

# **Annual Comprehensive Financial Report**

of the

Borough of Stone Harbor Board of Education

Stone Harbor, New Jersey

For the Fiscal Year Ended June 30, 2024

Prepared by

Borough of Stone Harbor Board of Education

Finance Department



# TABLE OF CONTENTS

<b>INTRODUCTORY SECTION</b>		Page
Letter of Transmittal		1-5
Organizational Chart		6
Roster of Officials		7
Consultants and Advisors		8
 <b>FINANCIAL SECTION</b>		
<b>Independent Auditor's Report</b>		9-11
<b>Required Supplementary Information - Part</b>		
Management's Discussion and Analysis		12-20
 <b>Basic Financial Statements</b>		
A	District-wide Financial Statements:	
	A-1 Statement of Net Position	21
	A-2 Statement of Activities	22
B	Fund Financial Statement	
	Governmental Funds:	
	B-1 Balance Sheet	23
	B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	24
	B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
	Proprietary Funds:	
	B-4 Statement of Net Position	26
	B-5 Statement of Revenues, Expenses, and Changes in Net Position	27
	B-6 Statement of Cash Flows	28
	Fiduciary Funds:	
	B-7 Statement of Fiduciary Net Position	N/A
	B-8 Statement of Changes in Fiduciary Net Position	N/A
<b>Notes to the Financial Statements</b>		29-52

## TABLE OF CONTENTS (continued)

	<b>Required Supplemental Information - Part I</b>	Page
C	Budgetary Comparison Schedules	
	C-1 Budgetary Comparison Schedule - General Fund	53-60
	C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual	N/A
	C-1b Community Development Block Grant - Budget to Actual	N/A
	C-2 Budgetary Comparison Schedule - Special Revenue Fund	61-62
	<b>Notes to the Required Supplementary Information</b>	
	C-3 Budget-to-GAAP Reconciliation	63
	<b>Required Supplementary Information - Part II</b>	
L	Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
	L-1 Schedule of the District's Proportionate Share of the Net Pension Liability (PERS)	64
	L-2 Schedule of District Contributions (PERS)	65
	L-3 Schedule of the District's Proportionate Share of the Net Pension Liability (TPAF)	66
	M-1 Schedule of the District's Proportionate Share of the Net OPEB Liability	67
	<b>Other Supplementary Information</b>	
D	School Level Schedules:	
	D-1 Combining Balance Sheet	N/A
	D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
	D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E	Special Revenue Fund:	
	E-1 Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis	68
	E-2 Preschool Education Aid Schedule of Expenditures - Budgetary Basis	N/A
F	Capital Projects Fund:	
	F-1 Summary Schedule of Project Expenditures	N/A
	F-2 Summary Schedule of Revenues and Expenditures	N/A
	F-2a Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis	N/A
G	Proprietary Funds	
	Enterprise Fund:	
	G-1 Combining Statement of Net Position	N/A
	G-2 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	N/A
	G-3 Combining Statement of Cash Flows	N/A

## TABLE OF CONTENTS (continued)

		Page
	Internal Service Fund:	
	G-4 Combining Statement of Net Position	N/A
	G-5 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	N/A
	G-6 Combining Statement of Cash Flows	N/A
H	Fiduciary Funds:	
	H-1 Combining Statement of Fiduciary Net Position	N/A
	H-2 Student Activity Agency Fund Statement of Changes in Position and Liabilities	N/A
	H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	N/A
	H-4 Payroll Agency Fund Statement of Changes in Assets and Liabilities	N/A
I	Long-Term Debt:	
	I-1 Schedule of Serial Bonds	N/A
	I-2 Schedule of Obligations under Capital Leases	N/A
	I-3 Debt Service Fund Budgetary Comparison Schedule	N/A

### STATISTICAL SECTION (Unaudited)

#### Introduction to the Statistical Section

##### Financial Trends

J-1	Net Position by Component	69
J-2	Changes in Net Position	70-71
J-3	Fund Balances - Governmental Funds	72
J-4	Changes in Fund Balances - Governmental Funds	73
J-5	General Fund Other Local Revenue by Source	74

##### Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property	75
J-7	Direct and Overlapping Property Tax Rates	76
J-8	Principal Property Taxpayers	77
J-9	Property Tax Levies and Collections	78

##### Debt Capacity

J-10	Ratios of Outstanding Debt by Type	79
J-11	Ratios of General Bonded Debt Outstanding	80
J-12	Direct and Overlapping Governmental Activities Debt	81
J-13	Legal Debt Margin Information	82

##### Demographic and Economic Information

J-14	Demographic and Economic Statistics	83
J-15	Principal Employers	84

## TABLE OF CONTENTS (continued)

<b>STATISTICAL SECTION (Unaudited) (Continued)</b>	Page
<b>Operating Information</b>	
J-16 Full-time Equivalent District Employees by Function/Program	85
J-17 Operating Statistics	86
J-18 School Building Information	87
J-19 Schedule of Required Maintenance Expenditures by School Facility	88
J-20 Insurance Schedule	89
<b>SINGLE AUDIT SECTION</b>	
K-1 Report on Internal Controls over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Audit Standards	90-91
K-2 Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Uniform Guidance and New Jersey OMB Circular Letter 15-08	N/A
K-3 Schedule of Expenditures of Federal Awards, Schedule A	92
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	93
K-5 Notes to the Schedules of Awards and Financial Assistance	94-96
Schedule of Findings and Question Costs	
K-6 Part I - Summary of Auditor's Results	97-98
K-6 Part 2 - Schedule of Financial Statement Findings	99
K-6 Part 3 - Schedule of State Award Findings and Questioned Costs	99
K-7 Summary Schedule of Prior Audit Findings	99

## **Introductory Section**

{THIS PAGE IS INTENTIONALLY LEFT BLANK}



**STONE HARBOR BOARD OF EDUCATION**  
**275 93<sup>rd</sup> 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 15, 2024

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, 2024, 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 2023-2024 fiscal year with an enrollment of 78 students, which is 8 students below the previous year's enrollment.

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

<b><u>Fiscal Year</u></b>	<b><u>Average Daily Enrollment Student Enrollment</u></b>	<b><u>Percent Change</u></b>
2023-2024	78	(9.3)%
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)%

## **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 INITIATIVES:**

Students continued to score above the state and national averages. During the 2023-24 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, 2024.

## **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*

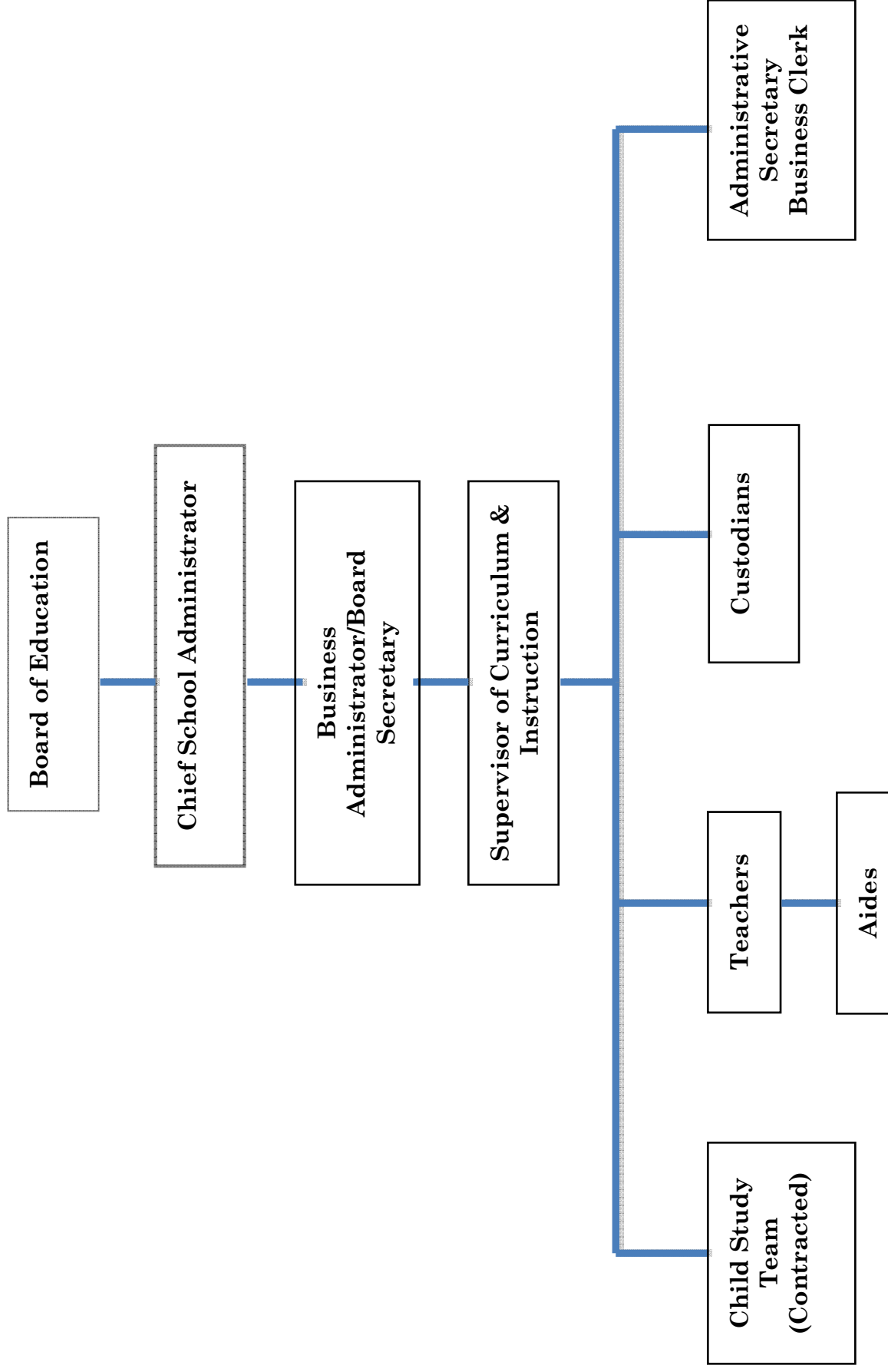
Kathleen Fox  
Superintendent

*Linda Fiori*

Linda Fiori  
Business Administrator

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**STONE HARBOR SCHOOL DISTRICT  
ORGANIZATIONAL CHART**



**BOROUGH OF STONE HARBOR BOARD OF EDUCATION**

**STONE HARBOR, NEW JERSEY**

**ROSTER OF OFFICIALS**  
June 30, 2024

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Ms. Suzanne Walters, President	2026
Mr. Mark Matreale, Vice President	2026
Ms. Maggie Day	2024
Dr. John McAllister	2025
Mr. Robert Ross	2024
Lois Scarpa (Avalon Representative)	2024

