

**BOROUGH OF SOMERDALE
SCHOOL DISTRICT
SOMERDALE, NEW JERSEY**



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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Table of Contents

INTRODUCTORY SECTION	<u>Page</u>
Letter of Transmittal	2
Organizational Chart	8
Roster of Officials	9
Consultants and Advisors	10
FINANCIAL SECTION	
Independent Auditor's Report	12
Required Supplementary Information - Part I Management's Discussion and Analysis	16
Basic Financial Statements	
A. Government-Wide Financial Statements:	
A-1 Statement of Net Position	25
A-2 Statement of Activities	26
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	28
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	29
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
Proprietary Funds:	
B-4 Statement of Net Position	31
B-5 Statement of Revenues, Expenditures and Changes in Fund Net Position	32
B-6 Statement of Cash Flows	33
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	N/A
B-8 Statement of Changes in Fiduciary Net Position	N/A
Notes to the Financial Statements	34
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	69
C-1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	N/A
C-1b Community Development Block Grant - Budget and Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	79
C-3 Notes to Required Supplementary Information - Part II Budgetary Comparison Schedule – Note to RSI	82

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Table of Contents (Cont'd)

	Page
Required Supplementary Information - Part III	
L. Schedules Related to Accounting and Reporting for Pensions	
L-1 Schedule of the School District's Proportionate Share of the Net Pension Liability - PERS	84
L-2 Schedule of the School District's Contributions – PERS	85
L-3 Schedule of the School District's Proportionate Share of the Net Pension Liability - TPAF	86
L-4 Schedule of the School District's Contributions – TPAF	87
L-5 Notes to the Required Supplementary Information - Part III	88
Required Supplementary Information - Part IV	
L-6 Schedule of Funding Progress for Health Benefits Plan	N/A
L-7 Notes to the Required Supplementary Information - Part IV	N/A
Required Supplementary Information - Part IV	
M. Schedules Related to Accounting and Reporting for OPEB	
M-1 Schedule of Changes in the School District's Total OPEB Liability and Related Ratios	90
M-2 Notes to the Required Supplementary Information - Part IV	91
Other Supplementary Information	
D. School Based Budget 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 - Budgetary Basis	94
E-2 Schedule of Preschool Education Aid - Budgetary Basis	96
F. Capital Projects Fund:	
F-1 Summary Statement of Project Expenditures	98
F-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	99
F-2a Statement of Project Revenues, Expenditures, Project Balance and Project Status	100
F-2b Statement of Project Revenues, Expenditures, Project Balance and Project Status	N/A

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Table of Contents (Cont'd)

	Page
Other Supplementary Information (Cont'd)	
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Statement of Net Position	102
G-2 Statement of Revenues, Expenditures and Changes in Fund Net Position	103
G-3 Statement of Cash Flows	104
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 Combining Statement of Changes in Fiduciary Net Position	N/A
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	N/A
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	N/A
I. Long-Term Debt:	
I-1 Statement of Serial Bonds	106
I-2 Schedule of Obligations under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	107

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends

J-1 Net Position/Assets by Component	110
J-2 Changes in Net Position/Assets	111
J-3 Fund Balances - Governmental Funds	113
J-4 Changes in Fund Balances - Governmental Funds	114
J-5 General Fund Other Local Revenue by Source	115

Revenue Capacity

J-6 Assessed Value and Actual Value of Taxable Property	117
J-7 Direct and Overlapping Property Tax Rates	118
J-8 Principal Property Taxpayers	119
J-9 Property Tax Levies and Collections	120

Debt Capacity

J-10 Ratios of Outstanding Debt by Type	122
J-11 Ratios of Net General Bonded Debt Outstanding	123
J-12 Direct and Overlapping Governmental Activities Debt	124
J-13 Legal Debt Margin Information	125

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Table of Contents (Cont'd)

	Page
STATISTICAL SECTION (Unaudited) (Cont'd)	
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	127
J-15 Principal Non-Governmental Employers	128
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	130
J-17 Operating Statistics	131
J-18 School Building Information	132
J-19 Schedule of Required Maintenance Expenditures by School Facility	133
J-20 Insurance Schedule	134
SINGLE AUDIT SECTION	
K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	136
K-2 Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by the State of New Jersey Circular 15-08-OMB	138
K-3 Schedule of Expenditures of Federal Awards, Schedule A	141
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	143
K-5 Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	145
Schedule of Findings and Questioned Costs:	
K-6 Summary of Auditor's Results	147
K-6 Schedule of Financial Statement Findings	149
K-7 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	151

INTRODUCTORY SECTION



Somerdale Public School District

301 Grace Street
Somerdale, New Jersey 08083
(856) 783-6261 (856) 783-2607 FAX
www.Somerdale-park.org



Somerdale Board of Education
301 Grace Street
Somerdale, NJ 08083

Dear Somerdale Board of Education Members:

The Annual Comprehensive Financial Report of the Somerdale Board of Education for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Borough of Somerdale School District (District). 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 officers. The financial section includes the financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The District is required to undergo an annual single audit, if applicable, in conformity with the provisions of the 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 State of New Jersey Circular 15-08 OMB, "*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments.*" Information related to this single audit, including the auditor's report on compliance and internal control over financial reporting and administrative findings – financial, compliance and performance is included in the single audit section of this report.

- 1. REPORTING ENTITY AND ITS SERVICES:** The Borough of Somerdale School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB), as established by GASB Statement No. 14, as amended. All funds for the District are included in this report. The Somerdale Board of Education and Somerdale Park Public School constitutes the District's reporting entity.

Somerdale was incorporated as a Borough after division from Clementon Township in 1929. Somerdale is located in Camden County and encompasses 1.36 miles and borders on Hi-Nella, Stratford, Magnolia, Lawnside, Gloucester Township and Voorhees Township.

Somerdale Park School is the only school in the Borough of Somerdale. Somerdale Public School District is a member of the Sterling Inter-district. The four K-8 school districts of Laurel Springs, Magnolia, Somerdale, and Stratford send their 9-12 students to the Sterling Regional High School District.

Board of Education

The Board of Education is composed of nine members. Each year the Board undergoes a Self-Evaluation procedure during which its members review its goals and objectives and rates itself on the attainment of those goals and objects. Areas of evaluation include Policy, Instructional Program, Financial Operations, Board Operations, Personnel Performance, Relationship with District/School Administrators, Relationship with Association/Other Staff Members and Parent/Community Relationships.

1. REPORTING ENTITY AND ITS SERVICES (CONT'D)

Student Enrollment

Efforts continue to ensure that educational services are provided only to those students who legally reside within School District boundaries. Attempts by people to register their children who are not entitled to attend District schools continue to be identified and rejected with the exception of homelessness whereas the District is prohibited from requesting documentation.

The District completed the 2022-2023 fiscal year with an enrollment of 445 students. This count does not include out-of-district placements. The following details the changes in student enrollment in the District over the last five years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2023	445	(1.5%)
2022	452	(1.5%)
2021	459	(5.6%)
2020	486	(2.6%)
2019	499	9.4%

2. ECONOMIC CONDITIONS AND OUTLOOK

Local Economy: The Borough of Somerdale has experienced very little residential growth over the last decade. However, it has experienced some growth in community retail and professional facilities recently but there is still a disproportionate residential taxpayer-based economy. Many of the residents are employed in the major cities of Philadelphia and Atlantic City or in the larger towns surrounding the Borough. While other portions of the State and other States in the Nation have experienced a distinct economic rebound during the past few years, the portion of Camden County in which the District is located has experienced a slower rate of recovery. However, the Mayor and Borough Council have been involved in various economic redevelopment/revitalization projects over the past few years, most notably, the rehabilitation of the plaza, and the opening of the new “Towne Centre.”

3. MAJOR ACCOMPLISHMENTS

We will provide ongoing professional development and coaching for our new ELA curriculum throughout the year. We are also researching and exploring math supports and interventions for our students in math. In conjunction with the mandates of Federal and State Departments of Education, we continued to monitor our K-8 assessment system, with a strong focus on our NJSLA, OnCourse Assessments and MAP assessments at grades 3-8 for NJSLA and grades K-8 for the others.

Somerdale Park School has been recognized as a Camden County Middle School of Character for the 2022-2024 years. Mrs. Amanda Schwartz our school counselor has been doing a remarkable job improving our climate, character, wellness, and Social and Emotional Learning throughout the building. Mrs. Ratajski has spearheaded our application and all activities to qualify us as a No Place for Hate School.

Our Bond projects (Parking Lot, Playground and the Roof) have all added tremendous value to our campus. With the allocation of ESSER funds, we continue to improve Plumbing and HVAC issues. Improvements and additions of new technology continues to be an asset to improving student achievement.

Communication with our parents and community is very important to our success. The purchase of a new digital marquee and the use of social media has allowed us to provide current and update information to our families.

4. STUDENT ACHIEVEMENT

We are continuing to accelerate learning and close any gaps that were created by the impact of COVID 19. With the addition of several new hires and the revamping of the master schedule to provide additional supports, we will be able to support and provide our students with valuable and meaningful interventions. These interventions will work on reinforcing a child's underlying cognitive abilities, too, as opposed to purely offering more focused learning support in view of a pre-established target or milestone.

5. CURRICULUM SERVICES

Staff Development: The school schedules are created to facilitate collaborative professional learning. Preparation periods are scheduled to provide common planning times for grade level partners. At least once weekly, the grade level partners meet together. These meetings ensure our curriculum is consistent and ever improving across each grade level. Once a month teachers meet in professional learning communities. These meetings are focused on improving and aligning school curriculum, as well as using data analysis to drive instruction. There were eleven early dismissal days and three full days devoted to professional development training. Finally, each teacher has the opportunity to participate in professional development at out of District workshops or through internal classroom visitations. Also, a School Improvement Panel has been created to explore new strategies to improve student achievement.

The Curriculum Department will be scaled back to a part time position. We will explore shared services or hiring a part time person to service this department.

New Teacher Training: A New Teacher Mentoring Program was developed and implemented by the District's Professional Development Committee; and key areas addressed included classroom management; home and school communication; effective instruction; curriculum development; and technology.

6. SAFETY AND SECURITY

The District continued to place a major focus and emphasis on crime prevention and drug and alcohol substance abuse awareness programs via our DARE, and other related drug and alcohol substance abuse programs. Activities continued to be developed to recognize and/or celebrate Red Ribbon and Violence and Vandalism weeks; as well as having had our Discipline Committee meet throughout the year for any revisions to our discipline policy.

The District continuously works to expand building security and has added additional cameras over the years and has installed a key card entry system for the entire building. The Blue Alert Emergency alert system has been installed. This system interfaces with our door and PA system, so in the event of a lock down or other emergency, all doors are locked, alerts are sent through the PA system, and calls are made to first responders. These measures are undertaken to ensure the safety and security of all students and staff during the school day. The coordinated efforts of school administration, teachers, other personnel, and municipal police, continues to promote a learning environment that is safe for both students and staff to learn and teach, respectively. Whenever breaches of safety are experienced, District personnel respond swiftly with fair and corrective action.

The BOE recognizes the public's right to be informed on a continuing basis of the activities of the Board of Education, the administrators, staff and its students. In-house publications, the PTA newsletter, the Somerdale Borough's newsletter, social media (Twitter and Facebook) and the District's website continue to inform the public on school events. The District is currently looking to purchase a new digital sign to support communication among our parents, staff and the community. Lastly, the lines of communication between and among the other districts within the Sterling Regional Inter-district Schools are always "open" and very strong.

7. TECHNOLOGY

Somerdale School District continues to support our 1:1 student/device initiative. We maintain this initiative with the renewal of our lease agreements with our technology vendor. An upgrade to our classroom projectors has been completed. We also upgraded the devices for the administration and central office.

The District utilizes accounting/budgeting software known as CSI. The Business Office enters information into the system daily to ensure accuracy of the financial records. As of January 1, 2019, payroll has been brought in-house and is no longer outsourced to a third party. The Business Office staff enters the payroll data bi-weekly. The checks, reports, payment of Federal and State taxes, and any payments required to cover Agency accounts are made by the Business Office. Additionally, the District utilizes the PowerSchool Software which integrates with NJSMART System to maintain all student records for required state reporting including ASSA but will be switching to OnCourse Software next year.

