									(151,293)	-	(151,293)	-	(103,252)	-	-

BOROUGH OF STONE HARBOR 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 6/30/2022	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2023			MEMO Cumulative Total Expenditures	
									(Accounts Receivable)	Deferred Revenue	Due to Grantor		
State Department of Education													
General Fund:													
Special Education Categorical Aid	23-495-034-5120-089	23,364	7/1/22-6/30/23			23,364	(23,364)					123	23,364
Security Aid	23-495-034-5120-084	2,797	7/1/22-6/30/23			2,797	(2,797)					15	2,797
Adjustment Aid	23-495-034-5120-085	1,194	7/1/22-6/30/23			1,194	(1,194)					6	1,194
	Subtotal State Aid Public					27,355	(27,355)					144	27,355
Transportation Aid	23-495-034-5120-014	19,899	7/1/22-6/30/23			19,899	(19,899)					104	19,899
Reimbursed Non Public Transportation Aid	N/A												-
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	55,435	7/1/22-6/30/23			55,075	(55,435)	(360)					55,435
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	70,154	7/1/21-6/30/22	(3,422)		3,422							70,154
On-Behalf Teachers' Pension and Annuity Fund	22-495-034-5094-002	318,338	7/1/22-6/30/23			318,338	(318,338)						318,338
On Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	22-495-034-5094-001	83,627	7/1/22-6/30/23			83,627	(83,627)						83,627
On-Behalf Teachers' Pension & Annuity Fund - Non-contributory Insurance	22-495-034-5094-004	133	7/1/22-6/30/23			133	(133)						133
Total General Fund				(3,422)	-	507,849	(504,787)	-	(360)	-	-	248	574,941
Total State Financial Assistance				(3,422)	-	507,849	(504,787)	-	(360)	-	-	248	574,941
							(402,098)						
							(102,689)						

Less: On-Behalf TPAF Pension Contributions:

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

Borough of Stone Harbor School District
Notes to the Schedules of 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, Borough of Stone Harbor School District. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures 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. This basis of accounting is described in Note 1 to the Board's basic financial statements. The District has elected not to use the 10% de minimis indirect cost rate.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from budgetary basis to GAAP basis is \$3,947 for the general fund and (\$1,977) for the special revenue fund. See the following schedule and Schedule C-3 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 follows:

Borough of Stone Harbor School District
Notes to the Schedules of Financial Assistance
June 30, 2023

	<u>General Fund</u>	<u>Total</u>
State Assistance:		
Actual amounts (budgetary) “revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 504,787	504,787
Difference – budget to “GAAP”		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	4,195	4,195
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(248)	(248)
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 508,734</u>	<u>\$ 508,734</u>

Borough of Stone Harbor School District
Notes to the Schedules of Financial Assistance
June 30, 2023

	Special Revenue Fund	Total
Federal Assistance:		
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	\$ 151,293	151,293
Difference - budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	<u>1,977</u>	<u>1,977</u>
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balances	<u>\$ 153,270</u>	<u>153,270</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

The amounts 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.

BOROUGH OF STONE HARBOR SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Part I -- Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

Federal Awards Section

Not Applicable

Internal Control over major programs:

1) Material weakness(es) identified? yes no

2) Significant deficiencies identified yes none reported

Type of auditor's report on compliance for major programs N/A

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Dollar threshold used to determine Type A programs: _____

Auditee qualified as low-risk auditee? yes no

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Part I -- Summary of Auditor's Results

State Awards Section

Not Applicable

Internal Control over major programs:

1) Material weakness(es) identified? _____ yes _____ no

2) Significant deficiencies identified _____ yes _____ none reported

Type of auditor's report on compliance for major programs

_____ N/A _____

Any audit findings disclosed that are required to be reported in accordance NJOMB Circular Letter 15-08?

_____ yes _____ no

Identification of major programs:

GMIS Number(s)

Name of State Program

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

N) Dollar threshold used to determine Type A programs: _____

O) Auditee qualified as low-risk auditee? _____ yes _____ no

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING JUNE 30, 2023**

Part 2 – Schedule of Financial Statement Findings

NONE

Part 3 – Schedule of State Award Findings and Questioned Costs

NONE

STATUS OF PRIOR YEAR FINDINGS

NONE