**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

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

## **Financial Section**

{THIS PAGE IS INTENTIONALLY LEFT BLANK}



# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

[www.ford-scott.com](http://www.ford-scott.com)

## **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, 2024, 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, 2024, 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 15, 2024 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 15, 2024

{THIS PAGE IS INTENTIONALLY LEFT BLANK}



**Required Supplemental Information**  
**Part I**

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

## 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, 2024. 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 increased compared to the prior year as a result of an excess of revenues over expenses.
- The State of New Jersey reimbursed the District \$63,207 during the fiscal year ended June 30, 2024 for the employer's share of social security contributions. The State of New Jersey also paid \$388,292 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, 2024, the District had excess surplus of \$144,665, of which \$48,261 was required to be budgeted as a revenue for the year ending June 30, 2025 and \$96,404 is designated for subsequent year budgets.
- During the fiscal year ended June 30, 2024, the District's revenues were approximately \$353,000 more than total expenditures in the fund financial statements. This is due to anticipated fund balance in the 2023-24 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 increased between fiscal years 2024 and 2023 as a result of an excess of revenues over expenses. The business-type activities net position increased as a result of revenues over expenses.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Current and other assets	\$ 1,320,778	\$ 970,892	12,951	5,068	1,333,729	975,960
Capital assets	3,222,244	3,408,106			3,222,244	3,408,106
<b>Total assets</b>	<b>4,543,022</b>	<b>4,378,998</b>	<b>12,951</b>	<b>5,068</b>	<b>4,555,973</b>	<b>4,384,066</b>
Deferred outflows of resources	95,268	161,465	-	-	95,268	161,465
Other liabilities	575,548	595,330			575,548	595,330
<b>Total liabilities</b>	<b>575,548</b>	<b>595,330</b>	<b>-</b>	<b>-</b>	<b>575,548</b>	<b>595,330</b>
Deferred inflows of resources	28,474	71,581	-	-	28,474	71,581
Net position						
Net invested in capital assets	3,222,244	3,408,106			3,222,244	3,408,106
Restricted	1,066,190	711,578			1,066,190	711,578
Unrestricted	(254,166)	(246,132)	12,951	5,068	(241,215)	(241,064)
<b>Total net assets</b>	<b>\$ 4,034,268</b>	<b>\$3,873,552</b>	<b>12,951</b>	<b>5,068</b>	<b>4,047,219</b>	<b>3,878,620</b>

Net position of the District increased due to an excess of revenues over expenses. 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, 2024, the District had excess fund balance in the amount of \$144,665 of which \$48,261 has been included in the 2024-2025 budget and the remaining \$96,404 will be included in the 2025-2026 budget.

**Changes in net position.** The total governmental activities revenue of the District increased approximately \$15,000 due to an increase in operating grants.

Approximately 1.36% 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.

	2024		2023	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property taxes	\$ 2,594,142	68.92%	2,594,142	69.20%
Unrestricted Federal and State aid	51,346	1.36%	51,201	1.37%
Tuition	720,964	19.15%	642,613	17.14%
Operating grants and contributions	386,329	10.26%	452,297	12.07%
Other	11,067	0.29%	8,445	0.23%
Totals	\$ <u>3,763,848</u>	<u>100.00%</u>	<u>3,748,698</u>	<u>100.00%</u>

*{This space intentionally left blank}*



## Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2024 and 2023 fiscal years:

	Governmental Activities		Business-type Activities		Totals	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>Revenues</b>						
Program revenue						
Charges for services	\$ 720,964	642,613	21,838		742,802	642,613
State grants and entitlements	386,329	452,297			386,329	452,297
General revenues						
Property taxes	2,594,142	2,594,142			2,594,142	2,594,142
State aid entitlements	51,346	51,201			51,346	51,201
Other	11,067	8,445			11,067	8,445
<b>Total revenues</b>	<u>3,763,848</u>	<u>3,748,698</u>	<u>21,838</u>	<u>-</u>	<u>3,785,686</u>	<u>3,748,698</u>
<b>Expenses</b>						
Instruction:						
Regular	1,037,419	1,303,675			1,037,419	1,303,675
Special Education	119,866	109,617			119,866	109,617
Other Instruction	153,678	283,175			153,678	283,175
Support services:						
Tuition	705,781	659,460			705,781	659,460
Student & instruction related	622,794	614,867			622,794	614,867
School administration services	106,706	122,118			106,706	122,118
General & business admin	190,632	164,341			190,632	164,341
Plant operations & maintenance	387,366	346,258			387,366	346,258
Pupil transportation	78,735	75,753			78,735	75,753
Internal service fund	195,719	130,863			195,719	130,863
Special Schools	4,436	73			4,436	73
Business-type activities			13,955		13,955	-
<b>Total expenses</b>	<u>3,603,132</u>	<u>3,810,200</u>	<u>13,955</u>	<u>-</u>	<u>3,617,087</u>	<u>3,810,200</u>
<b>Increase/(Decrease)</b>						
<b>in net assets</b>	<u>160,716</u>	<u>(61,502)</u>	<u>7,883</u>	<u>-</u>	<u>168,599</u>	<u>(61,502)</u>

## Business-type Activities

Operating and non-operating revenues of the District's business-type activities increased in 2024 due to increased use of the program.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$1,273,702 which is approximately \$353,050 higher 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 30<sup>th</sup> 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 \$18,000. 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 \$204,000.

## CAPITAL ASSET

### Capital Assets

At the end of 2024, the District had invested \$3.2 million in a broad range of capital assets, including land, buildings, vehicles and machinery.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	\$ 410,630	\$ 410,630			410,630	410,630
Buildings and Bldg improvements	2,644,723	2,773,849			2,644,723	2,773,849
Machinery & equipment	166,891	223,627			166,891	223,627
					-	
<b>Total</b>	<u><u>\$ 3,222,244</u></u>	<u><u>\$ 3,408,106</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>3,222,244</u></u>	<u><u>3,408,106</u></u>

## **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 2026 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 93<sup>rd</sup> Street, Stone Harbor, New Jersey, 08247.

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

## **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, 2024.

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

## **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, 2024.

{THIS PAGE IS INTENTIONALLY LEFT BLANK}



**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**

## Statement of Net Position

June 30, 2024

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,249,181	\$ 12,951	\$ 1,262,132
Receivables, net	5,692		5,692
Due from other governments	65,905		65,905
Capital assets, net			
Land and land improvements	410,630		410,630
Depreciable assets, net of depreciation	2,811,614		2,811,614
<b>Total Assets</b>	<b>4,543,022</b>	<b>12,951</b>	<b>4,555,973</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	95,268		95,268
<b>Total Deferred Outflows of Resources</b>	<b>95,268</b>	<b>-</b>	<b>95,268</b>
<b>LIABILITIES</b>			
Accounts payable	27,791	-	27,791
Unearned revenue	19,285		19,285
Noncurrent liabilities:			
Due within one year	-		-
Due beyond one year	88,325		88,325
Net Pension Liability	440,147		440,147
Total liabilities	575,548	-	575,548
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	28,474		28,474
<b>Total Deferred Inflows of Resources</b>	<b>28,474</b>	<b>-</b>	<b>28,474</b>
<b>NET POSITION</b>			
Net investment in capital assets	3,222,244	-	3,222,244
Restricted for:			
Other purposes	1,066,190		1,066,190
Unrestricted	(254,166)	12,951	(241,215)
<b>Total net position</b>	<b>\$ 4,034,268</b>	<b>\$ 12,951</b>	<b>\$ 4,047,219</b>

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

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**Statement of Activities  
June 30, 2024

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	\$ 782,423	\$ 254,996	\$ 525,245	\$ 104,508		\$ (407,666)	\$	\$ (407,666)
Special education	90,403	29,463		7,944		(111,922)		(111,922)
Other instruction	115,904	37,774		13,434		(140,244)		(140,244)
Support services:								
Tuition	532,301	173,480		109,712		(596,069)		(596,069)
Student & instruction related services	469,712	153,082		89,396		(533,398)		(533,398)
School administrative services	80,478	26,228		7,216		(99,490)		(99,490)
Other administrative services	143,775	46,857		14,129		(176,503)		(176,503)
Plant operations and maintenance	292,152	95,214		32,593		(354,773)		(354,773)
Pupil transportation	59,383	19,352		6,883		(71,852)		(71,852)
Unallocated benefits	836,446	(836,446)				-		-
Internal Service Fund	195,719		195,719	514		-		-
Special Schools	4,436					(3,922)		(3,922)
Total governmental activities	<u>3,603,132</u>	<u>-</u>	<u>720,964</u>	<u>386,329</u>	<u>-</u>	<u>(2,495,839)</u>	<u>-</u>	<u>(2,495,839)</u>
Business-type activities:								
After School Program	13,955		21,838				7,883	7,883
Total business-type activities	<u>13,955</u>	<u>-</u>	<u>21,838</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,883</u>	<u>7,883</u>
Total primary government	<u>\$ 3,617,087</u>	<u>-</u>	<u>742,802</u>	<u>386,329</u>	<u>-</u>	<u>(2,495,839)</u>	<u>7,883</u>	<u>(2,487,956)</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes, net						\$ 2,594,142	\$	\$ 2,594,142
Federal and State aid not restricted						51,346		51,346
Investment Earnings						150		150
Miscellaneous Income						10,917		10,917
Total general revenues, special items, extraordinary items and transfers						<u>2,656,555</u>		<u>2,656,555</u>
Change in Net Position						<u>160,716</u>	<u>7,883</u>	<u>168,599</u>
Net Position—beginning						<u>3,873,552</u>	<u>5,068</u>	<u>3,878,620</u>
Net Position—ending			<u>\$ 4,034,268</u>	<u>\$ 12,951</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 4,047,219</u>