The District continues to use its cycling procedures to keep its infrastructure and peripheral equipment update while maintaining costs that do not spike from one year to the next.

8. PURCHASING AND RECEIVING

Purchasing and receiving of supplies and equipment is being expanded to take advantage of standardized group purchasing and the substantial savings that can be realized along with the requirement to manage the District's fixed assets for both state, GASB and insurance purposes.

The School Business Administrator acts as the Purchasing Agent for the District. All quotes, bids and purchasing are conducted through the Business Office. Purchase requisitions are completed by staff members by entering the request into CSI which is then reviewed and approved by the Superintendent for educational accuracy, reviewed and approved by the Business Administrator/Board Secretary for budgetary accuracy, and reviewed by the Accounting Clerk to ensure that all parties have reviewed/approved the requisition and all pertinent information is present. Following review and approval, the purchase order is printed and forwarded to the vendor for completion of the purchase. The District has assigned an employee to receive, document and distribute supplies and materials that come into the school to each department and/or staff member. The process and procedures followed by the assigned staff member ensures the receipt of supplies and materials for the purchasing agent. (*School Business Administrator*)

Ancillary products and services that go arm-in-arm with computer technology, demonstrates the advancements in school purchasing procedures. Purchasing agents increasingly need to ensure they have support services for the products they buy. It is becoming a more demanding process and requires increased evaluation and work to understand the ramifications of what is being purchased before going out for a quote or bidding materials and equipment.

When instructional personnel evaluate a product or service, they focus on how it fits their need in the instructional program. They do not necessarily take into account the ensuring long-range cost associated with the process of purchasing the product or service. Purchasing departments have the responsibility to oversee both the evaluation and purchasing processes associated with these purchases. Although education supervisors make decisions regarding what they want to purchase, it is up to the School Business Administrator to see that the purchasing is done properly, either by quotes or the bidding process which is outlined in State regulations.

The Purchasing Agent is required by law to be able to verify that purchasing is conducted through a competitive quote/bid process. The agent is also responsible for making certain all purchases are carried out according to State law and District regulation and policy.

9. INTERNAL ACCOUNTING CONTROLS

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

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

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

10. BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvement account 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 assignments of fund balance at June 30, 2023.

11. ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statement," Note 1.

12. CASH MANAGEMENT

The investment policy of the District is guided in part by State statute as detailed in "Notes to the Financial Statements," Note 2. 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 backing institution in New Jersey. The law requires government units to deposit public funds only in public depositories located in New Jersey where the funds are secured in accordance with the Act.

13. RISK MANAGEMENT

As part of the Risk Management Program the School Business Administrator continually reviews the District's insurance programs.

The Risk Management Program of the District is handled through the School Business Administrator and his staff. Risk Management is an important part of the District's ability to protect current and future assets. The Business Office continues to sort through many issues facing the District insurance program including worker's compensation, property, general liability, errors and omissions and bonding, risk management and loss control, insurance brokerage services, student accidents, facility use, personnel, human resources, benefits administration, Medicare, COBRA, coordination of the Family Leave Program, employee orientation and training, Employee Assistance Program, legal assistance, safety and health issues, Safe School, Federal compliance with ADA (Americans with Disabilities Act), EOC Affirmative Action, AHERA compliance, Right-To-Know compliance, product survey and labeling, maintenance of MSDS, HSFS and hazardous chemical issues, PEOSHA filings, Blood borne Pathogens training and administration, disease prevention programs, exposure control compliance, property evaluation and appraisal, regulated medical waste and hazardous material management.

The safety program goes beyond the obvious of just properly maintaining buildings and grounds but is stressed as an attitude to be brought to the facility by students and employees. The School Superintendent reinforces the need to have a stress-free environment and disseminates his desires to the Principal, Teachers, Non-Certified Staff and Students.

The Buildings and Grounds Department is involved in periodic safety inspections throughout the school. Safety meetings are held quarterly with the School Business Administrator and the Safety Committee.

14. OTHER INFORMATION

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board at its Reorganization Meeting selected the accounting firm of Bowman & Company LLP. 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 and the related Uniform Guidance and State of New Jersey Circular 15-08 OMB. The auditor's report on the entity-wide financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of the report.

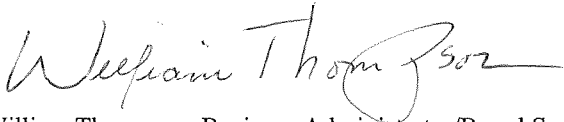
16. ACKNOWLEDGEMENTS

We would like to express our appreciation to the members of the Somerdale 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 the financial and accounting staff of the School District.

Respectfully submitted,

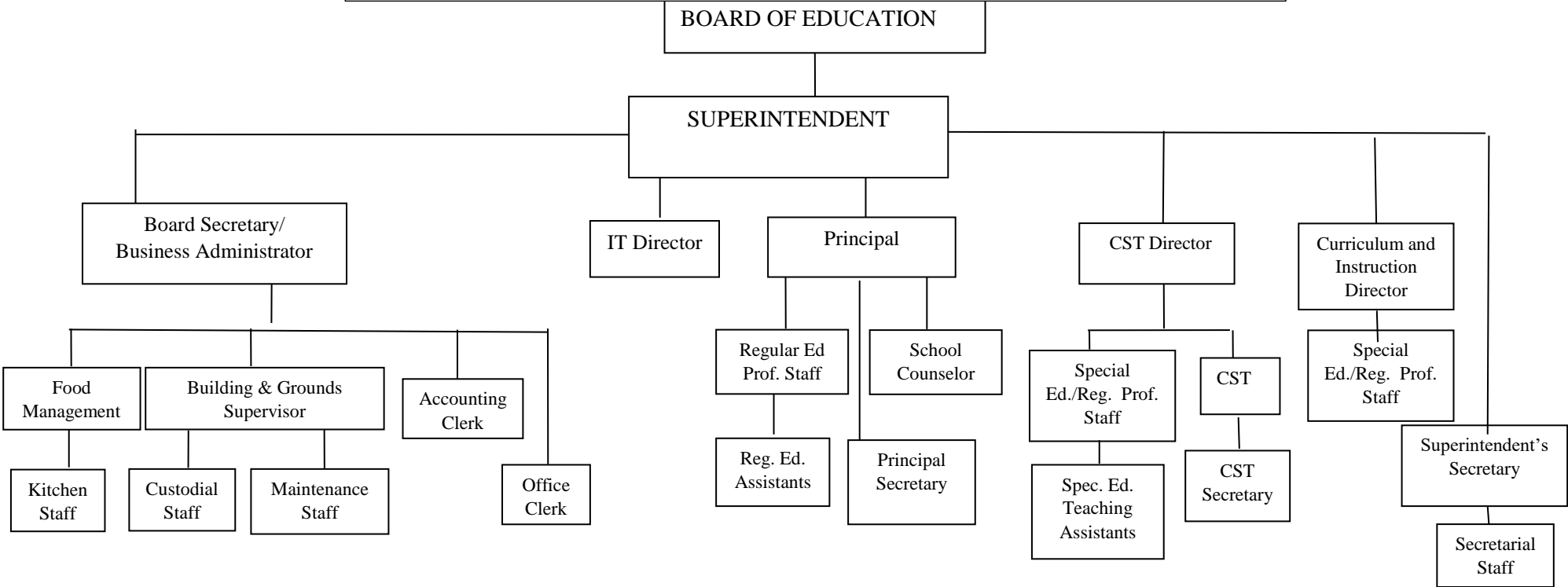


Robert Ford, Superintendent/Principal



William Thompson, Business Administrator/Board Secretary

SOMERDALE PUBLIC SCHOOL'S ORGANIZATIONAL CHART



Superintendent
 District Operations
 Budget
 Special Ed Budget
 ESEA Grants
 Title 1 Coordinator

Business Administrator
 All Business
 Office/Budgetary Matters
 Grant Reimbursement
 Requests and Final Reports
 Maintenance
 Department/Facilities
 Federal/State Reports
 Pertaining to any Budgetary
 Matters
 Food service
 Shared Service/Joint
 Purchasing

Principal
 Discipline grades PK-8th
 Import, Rollover, Maintain
 Master Schedule
 Create/Maintain Internal
 Schedules (duties/lunch
 duties)
 Observations/Walkthrough
 Lesson Plans
 HIB Coordinator
 School Safety Specialist
 NJ Inter-District Choice
 Coordinator
 NJDOE
 Discretionary/Reallocated
 Grants
 NJHR Reports
 Truancy

CST Director
 IEP & Related Services
 Out of District placements
 Special Ed. Scheduling
 Special Ed. Budget
 Lesson Plans
 Observations and Walkthrough
 DCP&P
 McKinney-Vento
 Pre-school Coordinator

C&I Director
 Curriculum and Instruction
 Professional Development Plans
 Professional
 Development/trainings
 SGOs
 Teacher Coaching
 Lesson Plans
 Observations and Walk Through
 Pre-school Coordinator
 ESL
 Testing Coordinator
 I&RS Coordinator
 Summer Days Coordinator

School Counselor
 Counseling K-8th
 8th Grade Transition
 504 and I&RS
 HIB Specialist
 Asst. Testing Coordinator
 DCP&P Coordinator
 Educational Stability for
 Children in Foster Care Liaison

IT Director
 All Technology needs

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Roster of Officials

June 30, 2023

<u>Members</u>	<u>Position</u>	<u>Term Expires</u>
Kim Barkoff	President	2023
Kevin Smith	Vice-President	2024
James Anderson	Board Member	2025
Barbara Boyle	Board Member	2025
Jessie Klenk	Board Member	2024
Taylor Klenk	Board Member	2023
Marc Ritz	Board Member	2023
Mary Jo Schoettle	Board Member	2024
Tara Voigt	Board Member	2025

Other Officials

Mark Pease	Superintendent
William Thompson	Board Secretary / Business Administrator
Christopher Long, Esq.	Solicitor

**BOROUGH OF SOMERDALE SCHOOL DISTRICT
CONSULTANTS AND ADVISORS
JUNE 30, 2023**

AUDITING FIRM

Bowman & Company LLP
601 White Horse Road
Voorhees, NJ 08043

ATTORNEY

Christopher F. Long, Esq.
Wade, Long, Wood & Long, LLC
1250 Chews Landing Road
Laurel Springs, NJ 08021

OFFICIAL DEPOSITORY

First Colonial National Bank
1150 Haddon Avenue
Collingswood, NJ 08108

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Somerdale School District
Somerdale, New Jersey 08083

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Borough of Somerdale School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Borough of Somerdale School District, in the County of Camden, State of New Jersey, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the School District's proportionate share of the net pension liability, schedule of the School District's pension contributions, and schedule of changes in the School District's total OPEB liability and related ratios as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Somerdale School District's basic financial statements. The combining statements and related major fund supporting statements and schedules, and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is 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 statements and related major fund supporting statements and schedules, and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

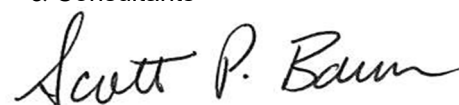
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2024 on our consideration of the Borough of Somerdale 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 Borough of Somerdale School District'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 Somerdale School District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
 Certified Public Accountants
 & Consultants



Scott P. Barron
 Certified Public Accountant
 Public School Accountant No. CS 02459

Voorhees, New Jersey
 April 18, 2024

REQUIRED SUPPLEMENTARY INFORMATION
PART I

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)**

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

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- The total assets and deferred outflows of resources of the School District were over its total liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$8,491,762.11 (net position).
- In total, net position increased \$808,880.31.
- As of the close of the current fiscal year, the School District's governmental funds (excluding capital projects fund) reported combined ending fund balances of \$4,781,651, an increase of \$985,219 in comparison with the prior year.

Overview of the Financial Statements

The financial section of this annual report consists of two parts: Part I, management's discussion and analysis (this section), the basic financial statements with the accompanying note disclosures and Part II, budgetary comparison schedules, required supplementary information, notes to the required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the School District.