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

## 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.

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**

Balance Sheet  
Governmental Funds  
June 30, 2024

	General	Special Revenue	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,184,009	59,060	1,243,069
Due from other funds	99,922		99,922
Intergovernmental receivable - state	2,857		2,857
Intergovernmental receivable - federal	-	63,048	63,048
Other Accounts Receivable	1,755		1,755
Total Assets	<u>1,288,543</u>	<u>122,108</u>	<u>1,410,651</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	18,403	496	18,899
Due to other funds	-	94,526	94,526
Payroll Deductions and Withholdings	4,239		4,239
Unearned revenue	-	19,285	19,285
Total Liabilities	<u>22,642</u>	<u>114,307</u>	<u>136,949</u>
<b>FUND BALANCES</b>			
Restricted for:			
Excess surplus	96,404		96,404
Excess surplus - designated for subsequent year's expenditures	48,261		48,261
Unemployment Compensation	33,834		33,834
Scholarships		2,112	2,112
Student Activities		5,689	5,689
Committed to:			
Capital reserve account	737,342		737,342
Maintenance reserve account	275		275
Emergency reserve account	13,225		13,225
Assigned to:			
Encumbrances	87,413		87,413
Unreserved, reported in:			
General fund	249,147		249,147
Special revenue fund		-	-
Total Fund Balances	<u>1,265,901</u>	<u>7,801</u>	<u>1,273,702</u>
Total Liabilities and Fund Balances	<u>\$ 1,288,543</u>	<u>122,108</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. 3,222,244

Long-term pension liabilities are not due and payable in the current period and therefore are not reported in the funds (373,353)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (88,325)

Net position of governmental activities 4,034,268

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
for the Fiscal Year ended June 30, 2024

	General Fund	Special Revenue Fund	Total Governmental Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
REVENUES:			
Local tax levy	\$ 2,594,142		2,594,142
Interest	150		150
Tuition	525,245		525,245
Miscellaneous	10,917		10,917
Local sources		4,582	4,582
State sources	502,846	-	502,846
Federal sources	-	107,278	107,278
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Revenues	3,633,300	111,860	3,745,160
	<u>                    </u>	<u>                    </u>	<u>                    </u>
EXPENDITURES:			
Current expense			
Instruction	714,849	20,294	735,143
Special education instruction	73,523		73,523
Other instruction	124,338		124,338
Support services and undistributed costs:			
Tuition	523,019	48,018	571,037
Student & instruction related services	429,949	38,758	468,707
School administrative services	36,376		36,376
Other administrative services	130,779		130,779
Central services	30,417		30,417
Plant operations and maintenance	301,684		301,684
Pupil transportation	63,704		63,704
Unallocated benefits	836,446		836,446
Capital outlay	9,955	5,241	15,196
Special Schools	4,760		4,760
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Expenditures	3,279,799	112,311	3,392,110
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Excess (deficiency) of revenues over (under) expenditures	353,501	(451)	353,050
Other financing sources (uses):	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total other financing sources (uses)	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net change in fund balances	353,501	(451)	353,050
Fund Balances, July 1	912,400	8,252	920,652
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund Balances, June 30	\$ 1,265,901	7,801	1,273,702
	<u>                    </u>	<u>                    </u>	<u>                    </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, 2024

Total net change in fund balances - governmental funds (from B-2) \$ 353,050

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	(218,665)	
Capital outlays	<u>32,803</u>	(185,862)

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	40,614	
Cost of benefits earned, net of employee contributions	<u>(45,311)</u>	(4,697)

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 (+).

(1,775)

<b>Change in net position of governmental activities:</b>	<b>\$ 160,716</b>
-----------------------------------------------------------	-------------------

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**

## Statement of Net Position

## Proprietary Funds

June 30, 2024

	Non Major Funds	
	Business-type Activities -	Governmental
	Enterprise Funds	Activities
	After School	Internal Service
	Program Fund	Fund
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	12,951	6,112
Accounts receivable		3,937
Interfund receivable		
Inventories		
Total current assets	12,951	10,049
Noncurrent assets:		
Furniture, machinery & equipment		
Less accumulated depreciation		
Total noncurrent assets	-	-
Total assets	12,951	10,049
<b>Liabilities</b>		
Current liabilities		
Interfund payable	-	5,396
Accounts payable	-	4,653
Total current liabilities	-	10,049
Total liabilities	-	10,049
<b>NET POSITION/(DEFICIT)</b>		
Invested in capital assets, net of related debt	-	-
Unrestricted	12,951	-
Total net position	12,951	-

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, 2024

	Non Major Funds	
	Business-type Activities - Enterprise Funds	Governmental Activities
	After School Program Fund	Internal Service Fund
OPERATING REVENUES:		
Local sources:		
Other revenue	21,838	195,719
Total Operating Revenues	21,838	195,719
OPERATING EXPENSES:		
Salaries	13,915	133,402
Other Objects	-	8,933
Employee Benefits	-	26,498
General Supplies	40	26,886
Total Operating Expenses	13,955	195,719
Operating profit	7,883	-
Net loss before contributions and transfers	7,883	-
OPERATING TRANSFERS:		
Transfers in - General Fund	-	-
Change in net position	7,883	-
Total net position - beginning	5,068	-
Total net position - ending	12,951	-

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, 2024

	Non Major Funds	
	Business-type Activities - Enterprise Funds	Governmental Activities
	After School Program Fund	Internal Service Fund
Cash Flows from Operating Activities		
Receipts from customers and others	\$ 21,838	201,000
Payments to employees	(13,915)	(133,402)
Payments for employee benefits		(26,498)
Payments to suppliers	(40)	(35,581)
Net cash provided by (used for) operating activities	7,883	5,519
Cash Flows from Noncapital Financing Activities		
Interfund Activity	-	-
Net cash provided by noncapital financing activities	-	-
Net increase in cash and cash equivalent	7,883	5,519
Balances - beginning of year	5,068	593
Balances - end of year	\$ 12,951	6,112
Reconciliation of operating loss to net cash used by operating activities		
Operating income	7,883	-
Adjustments to reconcile operating loss to cash used by operating activities		
Change in assets and liabilities		
(Increase)/Decrease in Accounts Receivable	-	5,281
Increase/(Decrease) in Accounts Payable	-	238
Total adjustments	-	5,519
Net cash provided/(used) by operating activities	7,883	5,519

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, 2024**

**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, 2024, of 78 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, 2024  
(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, 2024  
(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, 2024  
(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, 2024  
(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, 2024  
(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, 2024  
(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 2023-24 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, 2024  
(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 June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, "Compensated Absences". This statement is effective for fiscal years beginning after December 15, 2023 and will not have any effect on the District's financial reporting.

In December 2023, the Governmental Accounting Standards Board (GASB) issued Statement No. 102, "Certain Risk Disclosures". This statement is effective for fiscal years beginning after June 15, 2024 and will not have any effect on the District's financial reporting.

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, "Financial Reporting Model Improvements". This statement is effective for fiscal years beginning after June 15, 2025 and will not have any effect on the District's financial reporting.

**NOTE 2. INVESTMENTS**

As of June 30, 2024, 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, 2024, \$0 of the government's bank balance of \$1,311,399 was exposed to custodial credit risk.

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024  
(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, 2023	\$	498,116
Interest Earned		100
Increase in Budget		239,126
		<hr/>
Ending Balance, June 20, 2024	\$	<u><u>737,342</u></u>

**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, 2024, the District has reserved \$275 for maintenance.

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
**(CONTINUED)**

**NOTE 6. FIXED ASSETS**

Capital asset activity for the year ended June 30, 2024, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
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	3,975,665			3,975,665
Site Improvements	848,643	26,981		875,624
Machinery and Equipment	1,238,983	5,822		1,244,805
Total capital assets being depreciated at historical cost	<u>6,063,291</u>	<u>32,803</u>	<u>-</u>	<u>6,096,094</u>
Less accumulated depreciation for	(3,065,815)	(218,665)		(3,284,480)
Total capital assets being depreciated, net of accumulated depreciation	<u>2,997,476</u>	<u>(185,862)</u>	<u>-</u>	<u>2,811,614</u>
Governmental activity capital assets, net	<u>\$ 3,408,106</u>	<u>\$ (185,862)</u>	<u>\$ -</u>	<u>\$ 3,222,244</u>

Depreciation expense as charged to governmental functions as follows:

Regular Instruction	\$ 109,331
Special Instruction	21,867
Student & Instruction Related Services	32,800
School Administration Services	21,867
General Administration Services	21,867
Central Services	10,933
	<u>\$ 218,665</u>

**NOTE 7. GENERAL LONG-TERM DEBT**

Long-term liability activity for the year ended June 30, 2024, was as follows:

	<u>Balance 6/30/2023</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 6/30/2024</u>	<u>Amounts Due in one year</u>
Compensated Absences Payable	\$ 86,550	\$ 1,775		\$ 88,325	-
Net Pension Liability	<u>458,540</u>		<u>18,393</u>	<u>440,147</u>	<u>-</u>
Total Long-term Obligations	<u>\$ 545,090</u>	<u>\$ 1,775</u>	<u>\$ 18,393</u>	<u>\$ 528,472</u>	<u>-</u>

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024  
(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, 2024  
(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 46.70% and the PERS rate is 17.61% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2024, 2023 and 2022 were \$305,139, \$318,338, and \$330,211 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, 2024, 2023 and 2022 were \$41,407, \$39,434 and \$35,084 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2024, 2023 and 2022, the State of New Jersey contributed \$83,048, \$83,627, and \$77,151 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 \$63,207, \$55,435, \$70,154 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, 2024  
(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 1/60<sup>th</sup> from 1/55<sup>th</sup>, 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 1/7<sup>th</sup> 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, 2023:

**Public Employees' Retirement System**

The District has a liability of \$440,147 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, 2023. 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, 2023, the District's proportion is 0.00303877080%, which is an increase of 0.01% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$4,696. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 4,208	\$ (1,799)
Changes of assumptions	967	(26,675)
Net difference between projected and actual earnings		
on pension plan investments	2,027	-
Changes in proportion	88,066	-
Total	<u>\$ 95,268</u>	<u>\$ (28,474)</u>

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

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,		
2025	\$	(97,129)
2026		15,299
2027		123,117
2028		23,024
2029		2,484
Total	\$	<u><u>66,794</u></u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. 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, 2022 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, 2023) 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, 2023 are summarized in the following table:



**BOROUGH OF STONE HARBOR SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	28.00%	8.98%
Non-U.S. developed markets equity	12.75%	9.22%
International small cap equity	1.25%	9.22%
Emerging markets equity	5.50%	11.13%
Private equity	13.00%	12.50%
Real estate	8.00%	8.58%
Real assets	3.00%	8.40%
High yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment grade credit	7.00%	5.19%
Cash equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk mitigation strategies	3.00%	6.21%

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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%)
District's proportionate share of the net pension liability	\$ 530,752	440,147	363,114

*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, 2023, 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.