- The first two statements, Exhibit A-1 and A-2 are government-wide financial statements that provide both long-term and short-term information about the School District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School District's operations in more detail than the government-wide statements.
- The governmental fund statements tell how general government services were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short-term and long-term financial information about those types of activities that operate like a business.

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 another section, Part II, which contains required supplementary information that further explains and supports the information in the financial statements including; budget schedules, reconciliations and individual fund statements.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

The government-wide statements report information about the School District as a whole using accounting methods similar to those used by the private-sector companies. The statement of net position includes all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. 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.

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's facility condition, required educational programs and other factors.

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise funds use the same basis of accounting as business-type activities; therefore, these statements are essentially the same and do not require a reconciliation.

Notes to the Financial Statements

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

The School District as a Whole

The Statement of Net Position provides the perspective of the School District as a whole.

The following schedule provides a summary of the School District's Net Position for 2023 and 2022.

BOROUGH OF SOMERDALE SCHOOL DISTRICT'S NET POSITION

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and Other Assets	\$ 5,009,290	\$ 4,893,877	\$ 307,734	\$ 314,145	\$ 5,317,024	\$ 5,208,022
Capital Assets	7,428,871	7,492,008	81,618	64,766	7,510,489	7,556,774
Total Assets	12,438,161	12,385,885	389,352	378,911	12,827,513	12,764,796
Deferred Outflow s of Resources	168,439	147,809	-	-	168,439	147,809
Long-term Liabilities Outstanding	3,711,686	3,646,686			3,711,686	3,646,686
Other Liabilities	302,922	894,426	25,185	59,708	328,107	954,134
Total Liabilities	4,014,609	4,541,113	25,185	59,708	4,039,794	4,600,821
Deferred Inflow s of Resources	100,229	309,700	-	-	100,229	309,700
Net Position:						
Net Investment in						
Capital Assets	4,746,871	4,680,008	81,618	64,766	4,828,489	4,744,774
Restricted	3,202,032	2,877,509	-	-	3,202,032	2,877,509
Unrestricted (Deficit)	542,859	125,364	282,549	254,437	825,409	379,801
Total Net Position	\$ 8,491,762	\$ 7,682,882	\$ 364,167	\$ 319,203	\$ 8,855,929	\$ 8,002,084

The School District's combined net position was \$8,855,929 on June 30, 2023. This was an increase of \$853,845 from the June 30, 2022 net position.

The net position of the business type activities increased by \$44,964.

The School District as a Whole (Cont'd)

The following schedule shows changes in net position for fiscal year 2023 and 2022.

**BOROUGH OF SOMERDALE SCHOOL DISTRICT'S CHANGES
IN NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 59,795	\$ 39,316	\$ 168,704	\$ 139,395	\$ 228,499	\$ 178,711
Operating Grants and Contributions	(17,564)	667,142	204,254	334,223	186,690	1,001,365
Capital Grants and Contributions		82,701				82,701
Property Taxes	5,065,987	5,065,987			5,065,987	5,065,987
Grants and Contributions not Restricted to Specific Programs	6,797,399	6,626,213			6,797,399	6,626,213
Other	59,889	21,185	662	207	60,551	21,393
Total Revenues	11,965,507	12,502,544	373,620	473,825	12,339,127	12,976,369
Expenses:						
Instruction	4,501,663	4,420,137			4,501,663	4,420,137
Support Services	6,654,964	6,620,959			6,654,964	6,620,959
Food Service			269,605	293,690	269,605	293,690
Other			59,050	88,108	59,050	88,108
Total Expenses	11,156,627	11,041,096	328,655	381,798	11,485,282	11,422,894
Increase (Decrease) in Net Position	808,880	1,461,448	44,965	92,027	853,845	1,553,475
Net Position, July 1	7,682,882	6,221,434	319,203	227,176	8,002,084	6,448,609
Net Position, June 30	\$ 8,491,762	\$ 7,682,882	\$ 364,167	\$ 319,203	\$ 8,855,928	\$ 8,002,084

Governmental Activities

Property taxes and federal and state aid made up 99.15% of revenues for governmental activities for the School District for fiscal year 2023.

The total net cost of all programs and services for 2023 and 2022 was \$11,041,096 and \$10,251,937, respectively. Instruction comprises 36.79% of School District net cost of services for 2023.

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

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

BOROUGH OF SOMERDALE SCHOOL DISTRICT NET COSTS OF GOVERNMENTAL ACTIVITIES

<u>Governmental Activities</u>	<u>Source</u>	<u>2023</u>		<u>2022</u>	
		<u>Total Costs of Services</u>	<u>Net Costs of Services</u>	<u>Total Costs of Services</u>	<u>Net Costs of Services</u>
Instruction:					
Regular	A-2	\$ 3,418,809	\$ 3,005,846	\$ 3,531,309	\$ 2,916,990
Special Education	A-2	710,155	710,155	551,190	551,190
Other Special Instruction	A-2	372,699	372,699	337,637	337,637
Support Services:					
Tuition	A-2	160,667	160,667	105,499	105,499
Student and Instruction Related Services	A-2	1,307,505	941,116	1,150,203	808,300
School Administrative Services	A-2	851,997	850,157	728,362	722,362
Plant Operations and Maintenance	A-2	1,213,811	1,213,811	1,097,660	1,097,660
Pupil Transportation	A-2	372,537	372,537	197,997	197,997
Unallocated Benefits	A-2	2,592,241	3,361,440	3,228,078	3,432,829
Transfer to Charter School	A-2	93,769	63,531	12,596	12,596
Assessment for Debt Service on SDA Fun	A-2	6,081	6,081	6,081	6,081
Interest on Long-term Debt	A-2	56,355	56,355	94,483	62,795
Total Governmental Activities		\$ 11,156,627	\$ 11,114,395	\$ 11,041,096	\$ 10,251,937

Tuition expenses include the cost to the School District to send pupils living within the School District to private schools and/or schools outside the School District area.

Student and instruction related services include the activities designed to assess and improve the well-being of students and to supplement the teaching process.

School Administrative and General and Business Administrative services include expenses associated with establishing and administering policy for the School District and include board of education services and executive administration services.

Plant operation and maintenance of plant activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to/from school and to/from school related activities such as field trips and athletics.

Governmental Activities (Cont'd)

Unallocated benefits include the cost of benefits for the School District staff for social security, retirement contributions, workers' compensation, health benefits and other employee benefits.

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

The School District's Funds

The School District's funds are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$12,734,706 and expenditures were \$12,039,066.

General Fund Budgeting Highlights

The School District's budget is prepared in accordance with New Jersey Law. The most significant budgeted fund is the General Fund. During the course of the 2023 fiscal year, the School District modified its General Fund budget numerous times. The net change in the total budget modification resulted from the rollover of previous year's encumbrances.

Capital Assets

At the end of fiscal year 2023, the School District had \$7,510,489 invested in land, construction in progress, land improvements, building improvements, and furniture, fixtures and equipment. The following schedule shows a summary of the fiscal 2023 and 2022 balances.

**BOROUGH OF SOMERDALE SCHOOL DISTRICT'S CAPITAL ASSETS
(NET OF ACCUMULATED DEPRECIATION)**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Land	\$ 38,163	\$ 38,163			\$ 38,163	\$ 38,163
Construction in Progress	232,824	646,817			232,824	646,817
Land Improvements	1,176,480	392,059			1,176,480	392,059
Building Improvements	5,559,456	5,891,572			5,559,456	5,891,572
Furniture, Fixtures and Equipment	421,949	523,396	\$ 81,618	\$ 64,766	503,567	588,162
Total	\$ 7,428,871	\$ 7,492,008	\$ 81,618	\$ 64,766	\$ 7,510,489	\$ 7,556,774

Debt Administration

As of June 30, 2023, the School District had \$3,711,686 of outstanding debt and other liabilities.

**BOROUGH OF SOMERDALE SCHOOL DISTRICT
LONG-TERM DEBT SCHEDULE**

Governmental	Balance	Balance	Increase/	%
Activity	June 30, 2023	June 30, 2022	Decrease	Change
General Serial Bonds	\$ 2,682,000	\$ 2,812,000	\$ (130,000)	-4.62%
Net Pension Liability	642,059	473,246	168,813	35.67%
Compensated Absences	387,627	361,440	26,187	7.25%
Total	\$ 3,711,686	\$ 3,646,686	\$ 65,000	1.78%

Economic Factors and Next Year's Budget

The Borough of Somerdale School District is in good financial condition presently. While the School District does not foresee significant growth, future finances are not without challenges in an era of uncertain State funding.

Contacting the School District's Financial Management

This financial report is designed to provide citizen groups, taxpayers, parents, students, other local officials and investors and creditors with a general overview of the School District's finances and to show its accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact the Borough of Somerdale School Business Administrator/Board Secretary, at Somerdale Park School Administration Office, 301 Grace Street, Somerdale, NJ 08083.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 3,823,446.60	\$ 140,615.27	\$ 3,964,061.87
Receivables	585,503.43	8,980.52	594,483.95
Internal Balances	(153,193.27)	153,193.27	
Inventory		4,945.16	4,945.16
Restricted Cash and Cash Equivalents	753,533.16		753,533.16
Capital Assets, net (Note 6)	7,428,870.95	81,618.14	7,510,489.09
Total Assets	12,438,160.87	389,352.36	12,827,513.23
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	168,439.00		168,439.00
LIABILITIES:			
Accounts Payable:			
Related to Pensions	43,849.00		43,849.00
Other		25,185.00	25,185.00
Accrued Interest Payable	31,435.22		31,435.22
Payroll Deductions and Withholdings Payable	183,570.74		183,570.74
Unemployment Compensation Claims Payable	40,024.31		40,024.31
Unearned Revenue	4,043.14		4,043.14
Noncurrent Liabilities (Note 7):			
Due within One Year	140,521.54		140,521.54
Due beyond One Year	3,571,164.81		3,571,164.81
Total Liabilities	4,014,608.76	25,185.00	4,039,793.76
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	100,229.00		100,229.00
NET POSITION:			
Net Investment in Capital Assets	4,746,870.95	81,618.14	4,828,489.09
Restricted for:			
Capital Projects	2,227,722.41		2,227,722.41
Debt Service	0.29		0.29
Excess Surplus	913,436.88		913,436.88
Student Activities	6,540.27		6,540.27
Unemployment Compensation	54,331.92		54,331.92
Unrestricted	542,859.39	282,549.22	825,408.61
Total Net Position	\$ 8,491,762.11	\$ 364,167.36	\$ 8,855,929.47

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2023

Functions / Programs	Expenses	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	\$ 3,418,808.94		\$ 412,962.76		\$ (3,005,846.18)		\$ (3,005,846.18)
Special Education	710,155.00				(710,155.00)		(710,155.00)
Other Special Instruction	372,699.00				(372,699.00)		(372,699.00)
Support Services:							
Tuition	160,667.00				(160,667.00)		(160,667.00)
Student and Instruction Related Services	1,307,505.32	\$ 59,795.30	306,594.02		(941,116.00)		(941,116.00)
School Administrative Services	851,997.26		1,840.00		(850,157.26)		(850,157.26)
Plant Operations and Maintenance	1,213,811.18				(1,213,811.18)		(1,213,811.18)
Pupil Transportation	372,537.00				(372,537.00)		(372,537.00)
Unallocated Benefits	2,592,240.78		(769,199.00)		(3,361,439.78)		(3,361,439.78)
Interest on Long-Term Debt	93,769.32		30,238.29		(63,531.03)		(63,531.03)
Assessment for Debt Service on SDA Funding	6,081.00				(6,081.00)		(6,081.00)
Transfer to Charter School	56,355.00				(56,355.00)		(56,355.00)
Total Governmental Activities	11,156,626.80	59,795.30	(17,563.93)		(11,114,395.43)		(11,114,395.43)
Business-Type Activities:							
Food Service	269,605.24	86,406.26	204,254.41			\$ 21,055.43	21,055.43
Other	59,049.99	82,297.70				23,247.71	23,247.71
Total Business-Type Activities	328,655.23	168,703.96	204,254.41			44,303.14	44,303.14
Total	\$ 11,485,282.03	\$ 228,499.26	\$ 186,690.48	\$ -	(11,114,395.43)	44,303.14	(11,070,092.29)
General Revenues:							
Property Taxes:							
Levied for General Purposes					4,912,254.00		4,912,254.00
Levied for Debt Service					153,733.00		153,733.00
Federal and State Aid - Unrestricted					6,797,399.31		6,797,399.31
Interest and Investment Earnings - Restricted					3,334.60		3,334.60
Miscellaneous					56,554.83	661.61	57,216.44
Total General Revenues					11,923,275.74	661.61	11,923,937.35
Change in Net Position					808,880.31	44,964.75	853,845.06
Net Position -- July 1					7,682,881.80	319,202.61	8,002,084.41
Net Position -- June 30					\$ 8,491,762.11	\$ 364,167.36	\$ 8,855,929.47

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

FUND FINANCIAL STATEMENTS

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 3,823,446.60	\$ 6,540.27	\$ 105.19	\$ 0.29	\$ 3,830,092.35
Capital Reserve Account - Cash	746,887.41				746,887.41
Receivables:					
Interfunds Receivable:					
Special Revenue Fund	579,445.33				579,445.33
Capital Projects Fund	105.19				105.19
Receivables from Other Governments					
Federal Government		556,718.43			556,718.43
State of New Jersey	2,496.00	26,289.00			28,785.00
Total Assets	\$ 5,152,380.53	\$ 589,547.70	\$ 105.19	\$ 0.29	\$ 5,742,033.71
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Interfunds Payable:					
General Fund		\$ 579,445.33	\$ 105.19		\$ 579,550.52
Proprietary Fund	\$ 153,193.27				153,193.27
Accounts Payable					
Payroll Deductions and Withholdings Payable	183,570.74				183,570.74
Unemployment Compensation Claims Payable	40,024.31				40,024.31
Unearned Revenue		4,043.14			4,043.14
Total Liabilities	376,788.32	583,488.47	105.19		960,381.98
Fund Balances:					
Restricted:					
Capital Reserve	2,227,722.41				2,227,722.41
Debt Service				\$ 0.29	0.29
Special Revenue Fund		3,400.00			3,400.00
Student Activities		6,540.27			6,540.27
Excess Surplus (2022-23)	606,978.89				606,978.89
Reserve for Excess Surplus (2021-22) -					
Designated for Subsequent Year's Expenditures	306,457.99				306,457.99
Unemployment Compensation	54,331.92				54,331.92
Assigned:					
Encumbrances	646,843.99				646,843.99
Designated for Subsequent Year's Expenditures	542,326.01				542,326.01
Unassigned (Deficit)	390,931.00	(3,881.04)			387,049.96
Total Fund Balances	4,775,592.21	6,059.23		0.29	4,781,651.73
Total Liabilities and Fund Balances	\$ 5,152,380.53	\$ 589,547.70	\$ 105.19	\$ 0.29	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$12,694,868.14 and the accumulated depreciation is \$5,265,997.19.	7,428,870.95
Accrued interest payable is not due and payable in the current period and therefore is not reported as liabilities in the funds.	(31,435.22)
Net Pension Liability	(642,059.00)
Accounts payable related to the April 1, 2024 required PERS pension contribution that is not to be liquidated with current financial resources	(43,849.00)
Deferred Outflows of Resources - Related to Pensions	168,439.00
Deferred Inflows of Resources - Related to Pensions	(100,229.00)
Long-term liabilities, including bonds and compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(3,069,627.35)
Net position of governmental activities.	<u>\$ 8,491,762.11</u>

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources	\$ 4,912,254.00			\$ 153,733.00	\$ 5,065,987.00
Other Restricted Miscellaneous Revenues	3,334.60	\$ 57,484.45			60,819.05
Unrestricted Miscellaneous Revenues	56,554.83				56,554.83
State Sources	6,752,727.78	141,522.00		71,511.00	6,965,760.78
Federal Sources	3,398.82	582,185.63			585,584.45
Total Revenues	11,728,270.03	781,192.08		225,244.00	12,734,706.11
EXPENDITURES:					
Current:					
Regular Instruction	2,961,046.00	417,050.65			3,378,096.65
Special Education Instruction	710,155.00				710,155.00
Other Special Instruction	372,699.00				372,699.00
Undistributed Expenditures:					
Tuition	160,667.00				160,667.00
Student and Instruction Related Services	941,116.00	366,389.32			1,307,505.32
School Administrative Services	843,318.00	1,840.00			845,158.00
Plant Operations and Maintenance	759,120.58				759,120.58
Pupil Transportation	372,537.00				372,537.00
Unallocated Benefits	1,367,268.00				1,367,268.00
Reimbursed TPAF and Social Security	2,039,074.78				2,039,074.78
Debt Service:					
Interest				95,244.00	95,244.00
Redemption of Principal				130,000.00	130,000.00
Assessment for Debt Service on SDA Funding	6,081.00				6,081.00
Capital Outlay	149,525.42		\$ 289,579.24		439,104.66
Transfer to Charter School	56,355.00				56,355.00
Total Expenditures	10,738,962.78	785,279.97	289,579.24	225,244.00	12,039,065.99
Excess (Deficiency) of Revenues over Expenditures	989,307.25	(4,087.89)	(289,579.24)		695,640.12
Fund Balance -- July 1	3,786,284.96	10,147.12	289,579.24	\$ 0.29	4,086,011.61
Fund Balance, June 30	\$ 4,775,592.21	\$ 6,059.23	\$ -	\$ 0.29	\$ 4,781,651.73

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

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

Total Net Change in Fund Balances - Governmental Funds		\$ 695,640.12
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Total Capital Outlay per Exhibit B-2	\$ 439,104.66	
Depreciation Expense	<u>(502,242.15)</u>	(63,137.49)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		130,000.00
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.</p>		
		1,474.68
<p>Governmental funds report school district pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the school district's pension contribution in the current period.</p>		
		71,090.00
<p>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 (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.</p>		
		<u>(26,187.00)</u>
Change in Net Position of Governmental Activities		<u><u>\$ 808,880.31</u></u>

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Proprietary Fund
Statement of Net Position
As of June 30, 2023

	Business-Type Activities-- Enterprise Funds			
	<u>Food Service</u>	<u>Park Tech Services</u>	<u>After Care Program</u>	<u>Total Enterprise</u>
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 8,322.22	\$ 62,562.75	\$ 69,730.30	\$ 140,615.27
Accounts Receivable:				
State	356.52			356.52
Federal	8,624.00			8,624.00
Interfund Loan Receivable	153,193.27			153,193.27
Inventories	4,945.16			4,945.16
Total Current Assets	<u>175,441.17</u>	<u>62,562.75</u>	<u>69,730.30</u>	<u>307,734.22</u>
Noncurrent Assets:				
Furniture, Fixtures and Equipment	205,030.31			205,030.31
Less: Accumulated Depreciation	(123,412.17)			(123,412.17)
Total Noncurrent Assets	<u>81,618.14</u>			<u>81,618.14</u>
Total Assets	<u>257,059.31</u>	<u>62,562.75</u>	<u>69,730.30</u>	<u>389,352.36</u>
LIABILITIES:				
Current Liabilities:				
Accounts Payable	<u>25,185.00</u>			<u>25,185.00</u>
Total Liabilities	<u>25,185.00</u>			<u>25,185.00</u>
NET POSITION:				
Net Investment in Capital Assets	81,618.14			81,618.14
Unrestricted	<u>150,256.17</u>	<u>62,562.75</u>	<u>69,730.30</u>	<u>282,549.22</u>
Total Net Position	<u>\$ 231,874.31</u>	<u>\$ 62,562.75</u>	<u>\$ 69,730.30</u>	<u>\$ 364,167.36</u>

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Proprietary Fund
Statement of Revenues, Expenditures and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2023

	Business-Type Activities-- Enterprise Funds			
	<u>Food Service</u>	<u>Park Tech Services</u>	<u>After Care Program</u>	<u>Total Enterprise</u>
OPERATING REVENUES:				
Local Sources:				
Daily Sales - Reimbursable Programs	\$ 43,780.40			\$ 43,780.40
Daily Sales - Non-Reimbursable Programs	36,860.44			36,860.44
Special Functions	5,765.42			5,765.42
Tuition			\$ 82,297.70	82,297.70
	<u>86,406.26</u>		<u>82,297.70</u>	<u>168,703.96</u>
Total Operating Revenue				
	86,406.26		82,297.70	168,703.96
OPERATING EXPENSES:				
Cost of Sales - Reimbursable Programs	86,050.94			86,050.94
Cost of Sales - Non-Reimbursable Programs	21,827.27			21,827.27
Salaries	116,588.10		49,599.10	166,187.20
Management Fee	16,409.25			16,409.25
Supplies	13,990.20		2,446.55	16,436.75
Other Purchased Services	6,406.69	\$ 1,796.80	5,207.54	13,411.03
Depreciation	8,332.79			8,332.79
	<u>269,605.24</u>	<u>1,796.80</u>	<u>57,253.19</u>	<u>328,655.23</u>
Total Operating Expenses				
	269,605.24	1,796.80	57,253.19	328,655.23
Operating Income (Loss)	<u>(183,198.98)</u>	<u>(1,796.80)</u>	<u>25,044.51</u>	<u>(159,951.27)</u>
	(183,198.98)	(1,796.80)	25,044.51	(159,951.27)
NONOPERATING REVENUES:				
State Sources:				
State School Lunch Program	3,727.65			3,727.65
State Breakfast Program	470.40			470.40
After the Bell	1,570.80			1,570.80
Federal Sources:				
National School Lunch Program	93,972.75			93,972.75
School Breakfast Program	36,583.12			36,583.12
Food Distribution Program	40,893.91			40,893.91
COVID Supply Chain Assistance	21,379.10			21,379.10
After School Snack	5,656.68			5,656.68
Interest Revenue	154.00	252.70	254.91	661.61
	<u>204,408.41</u>	<u>252.70</u>	<u>254.91</u>	<u>204,916.02</u>
Total Nonoperating Revenues				
	204,408.41	252.70	254.91	204,916.02
Change in Net Position	21,209.43	(1,544.10)	25,299.42	44,964.75
Net Position - July 1	<u>210,664.88</u>	<u>64,106.85</u>	<u>44430.88</u>	<u>319,202.61</u>
Net Position - June 30	<u>\$ 231,874.31</u>	<u>\$ 62,562.75</u>	<u>\$ 69,730.30</u>	<u>\$ 364,167.36</u>

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023

	Business-Type Activities-- Enterprise Funds			
	Food Service	Park Tech Services	After Care Program	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	\$ 49,148.62		\$ 82,297.70	\$ 131,446.32
Payments to Employees	(116,588.10)		(49,599.10)	(166,187.20)
Payments to Suppliers	(133,380.66)	\$ (1,796.80)	(7,654.09)	(142,831.55)
Net Cash Provided by (Used for) Operating Activities	<u>(200,820.14)</u>	<u>(1,796.80)</u>	<u>25,044.51</u>	<u>(177,572.43)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
State Sources	5,789.91			5,789.91
Federal Sources	186,658.95			186,658.95
Net Cash Provided by Non-Capital Financing Activities	<u>192,448.86</u>			<u>192,448.86</u>
CASH FLOWS FROM CAPITAL AND RELATED INVESTING ACTIVITIES:				
Acquisition of Capital Assets	(25,185.00)			(25,185.00)
Net Cash Used for Capital and Related Investing Activities	<u>(25,185.00)</u>			<u>(25,185.00)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Revenue	154.00	252.70	254.91	661.61
Net Cash Provided by Investing Activities	<u>154.00</u>	<u>252.70</u>	<u>254.91</u>	<u>661.61</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(33,402.28)	(1,544.10)	25,299.42	(9,646.96)
Balance -- July 1	41,724.50	64,106.85	44,430.88	150,262.23
Balance -- June 30	<u>\$ 8,322.22</u>	<u>\$ 62,562.75</u>	<u>\$ 69,730.30</u>	<u>\$ 140,615.27</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:				
Operating Income (Loss)	\$ (183,198.98)	\$ (1,796.80)	\$ 25,044.51	\$ (159,951.27)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities:				
Depreciation	8,332.79			8,332.79
Federal Commodities	40,893.91			40,893.91
Change in Assets and Liabilities:				
(Increase)/Decrease in Accounts Receivable	(37,257.64)			(37,257.64)
(Increase)/Decrease in Inventory	4,932.89			4,932.89
Increase/(Decrease) in Accounts Payable	(34,523.11)			(34,523.11)
Total Adjustments	<u>(17,621.16)</u>			<u>(17,621.16)</u>
Net Cash Used for Operating Activities	<u>\$ (200,820.14)</u>	<u>\$ (1,796.80)</u>	<u>\$ 25,044.51</u>	<u>\$ (177,572.43)</u>

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

TOWNSHIP OF SOMERDALE SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Borough of Somerdale School District (the "School District") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Description of the Financial Reporting Entity

The School District is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades Pre-K through eighth at its school. The School District has an approximate enrollment at June 30, 2023 of 445.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The financial statements include all funds of the School District over which the Board exercises operating control.