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

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

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

District's proportionate share of the net pension liability	\$ -
State's proportionate share of the net position liability associated with the District	<u>3,919,544</u>
Total	<u><u>\$ 3,919,544</u></u>

The net pension liability was measured as of June 30, 2023 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, 2023, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2022.

For the year ended June 30, 2022, the District recognized pension expense of \$(223,724) and revenue of \$(223,724) for support provided by the State.

*Actuarial assumptions.* The total pension liability in the June 30, 2023 actuarial valuation was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. 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% - 4.25% (based on years of service)
Investment rate of return	7.00%

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

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

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, 2022 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, 2023) 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	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International small cap equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

***Discount rate.***

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
District's proportionate share of the net pension liability	\$ -	-	-
State's proportionate share of the net position liability associated with the District	\$ 4,621,854	3,919,544	3,328,032

*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, 2023 are as follows:

Deferred outflows of resources	\$ 2,413,548,676
Deferred inflows of resources	(14,741,373,312)
Net pension liability	51,109,961,824

Collective pension expense for the plan for the measurement period ended June 30, 2023 is \$1,255,623,033.

**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 2023 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

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds post-retirement medical benefits on a “pay-as-you-go” basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for “pay-as-you-go” PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State’s contribution to fund increases in prescription drugs and medical claims costs. In accordance with the provisions of GASBE Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent, from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

*Total OPEB Liability*

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA’s proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. 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, 2023, actuarial valuation reported by the State in the State’s most recently issued ACFR was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. 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*

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

*Mortality Rates*

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

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

"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, 2022 valuation were based on the results of the TPAF, PERS, and PFRS experience studies for the period July 1, 2018 to June 30, 2021.

100% of active members are considered to participate in the Plan upon retirement.

*Health Care Trend Assumptions*

For pre-Medicare medical benefits, the trend rate is initially 6.5% and decreases to a 4.5% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026, and decreases to 4.5% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026, and decreases to 4.5% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.5% and decreases to a 4.5% long-term trend rate after seven 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 3.65%. 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 6/30/23 (Based on 6/30/2022 measurement date)	\$ 50,646,262,966.00
Changes for the year:	
Service cost	2,136,235,476.00
Interest	1,844,113,951.00
Changes in Benefit Terms	-
Differences between Expected & Actual Experiences	(980,424,863.00)
Changes in assumptions or other inputs	105,539,463.00
Contributions: Member	47,258,104.00
Benefit payments	<u>(1,437,516,858.00)</u>
Net changes	<u>1,715,205,273.00</u>
Balance at 6/30/23 (Based on 6/30/2022 measurement date)	<u><u>\$ 52,361,468,239.00</u></u>

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

The following presents the total OPEB liability as of June 20, 2023, 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:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability	\$ 61,385,066,712.00	\$ 52,361,668,239.00	\$ 45,116,926,835.00

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

*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, 2023, 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:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability (School Retirees)	\$ 43,468,257,358.00	\$ 52,361,668,239.00	\$ 63,998,719,320.00

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

For the year ended June 30, 2023, the board of education recognized OPEB expense of (\$1,007,154) 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, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 7,639,717,639.00	\$ (13,791,541,217.00)
Changes in assumptions	7,445,895,322.00	(14,449,948,556.00)
	<u>\$ 15,085,612,961.00</u>	<u>\$ (28,241,489,773.00)</u>

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:

<u>Year Ended June 30,</u>	
2024	\$ (2,611,225,301.00)
2025	(2,611,225,301.00)
2026	(2,269,523,460.00)
2027	(1,338,024,839.00)
2028	(273,877,609.00)
Thereafter	<u>(4,052,000,302.00)</u>
	<u>\$ (13,155,876,812.00)</u>

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

(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.



**BOROUGH OF STONE HARBOR SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

**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 \$1,265,901 General Fund fund balance at June 30, 2024, \$87,413 is reserved for encumbrances; \$144,665 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$48,261 has been anticipated as revenue in the 2024-2025 budget, \$737,342 has been reserved in the Capital Reserve Account; \$275 has been reserved in the Maintenance Reserve Account; \$13,225 has been reserved in the Emergency Reserve Account; \$33,834 has been reserved for Unemployment Claims; and \$249,147 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, 2024, 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, 2024 is \$144,665, of which \$48,261 has been appropriated and included as anticipated revenue for the year ended June 30, 2025.

**NOTE 17. INTERFUND RECEIVABLES AND PAYABLES**

As of June 30, 2024, an interfund remained on the various balance sheets of the Borough of Stone Harbor Board of Education.

	From	To
	<hr/>	<hr/>
General Fund	\$ 99,922	\$
Special Revenue Fund		94,526
Internal Service Fund		5,396
	<hr/>	<hr/>
	\$ 99,922	\$ 99,922
	<hr/>	<hr/>

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.

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

**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, 2024 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>
2023-2024	\$	2,585	\$	19	\$	1,196	\$	33,834
2022-2023		1,923		18		14,761		32,426
2021-2022		2,051		4		-		45,246

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 2023-2024 governmental operations.

**NOTE 20. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through November 15, 2024, 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**

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 for the Fiscal Year ended June 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 2,594,142		2,594,142	2,594,142	-
Interest earned	150		150	150	-
Tuition - individuals	140,750		140,750	111,245	(29,505)
Tuition - other LEA's	414,000		414,000	414,000	-
Other Restricted Miscellaneous Revenues	-		-	1,408	1,408
Miscellaneous			-	9,509	9,509
<b>Total local sources</b>	<b>3,149,042</b>	<b>-</b>	<b>3,149,042</b>	<b>3,130,454</b>	<b>(18,588)</b>
State sources:					
Special Education Aid	28,062		28,062	28,062	-
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)			-	305,139	305,139
On behalf TPAF Pension					
Post-Retirement Medical (non-budgeted)			-	83,048	83,048
On behalf TPAF Pension					
Long-Term Disability Insurance (non-budgeted)			-	105	105
Reimbursed TPAF Social Security					
Contributions (non-budgeted)			-	63,207	63,207
<b>Total state sources</b>	<b>51,952</b>	<b>-</b>	<b>51,952</b>	<b>503,451</b>	<b>451,499</b>
<b>Total Revenues</b>	<b>3,200,994</b>	<b>-</b>	<b>3,200,994</b>	<b>3,633,905</b>	<b>432,911</b>

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 for the Fiscal Year ended June 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Regular programs - Instruction:					
Salaries of teachers:					
Kindergarten	110,318	(13,000)	97,318	96,398	920
Grades 1 - 5	462,562	(65,120)	397,442	395,710	1,732
Regular programs - home instruction:					
Salaries of teachers	250	-	250	-	250
Regular programs - undistributed instruction:					
Other salaries for instruction	48,160	-	48,160	46,699	1,461
Purchased professional/					
educational services	103,219	(10,651)	92,568	92,451	117
Purchased technical services	500	-	500	-	500
Other purchased services	26,796	8,070	34,866	32,793	2,073
General supplies	62,796	(22,137)	40,659	32,777	7,882
General supplies - Computers	-	14,586	14,586	14,503	83
Textbooks	5,000	(5,000)	-	-	-
Other objects	5,000	-	5,000	3,518	1,482
Total regular programs	824,601	(93,252)	731,349	714,849	16,500
Resource room/Resource center:					
Salaries of teachers	67,612	5,000	72,612	72,332	280
General supplies	2,000	(809)	1,191	1,191	-
Textbooks	100	(66)	34	-	34
Total resource room/resource center	69,712	4,125	73,837	73,523	314
Total special education - instruction	69,712	4,125	73,837	73,523	314
Basis Skills/Remedial - instruction:					
Salaries of teachers	104,772	2,375	107,147	107,147	-
General Supplies	1,500	(1,500)	-	-	-
Total Basic Skills/Remedial	106,272	875	107,147	107,147	-

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 for the Fiscal Year ended June 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
School sponsored cocurricular activities - instruction:					
Salaries	9,975		9,975	5,125	4,850
Purchased professional/educational services	-	4,500	4,500	4,500	-
Other purchased services	13,966	(4,500)	9,466	7,466	2,000
Supplies and Materials	5,000		5,000	100	4,900
Total school sponsored cocurricular activities - instruction	28,941	-	28,941	17,191	11,750
Total - Instruction	1,029,526	(88,252)	941,274	912,710	28,564
Undistributed expenditures - Instruction:					
Tuition to other LEA's within the state - regular	461,647		461,647	461,647	-
Tuition to other LEA's within the state - special	3,673		3,673	3,673	-
Tuition to CSSD & Reg Day Schools	45,550	2,404	47,954	47,903	51
Tuition - County Voc. School District - Regular	-		-	-	-
Tuition - other	9,796		9,796	9,796	-
Total undistributed expenditures - instruction	520,666	2,404	523,070	523,019	51
Undistributed expenditures - Attendance & Social Work					
Salaries	11,541	830	12,371	12,370	1
Purchased professional and technical services	15,211	1,726	16,937	16,937	-
Other Purchased Services	1,500	(1,425)	75	-	75
Total undistributed expenditures - attendance & social work	28,252	1,131	29,383	29,307	76
Undistributed expenditures - Health services:					
Salaries	1,750	(1,466)	284	-	284
Purchased professional and technical services	114,494	7,518	122,012	121,780	232
Supplies and materials	3,148	(1,094)	2,054	951	1,103
Total undistributed expenditures - health services	119,392	4,958	124,350	122,731	1,619