Government-wide and Fund Financial Statements

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes are recognized as revenues in the year for which they are levied. The Camden County Board of Taxation is responsible for the assessment of properties, and the respective municipal tax collector is responsible for the collection of property taxes. Assessments are certified and property taxes are levied on January 1. Property tax payments are due February 1, May 1, August 1 and November 1. Unpaid property taxes are considered delinquent the following January 1 and are then subject to municipal lien. In accordance with New Jersey State Statute, the School District is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable. The governing body of each municipality is required to pay over to the School District, within forty (40) days after the beginning of the school year, twenty percent (20%) of the moneys from school tax due. Thereafter, but prior to the last day of the school year, the municipality must pay the balance of moneys from school tax due for school purposes in such amounts as requested, with certain limitations, from time to time by the School District, within thirty days after each request.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, tuition, reimbursable-type grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the School District.

The School District reports the following major governmental funds:

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, ad valorem tax revenues, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

The School District reports the following major governmental funds (cont'd):

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes, serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, or from the general fund by way of transfers from capital outlay or the capital reserve account.

Debt Service Fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Proprietary funds are used to account for the School District's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All items not meeting this definition are reported as nonoperating revenues and expenses.

The School District reports the following major proprietary funds:

Enterprise Funds

Food Service Fund - This fund accounts for the financial transactions related to the food service operations of the School District.

Park Technology Services Fund - This fund accounts for the financial activity related to the technology service operations of the School District.

After Care Fund - This fund accounts for the financial activity related to the child after care operations of the School District.

As a rule, the effect of internal/interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)****Budgets / Budgetary Control**

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds, and are submitted to the county office of education. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012, to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(f)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

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 one or more June state aid payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. 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 budgetary basis. The budgetary basis differs from GAAP in that the 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.

The budget, as detailed on exhibit C-1, exhibit C-2, and exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting, as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows the modified accrual basis of accounting, with the exception of the aforementioned revenue recognition policy for the one or more June state aid payments.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Encumbrances (Cont'd)**

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected on the balance sheet as unearned revenues at fiscal year-end.

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

Cash, Cash Equivalents and Investments

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

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, 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 amount of their deposits to the governmental units.

Inventories

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased.

Tuition Receivable

Tuition charges were established by the School District based on estimated costs. The charges are subject to adjustment when the final costs are determined.

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2023. The School District had no prepaid expenses for the fiscal year ended June 30, 2023.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Prepaid Expenses (Cont'd)**

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Lease Receivable

Lease receivables recorded on the government-wide financial statement, in the governmental funds, and in the proprietary fund types represents a contract that conveys control of the right to use the School District's (lessor) nonfinancial asset. At the commencement of the lease term, the lessor recognizes a lease receivable and a deferred inflow of resources. The lease receivable is measured at the present value of lease payments expected to be received during the lease term.

Short-Term Interfund Receivables / Payables

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the School District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column.

Capital Assets

Capital assets represent the cumulative amount of capital assets used by the School District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. Intangible right to use assets (lease and subscription assets) are recorded as expenditures in the governmental fund financial statements. Lease assets are measured on the government-wide statement of net position and proprietary fund statement of net position at the amount of the initial measurement of the related lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Subscription assets are recorded as expenditures in the governmental fund financial statements. Subscription assets are measured on the government-wide statement of net position and proprietary fund statement of net position at the amount of the initial measurement of the related subscription liability, plus any payments associated with the arrangement made to the vendor at the commencement of the subscription term and capitalizable initial implementation costs. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

The School District's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance are expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated using the straight-line method over the useful life of the assets. Lease and subscription assets are amortized in a systematic and rational manner over the shorter of the lease and subscription term or the useful life of the underlying assets. The useful lives of the School District's capital assets are as follows:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 - 20 Years
Buildings and Improvements	10 - 50 Years
Furniture, Fixtures and Equipment	5 - 20 Years

The School District does not possess any infrastructure assets.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Deferred Outflows of Resources and Deferred Inflows of Resources**

The statement of net position and the balance sheet for governmental funds reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The School District is required to report the following as deferred outflows of resources and deferred inflows of resources: defined benefit pension plans.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the School District is eligible to realize the revenue.

Accrued Salaries and Wages

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2023, the amounts earned by these employees were disbursed to the employees' own individual accounts.

Compensated Absences

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

The School District uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Accrued Liabilities and Long-Term Obligations (Cont'd)**

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the governmental fund financial statements when due.

Net Position

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

Net Investment in Capital Assets - This component represents capital assets, net of accumulated depreciation or amortization of intangible capital assets, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

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

Fund Balance

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Fund Balance (Cont'd)**

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

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

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

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures / expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources / uses in governmental funds and after non-operating revenues / expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures / expenses to the funds that initially paid for them are not presented on the financial statements.

Accounting Estimates

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

Impact of Recently Issued Accounting Principles**Recently Issued Accounting Pronouncements**

The GASB has issued the following Statement that will become effective for the School District for fiscal years ending after June 30, 2024:

Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Statement will become effective for the School District in the fiscal year ending June 30, 2025. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the School District.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of June 30, 2023, the School District's bank balances of \$5,024,733.53 were insured by FDIC or GUDPA.

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District by inclusion of \$125,000.00 on June 11, 2015, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a school 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 fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A: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 of the capital reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$ 2,224,761.83
Increased by:	
Interest Earnings	2,960.58
Ending Balance, June 30, 2023	<u>\$ 2,227,722.41</u>

The June 30, 2023 LRFP balance of local support costs of uncompleted projects at June 30, 2023 does not exceed the capital reserve balance.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2023 consisted of intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

Note 4: ACCOUNTS RECEIVABLE (CONT'D)

Accounts receivable as of fiscal year end for the School District's individual major funds, in the aggregate, are as follows:

<u>Description</u>	<u>Governmental Funds</u>		<u>Total Governmental Activities</u>	<u>Proprietary Funds</u>		<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>		<u>Food Service Fund</u>	<u>Total Business-Type Activities</u>	
Federal Awards		\$ 556,718.43	\$ 556,718.43	\$ 8,624.00	\$ 8,624.00	\$ 565,342.43
State Awards	\$ 2,496.00	26,289.00	28,785.00	356.52	356.52	29,141.52
Total	\$ 2,496.00	\$ 583,007.43	\$ 585,503.43	\$ 8,980.52	\$ 8,980.52	\$ 594,483.95

Note 5: INVENTORY

Inventory recorded at June 30, 2023 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$ 3,188.02
Supplies	1,757.14
	<u>\$ 4,945.16</u>

Note 6: CAPITAL ASSETS

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

	<u>Balance July 1, 2022</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>
Governmental Activities:					
Capital Assets, not being Depreciated:					
Land	\$ 38,163.00				\$ 38,163.00
Construction in Progress	646,817.49		\$ (413,993.64)		232,823.85
Total Capital Assets, not being Depreciated	684,980.49		(413,993.64)		270,986.85
Capital Assets, being Depreciated:					
Land Improvements	537,508.70	\$ 429,081.66	413,993.64		1,380,584.00
Buildings and Improvements	9,686,890.65	10,023.00			9,696,913.65
Furniture, Fixtures, and Equipment	1,346,383.64				1,346,383.64
Total Capital Assets, being Depreciated	11,570,782.99	439,104.66	413,993.64		12,423,881.29
Total Capital Assets, Cost	12,255,763.48	439,104.66			12,694,868.14
Less Accumulated Depreciation:					
Land Improvements	(145,449.53)	(58,654.95)			(204,104.48)
Buildings and Improvements	(3,795,318.30)	(342,139.79)			(4,137,458.09)
Furniture, Fixtures, and Equipment	(822,987.21)	(101,447.41)			(924,434.62)
Total Accumulated Depreciation	(4,763,755.04)	(502,242.15)			(5,265,997.19)
Total Capital Assets, being Depreciated, net	6,807,027.95	(63,137.49)	413,993.64		7,157,884.10
Governmental Activities Capital Assets, net	\$ 7,492,008.44	\$ (63,137.49)	\$ -	\$ -	\$ 7,428,870.95

Note 6: CAPITAL ASSETS (CONT'D)

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>
Business-Type Activities:				
Capital Assets, being Depreciated:				
Furniture, Fixtures and Equipment	\$ 179,845.31	\$ 25,185.00		\$ 205,030.31
Total Capital Assets, being Depreciated	179,845.31	25,185.00		205,030.31
Total Capital Assets, Cost	179,845.31	25,185.00		205,030.31
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(115,079.38)	(8,332.79)		(123,412.17)
Total Accumulated Depreciation	(115,079.38)	(8,332.79)		(123,412.17)
Total Capital Assets, being Depreciated, net	64,765.93	16,852.21		81,618.14
Business-Type Activities Capital Assets, net	<u>\$ 64,765.93</u>	<u>\$ 16,852.21</u>	<u>\$ -</u>	<u>\$ 81,618.14</u>

Depreciation expense was charged to functions / programs of the School District as follows:

Governmental Activities:

Instruction	\$ 40,712.29
General and Business Administrative Services	6,839.26
Plant Operations and Maintenance	<u>454,690.60</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 502,242.15</u>

Business-Type Activities:

Food Service	<u>\$ 8,332.79</u>
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Note 7: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2023, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 2,812,000.00		\$ (130,000.00)	\$ 2,682,000.00	\$ 135,000.00
Total Bonds Payable	2,812,000.00		(130,000.00)	2,682,000.00	135,000.00
Other Liabilities:					
Compensated Absences	361,440.35	\$ 57,688.65	(31,501.65)	387,627.35	5,521.54
Net Pension Liability	473,246.00	416,850.00	(248,037.00)	642,059.00	
Total Other Liabilities	834,686.35	474,538.65	(279,538.65)	1,029,686.35	5,521.54
Governmental Activities Long-Term Liabilities	<u>\$ 3,646,686.35</u>	<u>\$ 474,538.65</u>	<u>\$ (409,538.65)</u>	<u>\$ 3,711,686.35</u>	<u>\$ 140,521.54</u>

Note 7: LONG-TERM LIABILITIES (CONT'D)

The bonds payable are generally liquidated by the debt service fund, while compensated absences and net pension liability are liquidated by the general fund.

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

On December 20, 2018, the School District issued \$3,157,000.00 general obligation bonds at interest rates varying from 3.00% to 3.50% for various construction and renovation projects. The final maturity of these bonds is September 1, 2038. The bonds will be paid from property taxes.

Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 135,000.00	\$ 91,248.13	\$ 226,248.13
2025	140,000.00	86,607.50	226,607.50
2026	145,000.00	81,707.50	226,707.50
2027	150,000.00	76,545.00	226,545.00
2028	155,000.00	71,207.50	226,207.50
2029-2033	850,000.00	269,850.00	1,119,850.00
2034-2038	950,000.00	110,600.00	1,060,600.00
2039	157,000.00	2,747.50	159,747.50
Total	<u>\$ 2,682,000.00</u>	<u>\$ 790,513.13</u>	<u>\$ 3,472,513.13</u>

Bonds Authorized but not Issued - As of June 30, 2023, the School District had no authorizations to issue additional bonded debt.