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 for the Fiscal Year ended June 30, 2024

	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	2,005	4,501	6,506	4,931	1,575
Total undistributed expenditures - other support services - students - speech, OT, PT and related services:	2,005	4,501	6,506	4,931	1,575
Undistributed expenditures - Other support services - Guidance	-	27,152	27,152	19,722	7,430
Salaries of Other Prof Staff	64,959	(38,871)	26,088	10,131	15,957
Other purchased prof. and tech. services	1,000	(116)	884	440	444
Total undistributed expenditures - other support services - Guidance	65,959	(11,835)	54,124	30,293	23,831
Undistributed expenditures - other support services - students - Child Study Team:					
Salaries of secretaries and clerical assistants	5,812	980	6,792	6,792	-
Purchased professional educational services	56,651	505	57,156	57,155	1
Other purchased prof. and tech. services	4,711	1,498	6,209	6,209	-
Supplies and Materials	31	360	391	348	43
Total undistributed expenditures - other support services - students - Child Study Teams	67,205	3,343	70,548	70,504	44
Undistributed expenditures - Improvement of instruction services:					
Salaries of Supervisor of Instruction	78,527	6,565	85,092	85,092	-
Salaries of Other Prof. Staff	1,000	(1,000)	-	-	-
Purchased professional educational services	-	4,863	4,863	562	4,301
Other purchased prof. and tech. services	13,777	(145)	13,632	13,628	4
Supplies and materials	1,000	1,147	2,147	2,054	93
Other Objects	1,500	(1,378)	122	-	122
Total undistributed expenditures - improvement of instruction services	95,804	10,052	105,856	101,336	4,520



**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 for the Fiscal Year ended June 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed expenditures - educational media services/school library:					
Salaries	15,380	12,761	28,141	26,403	1,738
Purchased professional and technical services	26,977	(25,158)	1,819	1,396	423
Other purchased services	500		500		500
Supplies and materials	7,046	(1,726)	5,320	3,695	1,625
Total undistributed expenditures - educational media services/school library	49,903	(14,123)	35,780	31,494	4,286
Undistributed expenditures - instruction staff training services					
Other purchased prof. educational services	5,000	4,102	9,102	9,100	2
Other purchases professional and technical services	21,553	3,254	24,807	24,806	1
Other purchased services	4,080	1,275	5,355	5,355	-
Supplies and materials	500	(408)	92	92	-
Total undistributed expenditures - instructional staff training services	31,133	8,223	39,356	39,353	3
Undistributed expenditures - Support services - general administration:					
Salaries	39,959	-	39,959	35,887	4,072
Legal services	9,500	3,574	13,074	8,328	4,746
Audit fees	9,000	1,000	10,000	10,000	-
Other purchased professional services	52,925	6,867	59,792	58,600	1,192
Purchased technical services	400	-	400	-	400
Communications/telephone	5,835	(532)	5,303	3,642	1,661
BOE other purchased services	750	-	750	550	200
Other purchased services	8,887	1,435	10,322	10,176	146
Supplies and materials	1,500	541	2,041	784	1,257
Miscellaneous expenditures	2,250	(315)	1,935	-	1,935
BOE membership dues and fees	2,500	315	2,815	2,812	3
Total undistributed expenditures - support services - general administration	133,506	12,885	146,391	130,779	15,612
Undistributed expenditures - Support services school administration:					
Salaries of Other Professional Staff	-	3,943	-	8,932	3,978
Salaries of secretarial and clerical assistants	8,967	-	12,910	-	-
Purchased professional and tech. services	25,864	-	25,864	25,864	-
Other purchased services	500	-	500	-	500
Supplies and materials	3,000	-	3,000	820	2,180
Other objects	1,500	-	1,500	760	740
Total undistributed expenditures - support services school administration	39,831	3,943	43,774	36,376	7,398
Undistributed expenditures - Central services					
Purchased professional services	18,843	2,000	20,843	18,842	2,001
Purchased technical services	10,000	3,117	13,117	11,450	1,667
Miscellaneous purchased services	750	(150)	600	-	600
Supplies and materials	2,000	(1,840)	160	125	35
Total Undistributed expenditures - central services	31,593	3,127	34,720	30,417	4,303

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 for the Fiscal Year ended June 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed expenditures - Maintenance of school property:					
Salaries	23,118	840	23,958	23,958	-
Cleaning, repair and maintenance	63,841	(1,117)	62,724	49,866	12,858
Supplies and materials	3,090		3,090	1,629	1,461
<b>Total undistributed expenditures - maintenance of school property</b>	<b>90,049</b>	<b>(277)</b>	<b>89,772</b>	<b>75,453</b>	<b>14,319</b>
Undistributed expenditures - Operation and maintenance of plant services:					
Salaries	59,630	1,694	61,324	61,323	1
Purchased professional and technical services	29,683	(6,215)	23,468	18,887	4,581
Cleaning, repair and maintenance services	15,000	6,215	21,215	17,263	3,952
Rental of Land & Buildings	2,000	-	2,000	1,815	185
Other Purchased Property Services	5,000	8,000	13,000	12,998	2
Insurance	35,115	(435)	34,680	34,680	-
General supplies	12,500	(1,694)	10,806	9,899	907
Energy (natural gas)	22,500	340	22,840	22,758	82
Energy (electricity)	45,000	4,415	49,415	46,558	2,857
<b>Total undistributed expenditures - operation and maintenance of plant services</b>	<b>226,428</b>	<b>12,320</b>	<b>238,748</b>	<b>226,181</b>	<b>12,567</b>
Undistributed expenditures - student transportation services:					
Salaries for pupil transportation					
(Between home and school) - regular	1,453	911	2,364	2,363	1
Salaries for pupil transportation non-public	7,266	1,227	8,493	8,492	1
Other Purchased Prof. and technical Services	6,645	4,463	11,108	9,697	1,411
Contracted services (other than between home and school) - vendors	5,500	(1,888)	3,612	963	2,649
Contracted services (bet. home & sch) joint agreements	29,535	-	29,535	29,535	-
Contracted services (special education students) - ECS & CTSA	12,820	133	12,953	12,654	299
General Supplies			-		-
<b>Total undistributed expenditures student transportation services</b>	<b>63,219</b>	<b>4,846</b>	<b>68,065</b>	<b>63,704</b>	<b>4,361</b>

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 for the Fiscal Year ended June 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Unallocated Benefits					
Social security	25,000	4,349	29,349	29,349	-
Other retirement contributions - PERS	36,000	16,744	52,744	41,407	11,337
Unemployment compensation	2,000	(1,000)	1,000	862	138
Workmen's compensation	18,500	(8,353)	10,147	10,138	9
Health benefits	281,583	2,686	284,269	279,660	4,609
Tuition reimbursement	7,500	(5,271)	2,229	2,229	-
Other employee benefits	35,000	29,942	64,942	21,302	43,640
<b>Total Regular Program Instruction Employee Benefits</b>	<b>405,583</b>	<b>39,097</b>	<b>444,680</b>	<b>384,947</b>	<b>59,733</b>
On behalf TPAF Pension					
Contributions (non-budgeted)			-	305,139	(305,139)
On behalf TPAF Pension					
Post-Retirement Medical (non-budgeted)			-	83,048	(83,048)
On behalf TPAF Pension					
Long-Term Disability (non-budgeted)			-	105	(105)
Reimbursed TPAF Social Security					
Contributions (non-budgeted)			-	63,207	(63,207)
<b>Total on-behalf contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>451,499</b>	<b>(451,499)</b>
<b>Total undistributed expenditures</b>	<b>1,970,528</b>	<b>84,595</b>	<b>2,055,123</b>	<b>2,352,324</b>	<b>(297,201)</b>
Interest Earned on Emergency Reserve	25		25	25	-
Interest Earned on Maintenance Reserve	25		25	25	-
<b>Total current expense</b>	<b>3,000,104</b>	<b>(3,657)</b>	<b>2,996,447</b>	<b>3,265,084</b>	<b>(268,637)</b>
Capital Outlay:					
Instruction					
Equipment					
Undist. Expend. - Security	-		-		-
Undist. Expend. - Custodial Services	6,000		6,000	5,821	179
<b>Total equipment</b>	<b>6,000</b>	<b>-</b>	<b>6,000</b>	<b>5,821</b>	<b>179</b>
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	20,000	-	20,000	-	20,000
Construction Services	-		-		-
Assessment for Debt Service on SDA funding	3,664	370	4,034	4,034	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>23,664</b>	<b>370</b>	<b>24,034</b>	<b>4,034</b>	<b>20,000</b>
Interest Deposit to Capital Reserve	100		100	100	-
<b>Total Capital Outlay</b>	<b>29,764</b>	<b>370</b>	<b>30,134</b>	<b>9,955</b>	<b>20,179</b>

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 for the Fiscal Year ended June 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Special Schools:					
Summer School - Instruction					
Salaries of teachers	2,000	1,227	3,227	3,227	-
General supplies	395	526	921		921
Total summer school - instruction	2,395	1,753	4,148	3,227	921
Summer School - Support Services					
Health Services		1,534	1,534	1,533	1
Total summer school - support services	-	1,534	1,534	1,533	1
Total Special Schools	2,395	3,287	5,682	4,760	922
Total Expenditures	3,032,263	-	3,032,263	3,279,799	(247,536)
Excess (deficiency) of revenues over (under) expenditures	168,731	-	168,731	354,106	185,375
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	168,731	-	168,731	354,106	185,375
Fund Balances, July 1	912,648		912,648	912,648	-
Fund Balances, June 30	\$ 1,081,379	-	1,081,379	1,266,754	185,375
<b>Recapitulation of Fund Balance:</b>					
<b>Restricted Fund Balance:</b>					
Reserve for Excess Surplus				96,404	
Excess Surplus Designated for Subsequent Years Expenditures				48,261	
Unemployment Compensation				33,834	
<b>Committed Fund Balance:</b>					
Maintenance Reserve				275	
Capital Reserve				737,342	
Emergency Reserve				13,225	
<b>Assigned Fund Balance:</b>					
Reserve for Encumbrances				87,413	
<b>Unassigned Fund Balance</b>				250,000	
				<u>1,266,754</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid payment not recognized on GAAP basis				(853)	
Fund Balance per Governmental Funds (GAAP)				<u>1,265,901</u>	

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**

Budgetary Comparison Schedule

Special Revenue Fund

for the Fiscal Year ended June 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>REVENUES:</b>					
<b>Local Sources</b>					
AtlantiCare Garden Grant		750	750	750	-
Scholarship Fund			-	1	1
Student Activities			-	3,831	3,831
<b>Total local sources</b>	-	750	750	4,582	3,832
<b>Federal sources:</b>					
I.D.E.A., Part B	25,948	(9,066)	16,882	16,882	-
I.D.E.A., Preschool	2,023	332	2,355	2,355	-
American Rescue Plan - Non Title I		6,499	6,499	6,499	-
Learning Acceleration Grant - CRRSA		1,600	1,600	1,600	-
ARP ESSER Subgrant - Accelerated Learning and Coaching	50,000	-	50,000	50,000	-
ARP ESSER Subgrant - Summer Learning and Enrichment	5,499	(1,999)	3,500	3,500	-
American Rescue Plan - ESSER - Beyond School Day		11,656	11,656	11,656	-
American Rescue Plan - Mental Health Grant		30,153	30,153	30,153	-
<b>Total federal sources</b>	83,470	39,175	122,645	122,645	-
<b>Total Revenues</b>	83,470	39,925	123,395	127,227	3,832

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**

Budgetary Comparison Schedule

Special Revenue Fund

for the Fiscal Year ended June 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers		13,482	13,482	13,482	-
Other Purchased Services		2,355	2,355	2,355	-
General Supplies		4,217	4,217	4,217	-
Total instruction	-	20,054	20,054	20,054	-
Support services					
Other Salaries		34,475	34,475	34,475	-
Purchased Services - Employee Benefits		15,514	15,514	15,514	-
Other Purchased Professional and Technical Services	83,470	(35,452)	48,018	48,018	-
General Supplies		93	93	93	-
Student Activities		-	-	4,283	(4,283)
Total support services	83,470	14,630	98,100	102,383	(4,283)
Capital Outlay					
Construction Services		5,241	5,241	5,241	-
Total capital outlay	-	5,241	5,241	5,241	-
Total Expenditures	83,470	39,925	123,395	127,678	(4,283)
Excess (deficiency) of revenues over (under) expenditures	\$ -	-	-	(451)	(451)
Fund Balance, July 1				8,252	
Fund Balance, June 30				<u>7,801</u>	
Recapitulation:					
Restricted:					
Scholarships				2,112	
Student Activities				5,689	
Total Fund Balance				<u>7,801</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, 2024

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

	General Fund	Special Revenue
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 3,633,905	127,227
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		240
Current year		(15,607)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	248	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(853)	
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>3,633,300</u>	<u>111,860</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	3,279,799	127,678
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		240
Current year		(15,607)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,279,799</u>	<u>112,311</u>

{THIS PAGE IS INTENTIONALLY LEFT BLANK}



**Required Supplemental Information**  
**Part III**

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**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**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0030387708%	0.0030384251%	0.0029857744%	0.0021095122%	0.0020902525%	0.0018828224%	0.0018585776%	0.0021168733%	0.0016612157%	0.0016022842%
District's proportionate of the net pension liability (asset)	\$ 440,147	\$ 458,540	\$ 354,894	\$ 344,006	\$ 376,632	\$ 370,718	\$ 625,957	\$ 372,910	\$ 340,803	\$ 295,991
District's covered payroll	\$ 236,268	\$ 282,508	\$ 223,579	\$ 223,932	\$ 222,075	\$ 148,536	\$ 132,462	\$ 114,011	\$ 146,513	\$ 114,350
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	186.29%	162.31%	158.73%	153.62%	169.60%	249.58%	473.31%	232.61%	232.61%	262.34%
Plan fiduciary net position as a percentage of the total pension liability	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

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**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 40,614	\$ 38,316	\$ 35,084	\$ 23,077	\$ 20,332	\$ 18,728	\$ 18,806	\$ 15,537	\$ 13,209	\$ 14,200
Contributions in relation to the contractually required contribution	40,614	38,316	35,084	23,077	20,332	18,728	18,806	15,537	13,209	14,200
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 236,268	\$ 282,508	\$ 223,579	\$ 223,932	\$ 222,075	\$ 148,536	\$ 132,462	\$ 114,011	\$ 146,513	\$ 114,350
Contributions as a percentage of covered-employee payroll	17.19%	13.56%	15.69%	10.31%	9.16%	12.61%	14.20%	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**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	3,919,544	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
Total	<u>\$ 3,919,544</u>	<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>
District's covered payroll	\$ 844,914	\$ 739,054	\$ 957,076	\$ 905,346	\$ 836,623	\$ 909,754	\$ 923,245	\$ 926,822	\$ 990,706	\$ 976,233
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	34.68%	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%

Source: GASB 68 report on Teacher's Pension and Annuity Fund; 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 Eight Fiscal Years**

	2023	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%	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	\$ 5,318,585	\$ 5,287,416	\$ 5,980,225	\$ 6,099,923	\$ 3,684,195	\$ 4,147,928	\$ 5,050,276	\$ 5,417,806
<b>Total</b>	<b>\$ 5,318,585</b>	<b>\$ 5,287,416</b>	<b>\$ 5,980,225</b>	<b>\$ 6,099,923</b>	<b>\$ 3,684,195</b>	<b>\$ 4,147,928</b>	<b>\$ 5,050,276</b>	<b>\$ 5,417,806</b>
District's covered payroll	\$ 1,081,182	\$ 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%	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%	0.00%
State's proportionate share of OPEB associated with the District:								
Service Cost	151,654	187,429	186,894	112,315	100,635	137,098.00	163,407.00	
Interest Cost	187,314	140,122	155,133	131,091	162,316	183,808.00	157,470.00	
Change in Benefit Terms	-	-	(6,365)	-	-	-	-	-
Differences between Expected & Actual	(177,305)	532,379	(343,024)	1,161,052	(671,874)	(640,178.00)	-	-
Changes in Assumptions	10,720	(1,418,397)	5,900	1,114,246	54,932	(475,995.00)	(575,739.00)	
Member Contributions	4,800	4,453	3,966	3,219	3,352	3,833.00	4,307.00	
Benefit Payments	(146,014)	(138,795)	(122,202)	(106,195)	(113,094)	(110,914.00)	(116,975.00)	
Change in Total Opeb Liability	31,169	(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	5,287,416	5,980,225	6,099,923	3,684,195	4,147,928	5,050,276	5,417,806	
Ending Balance	\$ 5,318,585	\$ 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	491.92%	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 eight years.  
Additional years will be presented as they become available.

## **Supplementary Information**

{THIS PAGE IS INTENTIONALLY LEFT BLANK}



**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
Combining Schedule of Revenues and Expenditure  
Budgetary Basis  
for the Fiscal Year ended June 30, 2024

	I.D.E.A. Part B	I.D.E.A. Part B - Preschool	American Rescue Plan Acad Learning Coac	Learning Accelerator Grant CRSSA	American Rescue Plan Non Title I	American Rescue Plan Summer Enrichment	American Rescue Plan Beyond School Day	American Rescue Plan Mental Health Grant	AllantiCare Garden Grant	Scholarship Fund	Student Activity Fund	Totals
<b>REVENUES</b>												
Federal sources	16,882	2,355	50,000	1,600	6,499	3,500	11,656	30,153	750	1	3,831	122,645
Local sources												4,582
Total Revenue	16,882	2,355	50,000	1,600	6,499	3,500	11,656	30,153	750	1	3,831	127,227
<b>EXPENDITURES</b>												
Instruction												
Salaries of Teachers				-		3,407	10,075					13,482
Supplies		2,355	11		1,258	-	1,581	617	750			2,355
Capital outlay												4,217
Total Instruction	-	2,355	11	-	1,258	3,407	11,656	617	750	-	-	20,054
Support services												
Other Salaries			34,475									34,475
Professional services	16,882	-	15,514	1,600		93	-	29,536				35,022
Other purchased professional and tech. services												48,018
Supplies												93
Student Activities											4,283	4,283
Total support services	16,882	-	49,989	1,600	-	93	-	29,536	-	-	4,283	102,383
Capital outlay												
Non Instructional Equipmen												-
Construction Services												5,241
Total capital outlay	-	-	-	-	5,241	-	-	-	-	-	-	5,241
Total Expenditures	16,882	2,355	50,000	1,600	6,499	3,500	11,656	30,153	750	-	4,283	127,678
Excess (Deficiency) of Revenues Over (Under)	-	-	-	-	-	-	-	-	-	1	(452)	(451)
Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	2,111	6,141	8,252
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-	-	-
Restatement	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, July 1 (Restated)	-	-	-	-	-	-	-	-	-	2,111	6,141	8,252
Fund Balance, June 30	-	-	-	-	-	-	-	-	-	2,112	5,689	7,801