Compensated Absences - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 13 for a description of the School District's policy.

Net Pension Liability - For details on the net pension liability, refer to note 8. The School District's annual required contribution to the Public Employees' Retirement System is budgeted and paid from the general fund on an annual basis.

Note 8: PENSION PLANS

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits (the "Division"). In addition, several School District employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. The DCRP is administered by Empower (formerly Prudential Financial).

Each of the aforementioned plans have a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information, and detailed information about the PERS and TPAF plans' fiduciary net position that can be obtained by writing to or at the following website:

State of New Jersey, Department of the Treasury
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans****Plan Descriptions**

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey ("State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF Board of Trustees is primarily responsible for the administration of the Plan.

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan that was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability, and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of P.L. 2007, c. 92 and P.L. 2007, c. 103, and expanded under the provisions of P.L. 2008, c. 89 and P.L. 2010, c. 1. The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Vesting and Benefit Provisions

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

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)****Teachers' Pension and Annuity Fund (Cont'd) –**

The following represents the membership tiers for TPAF:

Tier Definition

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

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

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

The membership tiers for PERS are the same as previously noted for TPAF.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions**

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2022. The State's contribution is based on an actuarially determined amount, which includes the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2022, the State's pension contribution was more than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2023 was 34.99% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to contribute to the pension plan during the fiscal year ended June 30, 2023 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2022, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2023 was \$1,403,840.00 and was paid by April 1, 2023. School District employee contributions to the Plan during the fiscal year ended June 30, 2023 were \$305,740.50.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2022. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and an amortization of the unfunded accrued liability.

Special Funding Situation Component - Under N.J.S.A. 43:15A, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. One of such legislations, which legally obligate the State, is Chapter 133, P.L. 2001. This legislation increased the accrual rate from 1/60 to 1/55. In addition, it lowered the age required for a veteran benefit equal to 1/55 of highest 12-month compensation for each year of service from 60 to 55. Chapter 133, P.L. 2001 also established the Benefit Enhancement Fund (BEF) to fund the additional annual employer normal contribution due to the State's increased benefits. If the assets in the BEF are insufficient to cover the normal contribution for the increased benefits for a valuation period, the State will pay such amount for both the State and local employers. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a *special funding situation* as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2023 was 15.73% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions**

Public Employees' Retirement System (Cont'd) – Based on the most recent PERS measurement date of June 30, 2022, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2023 was \$53,561.00 and was paid by April 1, 2023. School District employee contributions to the Plan during the fiscal year ended June 30, 2023 were \$24,254.81.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the School District, under Chapter 133, P.L. 2001, for the fiscal year ended June 30, 2023 was .48% of the School District's covered payroll.

Based on the most recent PERS measurement date of June 30, 2022, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2023 was \$1,351.00

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with P.L. 2007, C. 92, and P.L. 2007, C. 103, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District contributes 3% of the employees' base salary, for each pay period.

For the fiscal year ended June 30, 2023, the School District had no employees enrolled in the program and therefore no contributions were made.

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**Teachers' Pension and Annuity Fund**

Pension Liability - At June 30, 2023, the School District was not required to report a liability for its proportionate share of the net pension liability for TPAF because of the 100% special funding situation by the State of New Jersey.

The State's proportionate share of net pension liability, however, attributable to the School District is as follows:

Proportionate Share of Net Pension Liability	\$	-
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Employer		17,306,083.00
	\$	<u>17,306,083.00</u>

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. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022. For the June 30, 2022 measurement date, the School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At the June 30, 2022 measurement date, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey; however, the State's proportionate share of the TPAF net pension liability associated with the School District was .0335425513%, which was a decrease of .0016501596% from its proportion measured as of June 30, 2021.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Teachers' Pension and Annuity Fund (Cont'd)**

Pension (Benefit) Expense - For the fiscal year ended June 30, 2023, the State's proportionate share of the pension (benefit) expense, associated with the School District, calculated by the Plan as of June 30, 2022 measurement date, was \$465,755.00. This on-behalf expense has been recognized by the School District in the government-wide financial statements.

Public Employees' Retirement System

Pension Liability - At June 30, 2023, there is no net pension liability associated with the special funding situation under Chapter 133, P.L. 2001, as there was no accumulated difference between the annual additional normal cost and the actual State contribution through the valuation date. The School District reported a liability of \$642,059.00 for its proportionate share of the net pension liability for PERS. 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. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2022 measurement date, the School District's proportion was .0042544772%, which was an increase of .0002596559% from its proportion measured as of June 30, 2021.

Pension (Benefit) Expense - For the fiscal year ended June 30, 2023, the School District recognized pension (benefit) expense of (\$17,440.00), in the government-wide financial statements. This pension expense was based on the pension plan's June 30, 2022 measurement date.

For the fiscal year ended June 30, 2023, the State's proportionate share of the pension (benefit) expense, associated with the School District, under Chapter 133, P.L. 2001, calculated by the Plan as of June 30, 2022 measurement date, was \$1,351.00. This on-behalf expense has been recognized by the School District in the government-wide financial statements.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System (Cont'd)**

Deferred Outflows and Inflows of Resources - At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 4,634.00	\$ 4,087.00
Changes of Assumptions	1,989.00	96,142.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	26,574.00	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	91,393.00	-
Contributions Subsequent to the Measurement Date	43,849.00	-
	<u>\$ 168,439.00</u>	<u>\$ 100,229.00</u>

Deferred outflows of resources in the amount of \$43,849.00 will be included as a reduction of the net pension liability in the subsequent fiscal year, June 30, 2024. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	
2024	\$ (80,942.00)
2025	64,263.00
2026	694.00
2027	40,023.00
2028	323.00
	<u>\$ 24,361.00</u>

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System (Cont'd)****Deferred Outflows and Inflows of Resources (Cont'd) -**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>		<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience			Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:			Year of Pension Plan Deferral:		
June 30, 2017	5.48	-	June 30, 2018	5.00	-
June 30, 2018	-	5.63	June 30, 2019	5.00	-
June 30, 2019	5.21	-	June 30, 2020	5.00	-
June 30, 2020	5.16	-	June 30, 2021	5.00	-
June 30, 2021	-	5.13	June 30, 2022	5.00	-
June 30, 2022	-	5.04			
Changes of Assumptions			Changes in Proportion		
Year of Pension Plan Deferral:			Year of Pension Plan Deferral:		
June 30, 2017	-	5.48	June 30, 2017	5.48	5.48
June 30, 2018	-	5.63	June 30, 2018	5.63	5.63
June 30, 2019	-	5.21	June 30, 2019	5.21	5.21
June 30, 2020	-	5.16	June 30, 2020	5.16	5.16
June 30, 2021	5.13	-	June 30, 2021	5.13	5.13
June 30, 2022	-	5.04	June 30, 2022	5.04	5.04

Actuarial Assumptions

The net pension liabilities were measured as of June 30, 2022 and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation as of July 1, 2021. The total pension liabilities were calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:	2.75% - 5.65%	2.75% - 6.55%
	Based on Years of Service	Based on Years of Service
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021	July 1, 2018 - June 30, 2021

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

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

For PERS, 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 disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS' target asset allocation as of the June 30, 2022 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	<u>100.00%</u>	

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)****Discount Rate -**

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

Public Employees' Retirement System - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity would be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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 Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Teachers' Pension and Annuity Fund (TPAF) - As previously mentioned TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2022, the Plan's measurement date, attributable to the School District is \$0.00. The following, however, presents the net pension liability of the State as of June 30, 2022 (Plan's measurement date), attributable to the School District, calculated using the discount rate of 7.00% as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	<u>TPAF</u>		
	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Employer	<u>20,291,750.00</u>	<u>17,306,083.00</u>	<u>14,791,034.00</u>
	<u>\$ 20,291,750.00</u>	<u>\$ 17,306,083.00</u>	<u>\$ 14,791,034.00</u>

Note 8: PENSION PLANS (CONT'D)**Sensitivity of Proportionate Share of Net Pension Liability to Changes in the Discount Rate (Cont'd)**

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2022, the Plan's measurement date, calculated using a discount rate of 7.00%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability	\$ 824,858.00	\$ 642,059.00	\$ 486,490.00

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS' respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, 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.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN****General Information about the OPEB Plan**

Plan Description and Benefits Provided - The State Health Benefit Local Education Retired Employees Plan (the "OPEB Plan") is a multiple-employer defined benefit OPEB plan, with a special funding situation, that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75 - *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The OPEB Plan is administered by the State of New Jersey Division of Pensions and Benefits (the "Division") and is part of the New Jersey State Health Benefits Program (SHBP). The Division issues a publicly available financial report that includes financial statements and required supplementary information which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.nj.gov/treasury/pensions/financial-reports.shtml>

The OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****General Information about the OPEB Plan (Cont'd)**

Contributions - The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey (the "State") in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Employees Covered by Benefit Terms - At June 30, 2022, the OPEB Plan's measurement date, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted of the following members.

Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	151,669
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	-
	<u>364,817</u>

Total Non-Employer OPEB Liability

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to the OPEB Plan for qualified retired TPAF, PERS, PFRS and ABP pension participants. The School District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the statement of net position.

The State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2023 was \$15,909,667.00. Since the OPEB liability associated with the School District is 100% attributable to the State, the OPEB liability will be referred to as the total non-employer OPEB liability.

The total non-employer OPEB liability was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. For the June 30, 2022 measurement date, the State's proportionate share of the non-employer OPEB liability associated with the School District was .031413848%, which was an increase of .0001706904% from its proportion measured as of June 30, 2021.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

Actuarial Assumptions and Other Inputs - The actuarial assumptions and other inputs vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2021, which was rolled forward to June 30, 2022, used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF/ABP</u> *	<u>PERS</u> *	<u>PFRS</u> *
Salary Increases	2.75% to 4.25%	2.75% to 6.55%	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 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "Safety" (PFRS), "General" (PERS), and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Experience Studies - The actuarial assumptions used in the June 30, 2021 valuation, which was rolled forward to June 30, 2022, were based on the results of actuarial experience studies for the periods July 1, 2018 to June 30, 2021 for TPAF, PERS, and PFRS.

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

Discount Rate - The discount rate for June 30, 2022 measurement date was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Changes in the Total Non-Employer OPEB Liability**

The below table summarizes the State's proportionate share of the change in the total non-employer OPEB liability associated with the School District:

Balance at June 30, 2022		\$ 18,747,887.00
Changes for the Year:		
Service Cost	\$ 897,215.00	
Interest Cost	421,624.00	
Changes in Benefit Terms	-	
Difference between Expected and Actual Experience	515,085.00	
Changes in Assumptions	(4,267,911.00)	
Member Contributions	13,398.00	
Gross Benefit Payments	<u>(417,631.00)</u>	
Net Changes		<u>(2,838,220.00)</u>
Balance at June 30, 2023		<u>\$ 15,909,667.00</u>

Differences between expected and actual experience reflect an increase in liability for the measurement period from June 30, 2021 to June 30, 2022 due to changes in the census and premium and claims experience.

Changes in assumptions reflect a decrease in the liability for the measurement period from June 30, 2021 to June 30, 2022 is due to the combined effect of the discount rate change; and changes in the trend, and experience study.

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2022, associated with the School District, using a discount rate of 3.54%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Employer	<u>\$ 18,700,140.00</u>	<u>\$ 15,909,667.00</u>	<u>\$ 13,673,242.00</u>

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Changes in the Total Non-Employer OPEB Liability**

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Healthcare Cost Trend Rates - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2022, associated with the School District, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Employer	\$ 13,150,312.00	\$ 15,909,667.00	\$ 19,534,247.00

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Total Non-Employer OPEB Liability

OPEB Expense - For the fiscal year ended June 30, 2023, the School District recognized \$510,186.00 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB expense, associated with the School District. This expense and revenue was based on the OPEB Plan's June 30, 2022 measurement date.

Deferred Outflows and Inflows of Resources - In accordance with GASBS No. 75, the School District's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the School District; however, at June 30, 2023, the State's proportionate share of the total non-employer OPEB liability's deferred outflows of resources and deferred inflows of resources, associated with School District, from the following sources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$ 2,840,507.00	\$ 4,857,405.00
Changes of Assumptions	2,753,561.00	5,414,782.00
Changes in Proportion	186,755.00	324,974.00
	<u>\$ 5,780,823.00</u>	<u>\$ 10,597,161.00</u>

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Total Non-Employer OPEB Liability (Cont'd)****Deferred Outflows and Inflows of Resources (Cont'd) –**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total non-employer OPEB liability, associated with the School District, will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2024	\$ (808,637.00)
2025	(808,637.00)
2026	(808,637.00)
2027	(698,875.00)
2028	(407,503.00)
Thereafter	<u>(1,284,049.00)</u>
	<u>\$ (4,816,338.00)</u>

Note 10: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2023, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$1,363,161.00, \$18,912.00, \$363,067.00, and \$632.00, respectively.

Note 11: RISK MANAGEMENT

The School 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.

New Jersey Unemployment Compensation Insurance - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The School District is billed quarterly for amounts due to the State.

Note 11: RISK MANAGEMENT (CONT'D)**New Jersey Unemployment Compensation Insurance (Cont'd) –**

The following is a summary of the activity of the School District's unemployment claims for the current and previous two fiscal years:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>School</u> <u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Income</u>	<u>Claims</u> <u>Incurred</u>	<u>Ending Balance</u>	
					<u>Claims</u> <u>Payable</u>	<u>Restricted</u> <u>Fund</u> <u>Balance</u>
2023			\$ 374.02		\$ 40,024.31	\$ 54,331.92
2022		\$ 2,828.48	93.67		40,024.31	53,957.90
2021	\$ 33,408.00	6,616.31	133.10		40,024.31	51,035.75

Joint Insurance Fund - The School District is a member of the New Jersey School Insurance Group (the "Group"). The Group provides its members with the following coverage:

Workers' Compensation including Employer's Liability
 General Liability other than Motor Vehicle
 Automobile Liability
 Blanket Crime including Public Employee Dishonesty
 Property Including Boiler and Machinery
 Public Officials and Employment Practices Liability
 Volunteer Directors and Officers Liability
 Cyber Liability

Contributions to the Group, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Group's actuary. The Commissioner of Banking and Insurance may order additional assessments to supplement the Group's claim, loss retention, or administrative accounts to assure the payment of the Group's obligations.

For more information regarding claims, coverages and deductibles, the Group publishes its own financial report that can be obtained from:

New Jersey Schools Insurance Group
 6000 Midlantic Drive
 Mount Laurel, NJ 08054

Note 12: DEFERRED COMPENSATION

The School District offers its employees a choice of three deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. The plans permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The plan administrators are as follows:

The Equitable
 Thomas Seely Agency
 Lincoln Investment Planning

Note 13: COMPENSATED ABSENCES

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

School District employees who are employed for ten or twelve months are entitled to ten paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. School District employees are entitled to two personal days that may be carried forward to subsequent years. Vacation days not used during the year may not be accumulated and carried forward. Benefits paid in any future year will be calculated according to formulas outlined in the School Districts' agreements with the various employee unions and included in the current years' budget.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2023, the liability for compensated absences reported on the government-wide statement of net position was \$387,627.35.

Note 14: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 579,550.52	\$ 153,193.27
Special Revenue		579,445.33
Capital Projects		105.19
Food Service	<u>153,193.27</u>	<u> </u>
Totals	<u>\$ 732,743.79</u>	<u>\$ 732,743.79</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2024, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

There were no transfers during the fiscal year ended June 30, 2023.

Note 15: CONTINGENCIES

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

Note 16: CONCENTRATIONS

The School District depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the School District is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 17: FUND BALANCES**RESTRICTED**

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

General Fund

For Capital Reserve Account - As of June 30, 2023, the balance in the capital reserve account is \$2,227,722.41. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation. New Jersey school districts are required to restrict general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2023 is \$606,978.89. Additionally, \$306,457.99 of excess fund balance generated during 2021-2022 has been restricted and designated for utilization in the 2023-2024 budget.

For Unemployment Compensation - Pursuant to N.J.S.A. 43:21-7.3(g), the School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method" (see note 11). As a result, there exists at June 30, 2023 a restricted fund balance from employer contributions in the amount of \$54,331.92 for future unemployment claims.

Special Revenue Fund

Special Revenue - The \$3,400.00 Special Revenue Fund Balance at June 30, 2023 represents unexpended State and Local grant funds.

For Student Activities - In accordance with N.J.A.C. 6A:23A-16.12(c), each school district shall ensure through adoption of a formal board policy that all financial and bookkeeping controls are adequate to ensure appropriate fiscal accountability and sound business practices for funds collected for student activities. As such, borrowing from student activity funds is prohibited. The balance of these funds as of June 30, 2023, is \$6,540.27.

Debt Service Fund - In accordance with N.J.A.C. 6A:23A-8.6, a district board of education shall appropriate annually all debt service fund balances in the budget certified for taxes unless expressly authorized and documented by the voters in a bond referendum. As a result, the School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2024 \$0.29 of debt service fund balance at June 30, 2023.

Note 17: FUND BALANCES (CONT'D)**ASSIGNED**

As stated in note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

General Fund

Other Purposes - As of June 30, 2023, the School District had \$646,843.99 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2024 \$542,326.01 of general fund balance at June 30, 2023.

UNASSIGNED

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

General Fund - As of June 30, 2023, \$390,931.00 of general fund balance was unassigned.

Note 18: DEFICIT FUND BALANCES

The School District has a deficit fund balance of \$3,881.04 in the special revenue fund as of June 30, 2023 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$3,881.04 is less than the June state aid payments.

Note 19: TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

The Borough of Somerdale has entered into various property tax abatement agreements with properties having aggregate assessed valuations of \$9,971,612.15. Based on the School District's 2023 certified tax rate of \$1.504, abated taxes totaled \$149,973.05.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 4,912,254.00		\$ 4,912,254.00	\$ 4,912,254.00	
Tuition	12,000.00		12,000.00		\$ (12,000.00)
Other Restricted Miscellaneous Revenues	1,200.00		1,200.00	3,334.60	2,134.60
Unrestricted Miscellaneous Revenues	8,725.00		8,725.00	56,554.83	47,829.83
Total - Local Sources	4,934,179.00		4,934,179.00	4,972,143.43	37,964.43
State Sources:					
Equalization Aid	3,961,317.00		3,961,317.00	3,961,317.00	
Categorical Transportation Aid	31,147.00		31,147.00	31,147.00	
Categorical Special Education Aid	355,717.00		355,717.00	355,717.00	
Categorical Security Aid	84,322.00		84,322.00	84,322.00	
School Choice Aid	224,991.00		224,991.00	224,991.00	
Supplemental Stabilization Aid				138,435.00	138,435.00
Extraordinary Aid				2,496.00	2,496.00
On-Behalf T.P.A.F. Post Retirement Medical Contributions (non-budgeted)				363,067.00	363,067.00
On-Behalf T.P.A.F. Normal Pension Contributions (non-budgeted)				1,363,161.00	1,363,161.00
On-Behalf T.P.A.F. Non-Contributory Insurance (non-budgeted)				18,912.00	18,912.00
On-Behalf T.P.A.F. Long-Term Disability Insurance Contributions (non-budgeted)				632.00	632.00
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				293,302.78	293,302.78
Total - State Sources	4,657,494.00		4,657,494.00	6,837,499.78	2,180,005.78
Federal Sources:					
Medicaid Reimbursement	20,687.00		20,687.00	3,398.82	(17,288.18)
Total - Federal Sources	20,687.00		20,687.00	3,398.82	(17,288.18)
Total Revenues	9,612,360.00		9,612,360.00	11,813,042.03	2,200,682.03

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES:					
GENERAL CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 257,415.00		\$ 257,415.00	\$ 243,060.00	\$ 14,355.00
Grades 1 - 5	1,217,072.00	\$ (11,344.00)	1,205,728.00	1,154,723.00	51,005.00
Grades 6 - 8	1,044,684.00	(38,308.00)	1,006,376.00	1,006,079.00	297.00
Regular Programs - Home Instruction:					
Salaries of Teachers		4,419.00	4,419.00	1,992.00	2,427.00
Purchased Professional - Educational Services		2,951.00	2,951.00	2,951.00	
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	106,107.00	156,459.00	262,566.00	262,566.00	
Other Purchased Services	150,816.00	(15,730.00)	135,086.00	121,617.00	13,469.00
General Supplies	148,269.00	34,193.00	182,462.00	165,670.00	16,792.00
Textbooks	2,789.00		2,789.00	2,278.00	511.00
Miscellaneous Expenditures		110.00	110.00	110.00	
Total Regular Programs	<u>2,927,152.00</u>	<u>132,750.00</u>	<u>3,059,902.00</u>	<u>2,961,046.00</u>	<u>98,856.00</u>
Special Education:					
Multiple Disabilities:					
Purchased Professional - Educational Services		15,581.00	15,581.00	15,581.00	
Total - Multiple Disabilities		<u>15,581.00</u>	<u>15,581.00</u>	<u>15,581.00</u>	
Resource Room/Center:					
Salaries of Teachers	421,155.00	38,499.00	459,654.00	459,654.00	
Purchased Professional - Educational Services	377,496.00	(116,647.00)	260,849.00	226,756.00	34,093.00
General Supplies	1,917.00	4,842.00	6,759.00	5,288.00	1,471.00
Total - Resource Room/Center	<u>800,568.00</u>	<u>(73,306.00)</u>	<u>727,262.00</u>	<u>691,698.00</u>	<u>35,564.00</u>
Home Instruction:					
Salaries of Teachers	4,800.00	5,695.00	10,495.00	2,512.00	7,983.00
Purchased Professional - Educational Services		364.00	364.00	364.00	
Total - Home Instruction	<u>4,800.00</u>	<u>6,059.00</u>	<u>10,859.00</u>	<u>2,876.00</u>	<u>7,983.00</u>
Total - Special Education	<u>805,368.00</u>	<u>(51,666.00)</u>	<u>753,702.00</u>	<u>710,155.00</u>	<u>43,547.00</u>

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Basic Skills/Remedial:					
Salaries of Teachers	\$ 173,876.00	\$ 45,467.00	\$ 219,343.00	\$ 219,343.00	
Purchased Professional - Educational Services	171,638.00	(159,403.00)	12,235.00		\$ 12,235.00
General Supplies	6,416.00		6,416.00	5,578.00	838.00
Total - Basic Skills/Remedial	351,930.00	(113,936.00)	237,994.00	224,921.00	13,073.00
Bilingual Education:					
General Supplies	100.00		100.00		100.00
Textbooks	999.00		999.00		999.00
Total - Bilingual Education	1,099.00		1,099.00		1,099.00
Extra-Curricular Activities:					
Salaries	32,130.00	(112.00)	32,018.00	32,018.00	
Purchased Professional - Educational Services		15,603.00	15,603.00	14,929.00	674.00
Supplies and Materials		966.00	966.00	836.00	130.00
Total - Extra-Curricular Activities	32,130.00	16,457.00	48,587.00	47,783.00	804.00
School Sponsored Athletics:					
Salaries	17,990.00		17,990.00	17,075.00	915.00
Purchased Services	27,530.00	3,582.00	31,112.00	22,830.00	8,282.00
Supplies and Materials	2,459.00	1,731.00	4,190.00	2,627.00	1,563.00
Total - School Sponsored Athletics	47,979.00	5,313.00	53,292.00	42,532.00	10,760.00
Summer School - Instruction:					
Salaries	13,440.00	560.00	14,000.00	1,200.00	12,800.00
Purchased Professional & Technical Services	6,120.00	(5,291.00)	829.00		829.00
Purchased Services	11,490.00	(4,343.00)	7,147.00	5,613.00	1,534.00
Total Summer School - Instruction	31,050.00	(9,074.00)	21,976.00	6,813.00	15,163.00
Summer School - Support Services:					
Salaries	9,520.00	3,853.00	13,373.00	10,358.00	3,015.00
Purchased Professional & Technical Services	5,100.00	(891.00)	4,209.00	1,278.00	2,931.00
Purchased Services	5,800.00		5,800.00	3,590.00	2,210.00
Total - Summer School - Support Services	20,420.00	2,962.00	23,382.00	15,226.00	8,156.00
Total - Summer School	51,470.00	(6,112.00)	45,358.00	22,039.00	23,319.00