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

## **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.

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

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

	For the Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Governmental activities</b>										
Net investment in capital assets										
Restricted	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	3,222,244
Unrestricted*	758,704	780,486	822,953	1,047,170	848,947	851,214	801,382	919,990	711,578	1,066,190
Unrestricted*	(214,499)	(228,763)	(268,245)	(265,967)	(271,598)	(271,177)	(314,709)	(286,564)	(246,132)	(254,166)
Total governmental activities net position	<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>	<u>4,034,268</u>
<b>Business-type activities</b>										
Net investment in capital assets										
Restricted	1,077	1,077	(11,374)	(12,489)	(5,068)	5,068	5,068	5,068	5,068	12,951
Unrestricted	<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>	<u>12,951</u>
Total business-type activities net position										
<b>District-wide</b>										
Net investment in capital assets										
Restricted	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	3,222,244
Restricted	758,704	780,486	822,953	1,047,170	848,947	851,214	801,382	919,990	711,578	1,066,190
Unrestricted	(213,422)	(227,686)	(279,619)	(278,456)	(276,666)	(266,109)	(309,641)	(281,496)	(241,064)	(241,215)
Total district net position	<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>	<u>4,047,219</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,					
	2015	2016	2017	2018	2019	2020
						2021
						2022
						2023
						2024
<b>Expenses</b>						
Governmental activities						
Instruction						
Regular	1,054,873	1,121,525	1,336,009	1,555,586	1,426,737	1,302,766
Special education	160,655	149,805	157,826	164,440	157,792	158,510
Other instruction	32,674	35,545	100,063	200,205	167,261	190,748
Adult/continuing education programs						
Support Services:						
Tuition	745,152	722,129	689,862	564,938	471,475	470,735
Student & instruction related services	404,955	434,731	482,116	500,901	544,557	539,491
School administrative services	98,702	93,040	106,783	111,745	129,908	147,481
Other administrative services	149,288	179,487	211,317	172,431	160,072	176,640
Plant operations and maintenance	563,572	399,244	373,612	422,274	383,478	393,354
Pupil transportation	55,572	67,197	73,900	70,593	75,365	66,569
Internal service	72,122	163,364	172,311	236,413	266,822	283,171
Interest on long-term debt	-	3,742	-	1,859	2,830	2,929
Special Schools						3,751
Total governmental activities expenses	3,337,565	3,369,809	3,703,799	4,001,385	3,786,297	3,732,394
Business-type activities:						
Milk Fund	-	-	-	-	23,312	-
After School Program	-	-	-	28,966	17,334	-
Total business-type activities expense	-	-	-	28,966	17,334	-
Total district expenses	3,337,565	3,369,809	3,703,799	4,030,351	3,809,609	3,749,728
<b>Program Revenues</b>						
Governmental activities:						
Charges for Services	569,522	647,414	603,931	650,641	705,462	718,781
Central and other support services	305,266	451,135	615,609	761,708	581,924	413,527
Operating grants and contributions						
Total governmental activities program revenues	874,788	1,098,549	1,219,540	1,412,349	1,287,386	1,132,308
Business-type activities:						
Charges for services	-	-	-	-	-	-
Milk Fund				28,928	15,733	8,152
After School Program						
Operating grants and contributions						
Capital grants and contributions						
Total business type activities program revenues	-	-	-	28,928	15,733	8,152
Total district program revenues	874,788	1,098,549	1,219,540	1,441,277	1,303,119	1,140,460
<b>Net (Expense)/Revenue</b>						
Governmental activities	(2,462,777)	(2,271,260)	(2,484,259)	(2,589,036)	(2,498,911)	(2,600,086)
Business-type activities	-	-	-	(38)	(7,579)	(9,182)
Total district-wide net expense	(2,462,777)	(2,271,260)	(2,484,259)	(2,589,074)	(2,506,490)	(2,609,268)

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

	For the Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	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	2,594,142
Taxes levied for debt service	214,869	211,978	211,130	217,678	52,694	50,940	48,637	47,925	51,201	51,346
Unrestricted grants and contributions	142,397	-	-	-	-	-	-	-	-	-
Restricted grants and contributions	463	427	494	549	200	200	200	150	156	150
Investment earnings	1,188	15,731	5,395	379	837	1,696	3,540	5,643	8,289	10,917
Miscellaneous income	-	-	(25,045)	-	-	-	-	-	-	-
Cancellation of Prior Year Receivable	-	-	(29,426)	(7,184)	-	(19,106)	-	-	-	-
Loss on Disposal of Fixed Assets	-	4,404	-	1,077	(15,000)	(19,318)	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	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	2,656,555
Business-type activities:										
Investment earnings	-	-	-	(1,077)	15,000	19,318	-	-	-	-
Transfers	-	-	-	(1,077)	15,000	19,318	-	-	-	-
Total business-type activities	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	2,656,555
Total district-wide										
<b>Change in Net Position</b>										
Governmental activities	292,725	357,865	122,805	116,871	83,096	8,468	42,836	190,898	(61,502)	160,716
Business-type activities	-	-	-	(1,115)	7,421	10,136	-	-	-	7,883
Total district	292,725	357,865	122,805	115,756	90,517	18,604	42,836	190,898	(61,502)	168,599

Source: ACFR Schedule A-2

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>General Fund</b>										
Restricted	144,441	223,824	223,824	124,583	201,513	187,328	239,908	197,472	146,594	178,499
Committed	600,105	555,206	555,306	920,656	558,804	659,004	478,431	488,979	511,566	750,842
Assigned	14,158	1,456	43,823	1,931	88,630	4,882	25,566	169,911	4,488	87,413
Unassigned	244,257	245,543	240,139	245,070	245,423	245,287	245,849	245,805	249,752	249,147
<b>Total general fund</b>	<b>1,002,961</b>	<b>1,026,029</b>	<b>1,063,092</b>	<b>1,292,240</b>	<b>1,094,370</b>	<b>1,096,501</b>	<b>989,754</b>	<b>1,102,167</b>	<b>912,400</b>	<b>1,265,901</b>
<b>All Other Governmental Funds</b>										
Restricted							7,143	9,191	8,252	7,801
Assigned	12,351	12,351	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Capital projects fund	1,967	1,967	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>14,318</b>	<b>14,318</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,143</b>	<b>9,191</b>	<b>8,252</b>	<b>7,801</b>

Source: ACFR Schedule B-1



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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenues</b>										
Tax levy	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	2,594,142
Tuition charges	497,400	484,050	431,620	414,228	438,640	435,610	420,880	517,190	511,750	525,245
Interest earning	463	427	494	549	200	200	200	150	156	150
Miscellaneous	4,318	16,865	8,169	1,479	4,247	3,686	11,880	16,058	13,948	15,499
State sources	413,381	289,107	319,360	516,229	373,404	370,010	404,648	545,551	508,734	502,846
Federal sources	12,537	28,092	11,925	12,628	17,013	20,656	22,092	83,458	153,270	107,278
	<u>3,324,684</u>	<u>3,215,126</u>	<u>3,216,084</u>	<u>3,438,521</u>	<u>3,376,760</u>	<u>3,424,314</u>	<u>3,453,852</u>	<u>3,756,549</u>	<u>3,782,000</u>	<u>3,745,160</u>
Total revenue										
<b>Expenditures</b>										
Instruction										
Regular instructor	883,039	813,375	879,251	980,603	958,652	873,045	946,994	879,097	894,306	735,143
Special education instructor	111,122	96,661	98,877	100,896	104,760	107,204	83,949	64,263	65,608	73,523
Other instructor	24,595	25,431	68,874	135,115	124,512	148,166	112,135	111,252	230,679	124,338
Support Services:										
Tuition	560,920	516,664	474,836	381,266	350,973	365,649	390,197	485,829	537,209	571,037
Student & instruction related services	290,115	295,257	317,211	322,926	386,322	395,176	435,876	456,483	465,351	468,707
General administrator	102,565	117,898	135,695	106,290	106,458	121,287	123,184	109,036	110,186	130,779
School administrative services	30,938	30,202	32,740	34,511	34,482	38,431	33,446	37,670	35,079	36,376
Plant operations and maintenance	416,392	283,245	252,283	279,945	279,207	297,585	286,545	284,825	270,225	301,684
Pupil transportation	41,833	48,078	50,864	47,641	56,102	51,708	51,777	47,981	61,709	63,704
Other support services	32,068	31,756	31,591	30,537	48,129	57,818	32,414	34,893	32,926	30,417
Unallocated employee benefits	582,532	544,738	536,556	737,842	639,215	683,883	751,445	876,407	893,299	836,446
Special Schools	-	3,226	-	1,560	2,574	2,837	3,333	40	80	4,760
Charter Schools										
Capital outlay	443,372	404,249	275,198	51,318	468,464	260,076	369,409	274,512	376,049	15,196
Debt service:										
Principal										
Interest and other charges										
Total expenditures	<u>3,522,091</u>	<u>3,210,780</u>	<u>3,153,976</u>	<u>3,210,450</u>	<u>3,559,850</u>	<u>3,402,865</u>	<u>3,600,704</u>	<u>3,642,088</u>	<u>3,972,706</u>	<u>3,392,110</u>
Excess (Deficiency) of revenues over (under) expenditures	(197,407)	4,346	62,108	228,071	(183,070)	21,449	(146,852)	114,461	(190,706)	353,050
<b>Other Financing sources (uses)</b>										
Transfer in	6,371	(6,371)	-	1,077	(15,000)	(19,318)	-	-	-	-
Transfers out	(6,371)	6,371	(25,045)	-	-	-	-	-	-	-
Cancellation of prior year receivable	-	-	-	-	-	-	-	-	-	-
Increase in Capital Reserve	(101)	4,404	-	-	-	(100)	-	-	-	-
Transfer to Capital Reserve	(178,956)	(44,899)	-	-	(264,702)	(100,000)	-	-	-	-
Decrease in Current Expense Emergency Reserve	-	-	-	-	57,050	-	-	-	-	-
Withdrawal from Current Expense Emergency Reserve	-	-	-	-	(57,000)	-	-	-	-	-
Decrease in Maintenance Reserve	-	-	-	-	40,000	-	-	-	-	-
Withdrawal from Maintenance Reserve	-	-	-	-	40,050	-	-	-	-	-
Interest earned on Capital Reserve	179,059	45,000	-	-	264,802	100,100	-	-	-	-
Total other financing sources (uses)	-	4,404	(25,045)	1,077	(14,800)	(19,318)	-	-	-	-
Net change in fund balances	(197,407)	8,750	37,063	229,148	(197,870)	2,131	(146,852)	114,461	(190,706)	353,050

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 Ended June 30,</u>	<u>Interest on Investments</u>	<u>Misc.</u>	<u>Total</u>
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
2024	150	10,917	11,067

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.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
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	5,489,911,314
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	6,186,244,303
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
2024	117,011,500	4,784,045,200			384,313,100		-	5,285,369,800	219,795,200	-	5,065,574,600	0.052	8,610,348,844

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 <sup>a</sup>	General	Total Direct	Borough of Stone Harbor	Cape May County	
		Obligation Debt				
		Service <sup>b</sup>				
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
2024	0.052	-	0.052	0.312	0.384	0.748

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	2024				2015			
	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	32,879,700	1	0.66%		29,975,000	1	0.68%	
100th Street LLC	23,426,200	2	0.47%		13,676,100	2	0.31%	
Taxpayer #1	14,711,700	3	0.29%					
NACL Associates	12,775,600	4	0.25%		11,340,300	7	0.26%	
Taxpayer #2	11,198,700	5	0.22%					
Taxpayer #3	9,622,100	6	0.19%					
1 110th Street LLC	9,384,900	7	0.19%					
Charles Street Developers, LLC	9,154,900	8	0.18%					
JKM22 LLC	8,970,000	9	0.18%					
Peace & Serenity 390 LLC	8,684,900	10	0.17%					
Taxpayer #4					13,639,300	3	0.31%	
Taxpayer #5					13,551,600	4	0.31%	
Farmersham Associates, LP					12,028,900	5	0.27%	
Taxpayer #6					11,413,400	6	0.26%	
Taxpayer #7					9,976,800	8	0.23%	
Taxpayer #8					8,916,300	9	0.20%	
Taxpayer #9					8,850,500	10	0.20%	
Total	140,808,700		2.81%		133,368,200		3.01%	

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		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	
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%
2024	-					-	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*

<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value <sup>a</sup> of Property</u>	<u>Per Capita <sup>b</sup></u>
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%	
2024	-	-	-	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, 2024**  
*Unaudited*

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Borough of Stone Harbor	49,834,933	100.00%	49,834,933
County of Cape May - Borough's share (9.80%)	331,064,832	9.80%	32,444,280
Subtotal, overlapping debt			82,279,213
<b>BOROUGH OF STONE HARBOR SCHOOL DISTRICT Direct Debt</b>			-
<b>Total direct and overlapping debt</b>			<u>82,279,213</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 2024**

Equalized valuation basis		
2023	8,512,160.211	
2022	7,469,753.377	
2021	6,086,794.510	
	<u>22,068,708.098</u>	
Average equalized valuation of taxable property		7,356,236.038
Debt limit (2.5% of average equalized value)		183,905,901
Net bonded school debt		-
Legal debt margin		<u>183,905,901</u>

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt limit	101,999,242	101,370,716	103,423,858	107,678,231	113,025,923	119,705,607	127,411,479	138,456,073	158,187,671	183,905,901
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<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>127,411,479</u>	<u>138,456,073</u>	<u>158,187,671</u>	<u>183,905,901</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%

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

**a** Limit set by NJSA 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*

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
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%
2024	791	56,628	71,590	0.00%

**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

**Source:**  
Information was not available from any source

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

<b>Function/Program</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Instruction										
Regular	11.1	11.1	11.1	11.1	9.6	10.0	10.0	9.0	9.0	10.0
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	0.6	1.0	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	2.0	2.0	2.0	2.0	2.0	3.5	3.5	3.5	3.5	3.0
<b>Total</b>	<b>16.1</b>	<b>16.1</b>	<b>16.1</b>	<b>16.1</b>	<b>14.7</b>	<b>17.0</b>	<b>17.0</b>	<b>16.0</b>	<b>16.0</b>	<b>16.5</b>

**Source: District Personnel Records**

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

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2015	69	3,522,091	51,045	8.67%	11.1	6:1		67.50	64.16	-8.24%	95.05%
2016	68	3,210,780	47,217	-7.50%	11.1	6:1		69.42	65.63	2.84%	94.54%
2017	75	3,153,976	42,053	-10.94%	11.1	7:1		81.25	76.69	17.04%	94.39%
2018	90	3,210,450	35,672	-15.17%	11.1	8:1		89.62	84.07	10.30%	93.81%
2019	99	3,559,850	35,958	0.80%	11.1	8:1		98.32	92.27	9.71%	93.85%
2020	99	3,402,865	34,372	-4.41%	10.0	8:1		89.29	85.31	-9.18%	95.54%
2021	93	3,600,704	38,717	12.64%	10.0	8:1		90.47	87.52	1.32%	96.74%
2022	92	3,642,088	39,588	2.25%	9.0	10:1		91.59	85.60	1.24%	93.46%
2023	86	3,972,706	46,194	16.69%	9.0	10:1		85.99	80.60	-6.11%	93.73%
2024	78	3,392,110	43,489	-5.86%	10.0	10:1		77.99	73.41	-9.30%	94.13%

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*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Stone Harbor Elementary										
Square Feet	22,665	22,665	22,665	22,665	22,665	22,665	22,665	22,665	22,665	22,665
Capacity (students)	154	154	154	154	154	154	154	154	154	154
Enrollment	69	68	75	75	99	99	93	92	86	78

Number of Schools at June 30, 2024  
 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)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Stone Harbor Elementary	N/A	75,453	60,432	57,964	58,244	99,838	79,996	71,875	55,957	58,742	203,864
Total School Facilities		<u>75,453</u>	<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>
Other Facilities											
Grand Total		<u>75,453</u>	<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>



**BOROUGH OF STONE HARBOR BOARD OF EDUCATION****Insurance Schedule****June 30, 2024*****Unaudited***

	<u>Coverage <sup>a</sup></u>	<u>Deductible</u>
School package Policy - New Jersey School Board Association Insurance Group		
Property- Blanket Building & Contents	\$ 250,000	500
Crime - JIF Self Insured Retention	250,000	500
General Liability/Auto Liability - JIF Self Insured Retention	250,000	0
Educators Legal Liability - JIF Self Insured Retention	250,000	0
School Pool for Excess Liability Limits Joint Insurance Fund		
Property- Blanket Building & Contents	175,000,000	0
Crime	500,000	0
Employers Liability	10,000,000	0
General Liability/Auto Liability	27,000,000	0
Educators' Legal Liability	27,000,000	0
Travelers Insurance Company		
Boiler and Machinery	125,000,000	1,000
Beazley/Lloyd's of London Insurance		
Environmental/Pollution Legal Liability	3,000,000	25,000 - 250,000
Starr Indemity & Liability Company		
Cyber Liability	2,000,000	50,000 - 100,000
Lloyd's of London Insurance		
Crisis Protection & Disaster Management Services	1,000,000	10,000
Workers' Compensation - New Jersey School Board Association Insurance Group	statutory	

Source: District Records

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

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

## **Single Audit Section**

{THIS PAGE IS INTENTIONALLY LEFT BLANK}



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, 2024, 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 15, 2024.

**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 15, 2024**

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT**  
Schedule of Expenditures of Federal Awards  
for the Fiscal Year Ended June 30, 2024

Due to Fiscal Year Ending June 30, 2024															
Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Program or Award Amount	Balance 6/30/2023	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures			Repayment of Prior Years' Balances/ Adjustments	(Accounts Receivable) 6/30/2024	Deferred Revenue 6/30/2024	Due to Grantor at 6/30/2024
									Pass Through	Source Direct	Total				
Passed-through State Department of Education:															
Special Revenue Fund															
IDEA Part B, Basic Regular	84.027	H027A23010C	FT20	7/1/23-9/30/24	16,882			16,882	(16,882)		(16,882)		-	-	-
IDEA Part B, Basic Preschool	84.173	H173A230114	FT20	7/1/23-9/30/24	2,355				(2,355)		(2,355)		-	-	-
IDEA Part B, Basic Regular	84.027	H027A22010C	FT20	7/1/22-9/30/23	30,527	(16,737)		16,737					-	-	-
IDEA Part B, Basic Preschool	84.173	H173A220114	FT20	7/1/22-9/30/23	2,380	(2,380)		2,380					-	-	-
IDEA Part B, Basic Regular - ARP	84.027X	H073A21010C	FT20	7/1/22-9/30/23	3,891	(1,609)		1,609					-	-	-
ESSER II - CRRSA	84.425D	S425D210027	N/A	3/13/20-9/30/23	18,237	(164)		164					-	-	-
Learning Acceleration Grant - CRRSA	84.425D	S425D210027	N/A	3/13/20-9/30/23	25,000	(2,767)		4,367	(1,600)		(1,600)		-	-	-
Mental Health Grant - CRRSA	84.425D	S425D210027	N/A	3/13/20-9/30/23	24,331	(24,331)		24,331					-	-	-
American Rescue Plan - Sumner Enrichment	84.425D	S425D210027	N/A	3/13/20-9/30/24	37,909	(2,000)		5,406	(3,500)		(3,500)		(94)	-	-
American Rescue Plan - Non Title	84.425D	S425D210027	N/A	3/13/20-9/30/24	36,474	(29,975)		36,474	(6,499)		(6,499)		(4,330)	-	-
American Rescue Plan - Beyond School Day	84.425D	S425D210027	N/A	3/13/20-9/30/24	40,000	(9,325)		16,651	(11,666)		(11,666)		(4,330)	-	-
American Rescue Plan - Mental Health Grant	84.425D	S425D210027	N/A	3/13/20-9/30/24	45,000	(13,964)		25,290	(30,153)		(30,153)		(18,827)	-	-
American Rescue Plan - Acad Learning Coad	84.425D	S425D210027	N/A	3/13/20-9/30/24	50,000			10,203	(50,000)		(50,000)		(39,797)	-	-
Total Special Revenue Fund															
					(103,252)		-	162,849	(122,645)	-	(122,645)	-	(63,048)	-	-
Total Federal Awards															
					(103,252)		-	162,849	(122,645)	-	(122,645)	-	(63,048)	-	-

Less: On-Behalf TPAF Pension Contributions:	(305,139)
Less: On-Behalf TPAF Post Retirement Medical:	(83,048)
Less: On-Behalf TPAF Non-contrib Insurance	(105)
	<hr/>
	(115,159)



**Borough of Stone Harbor School District**  
**Notes to the Schedules of Financial Assistance**  
**June 30, 2024**

**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 (\$605) for the general fund and (\$15,367) 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, 2024**

	<u>General Fund</u>	<u>Total</u>
<b>State Assistance:</b>		
Actual amounts (budgetary) “revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 503,451	503,451
Difference – budget to “GAAP”		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	248	248
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(853)	(853)
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 502,846</u>	<u>\$ 502,846</u>

**Borough of Stone Harbor School District**  
**Notes to the Schedules of Financial Assistance**  
**June 30, 2024**

	Special Revenue Fund	Total
<b>Federal Assistance:</b>		
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	\$ 122,645	122,645
Difference - budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	(15,367)	(15,367)
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balances	\$ 107,278	107,278

**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, 2024. 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, 2024.

## Financial Statement Section

### Federal Awards Section

Identification of major programs:

Name of Federal Program or Cluster

97

**BOROUGH OF STONE HARBOR SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

***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:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

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, 2024**

***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**