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Community Services Programs/Operations					
Purchased Professional & Technical Services		\$ 35,424.00	\$ 35,424.00	\$ 35,424.00	
Total - Community Services Programs/Operations		35,424.00	35,424.00	35,424.00	
Total - Instruction	\$ 4,217,128.00	18,230.00	4,235,358.00	4,043,900.00	\$ 191,458.00
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs within the State - Regular	51,572.00		51,572.00	50,099.00	1,473.00
Tuition to Other LEAs within the State - Special Ed	68,492.00	(16,020.00)	52,472.00	35,866.00	16,606.00
Tuition to CSSD & Regional Day Schools	110,520.00	(75,995.00)	34,525.00	26,605.00	7,920.00
Tuition to Private Schools for the Disabled Within the State	63,000.00		63,000.00	48,097.00	14,903.00
Total - Instruction	293,584.00	(92,015.00)	201,569.00	160,667.00	40,902.00
Attendance and Social Work Services:					
Salaries	6,794.00		6,794.00	3,127.00	3,667.00
Purchased Professional and Technical Services	8,628.00		8,628.00	7,272.00	1,356.00
Total Attendance and Social Work Services	15,422.00		15,422.00	10,399.00	5,023.00
Health Services:					
Salaries	89,327.00		89,327.00	87,806.00	1,521.00
Purchased Professional and Technical Services	5,135.00		5,135.00	1,535.00	3,600.00
Supplies and Materials	6,294.00	154.00	6,448.00	3,981.00	2,467.00
Other Objects	305.00		305.00	106.00	199.00
Total - Health Services	101,061.00	154.00	101,215.00	93,428.00	7,787.00
Other Support Services-Students-Related Services:					
Salaries	80,000.00	(17,267.00)	62,733.00	61,090.00	1,643.00
Purchased Professional Education Services	34,860.00	60,631.00	95,491.00	55,961.00	39,530.00
Supplies and Materials	713.00		713.00	703.00	10.00
Total - Other Support Services-Students-Related Services	115,573.00	43,364.00	158,937.00	117,754.00	41,183.00

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Other Support Services - Students - Extra Services:					
Salaries	\$ 4,000.00		\$ 4,000.00		\$ 4,000.00
Purchased Professional Education Services	37,700.00	\$ 8,409.00	46,109.00	\$ 29,961.00	16,148.00
Total Other Support Services - Students - Extra Services	41,700.00	8,409.00	50,109.00	29,961.00	20,148.00
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	60,271.00		60,271.00	59,843.00	428.00
Supplies and Materials	2,600.00		2,600.00	1,571.00	1,029.00
Total Other Support Services - Students - Guidance	62,871.00		62,871.00	61,414.00	1,457.00
Other Support Services - Students - Child Study Teams:					
Salaries of Other Professional Staff	249,849.00	40,487.00	290,336.00	290,336.00	
Salaries of Secretarial and Clerical Assistants	38,500.00		38,500.00	37,826.00	674.00
Purchased Professional Education Services	10,124.00	3,300.00	13,424.00	12,285.00	1,139.00
Other Purchased Services	175.00		175.00	175.00	175.00
Supplies and Materials	4,250.00		4,250.00	3,082.00	1,168.00
Other Objects	910.00		910.00	845.00	65.00
Total Other Support Services - Students - Child Study Teams	303,808.00	43,787.00	347,595.00	344,374.00	3,221.00
Improvement Instructional Services:					
Salaries of Supervisors of Instruction	90,264.00	(45,132.00)	45,132.00	45,132.00	
Salaries of Secretarial and Clerical Assistants	52,513.00		52,513.00	47,592.00	4,921.00
Other Salaries	11,200.00		11,200.00		11,200.00
Purchased Professional Education Services		45,132.00	45,132.00	18,000.00	27,132.00
Other Purchased Services	26,500.00		26,500.00	19,120.00	7,380.00
Supplies and Materials	125.00		125.00		125.00
Other Objects	910.00		910.00	845.00	65.00
Total Improvement Instructional Services	181,512.00		181,512.00	130,689.00	50,823.00
Educational Media Services/School Library:					
Salaries	201,936.00	(110,000.00)	91,936.00	89,732.00	2,204.00
Purchased Professional and Technical Services	38,692.00	(1.00)	38,691.00	980.00	37,711.00
Other Purchased Services	125.00	(60.00)	65.00	65.00	
Supplies and Materials	14,175.00	61.00	14,236.00	14,128.00	108.00
Total Educational Media Services/School Library	254,928.00	(110,000.00)	144,928.00	104,905.00	40,023.00

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2023

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Instructional Staff Training Services:					
Other Salaries	\$ 2,400.00	\$ 2,427.00	\$ 4,827.00	\$ 4,827.00	
Other Purchased Services	106,250.00	(2,390.00)	103,860.00	43,365.00	\$ 60,495.00
Supplies and Materials	125.00		125.00		125.00
Total Instructional Staff Training Services	108,775.00	37.00	108,812.00	48,192.00	60,620.00
Support Services General Administration:					
Salaries	221,624.00	10,876.00	232,500.00	232,500.00	
Legal Services	14,440.00	18,417.00	32,857.00	32,857.00	
Audit Fees	30,275.00	14,725.00	45,000.00	45,000.00	
Architectural/Engineering Services		10,560.00	10,560.00	10,560.00	
Other Purchased Professional Services	4,715.00	20.00	4,735.00	4,735.00	
Purchased Technical Services	6,220.00	(2,980.00)	3,240.00	3,240.00	
Communications/Telephone	30,665.00	(6,486.00)	24,179.00	24,179.00	
BOE Other Purchased Services	740.00	2,620.00	3,360.00	3,360.00	
Misc. Other Purchased Services	27,330.00	(5,732.00)	21,598.00	21,598.00	
General Supplies	2,210.00	2,907.00	5,117.00	4,339.00	778.00
Judgments against the School District		2,895.00	2,895.00	2,895.00	
Miscellaneous Expenditures	3,175.00	1,910.00	5,085.00	5,085.00	
BOE Membership Dues and Fees	4,525.00	(926.00)	3,599.00	3,599.00	
Total Support Services General Administration	345,919.00	48,806.00	394,725.00	393,947.00	778.00
Support Services School Administration:					
Salaries of Principals/Assistant Principals	101,976.00	10,524.00	112,500.00	112,500.00	
Salaries of Secretarial and Clerical Assistants		438.00	438.00	438.00	
Purchased Professional and Technical Services	1,938.00	254.00	2,192.00	2,192.00	
Other Purchased Services	3,100.00	(33.00)	3,067.00	3,067.00	
Supplies and Materials	350.00	3,644.00	3,994.00	3,984.00	10.00
Other Objects	1,465.00	(1,465.00)			
Total Support Services School Administration	108,829.00	13,362.00	122,191.00	122,181.00	10.00

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2023

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Central Services:					
Salaries	\$ 156,272.00	\$ 12,067.00	\$ 168,339.00	\$ 161,732.00	\$ 6,607.00
Purchased Professional Services	4,600.00	(971.00)	3,629.00	3,629.00	
Purchased Technical Services	4,680.00		4,680.00	4,680.00	
Other Purchased Services	5,425.00	1,324.00	6,749.00	6,749.00	
Supplies and Materials	2,094.00	445.00	2,539.00	2,466.00	73.00
Other Objects	3,950.00	(2,137.00)	1,813.00	1,813.00	
Total Central Services	177,021.00	10,728.00	187,749.00	181,069.00	6,680.00
Undistributed Expenditures (Cont'd):					
Administrative Information Technology:					
Salaries		112,093.00	112,093.00	112,093.00	
Purchased Professional Services	1,500.00	(635.00)	865.00	701.00	164.00
Purchased Technical Services		30,019.00	30,019.00	24,661.00	5,358.00
Supplies and Materials	10,554.00	(1,830.00)	8,724.00	8,666.00	58.00
Total Administrative Information Technology	12,054.00	139,647.00	151,701.00	146,121.00	5,580.00
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	73,175.00	26,358.00	99,533.00	87,831.00	11,702.00
General Supplies	22,765.00	(11,410.00)	11,355.00	10,155.00	1,200.00
Other Objects		505.00	505.00	505.00	
Total - Required Maintenance for School Facilities	95,940.00	15,453.00	111,393.00	98,491.00	12,902.00
Custodial Services:					
Salaries	11,700.00	(5,820.00)	5,880.00	3,817.00	2,063.00
Purchased Professional and Technical Services	436,718.00		436,718.00	436,718.00	
Cleaning, Repair & Maintenance Services	6,755.00	(2,691.00)	4,064.00	4,025.00	39.00
Other Purchased Property Services	13,040.00	2,951.00	15,991.00	15,991.00	
Insurance	37,770.00	1,237.00	39,007.00	39,007.00	
General Supplies	31,440.00	(9,796.00)	21,644.00	18,944.00	2,700.00
Energy (Heat & Electricity)	126,672.00	5,781.00	132,453.00	132,453.00	
Total - Custodial Services	664,095.00	(8,338.00)	655,757.00	650,955.00	4,802.00

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Care and Upkeep of Grounds:					
Cleaning, Repair & Maintenance Services	\$ 17,220.00		\$ 17,220.00	\$ 1,324.00	\$ 15,896.00
General Supplies	6,450.00		6,450.00	3,548.00	2,902.00
Other Objects	8,255.00		8,255.00		8,255.00
Total - Care and Upkeep of Grounds	31,925.00		31,925.00	4,872.00	27,053.00
Security:					
Purchased Professional and Technical Services	3,477.00		3,477.00	918.00	2,559.00
General Supplies	960.00		960.00	152.00	808.00
Total - Security	4,437.00		4,437.00	1,070.00	3,367.00
Student Transportation Services:					
Management Fee - Transportation Programs	14,507.00	\$ 3,717.00	18,224.00	17,366.00	858.00
Contracted Services - Aid in Lieu of Payment for Charter School		1,500.00	1,500.00	1,500.00	
Contracted Services - Aid in Lieu of Payment for Choice Public	2,000.00		2,000.00	1,000.00	1,000.00
Contracted Services (Between Home & School) - Vendors	22,275.00	(22,275.00)			
Contracted Services (Other than between Home & School) - Vendors	18,650.00	(7,212.00)	11,438.00	8,873.00	2,565.00
Contracted Services (Special Ed. Students) - Joint Agreements		60,928.00	60,928.00	54,304.00	6,624.00
Contracted Services (Regular Ed. Students) - ESC's & CTSA's	63,209.00	(17,583.00)	45,626.00	39,239.00	6,387.00
Contracted Services (Special Ed. Students) - ESC's & CTSA's	226,937.00	33,104.00	260,041.00	250,255.00	9,786.00
Total Student Transportation Services	347,578.00	52,179.00	399,757.00	372,537.00	27,220.00
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	47,736.00	15,779.00	63,515.00	63,515.00	
Other Retirement Contributions - PERS	42,451.00	11,200.00	53,651.00	53,651.00	
Unemployment Compensation	275.00		275.00	136.00	139.00
Workers Compensation	65,623.00	(11,228.00)	54,395.00	54,356.00	39.00
Health Benefits	1,328,258.00	(163,566.00)	1,164,692.00	964,375.00	200,317.00
Tuition Reimbursement	17,700.00	(3,538.00)	14,162.00	12,715.00	1,447.00
Other Employee Benefits	243,918.00	3,326.00	247,244.00	218,520.00	28,724.00
Total Unallocated Benefits - Employee Benefits	1,745,961.00	(148,027.00)	1,597,934.00	1,367,268.00	230,666.00

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
On-Behalf T.P.A.F. Post Retirement Medical Contributions (non-budgeted)				\$ 363,067.00	\$ (363,067.00)
On-Behalf T.P.A.F. Normal Pension Contributions (non-budgeted)				1,363,161.00	(1,363,161.00)
On-Behalf T.P.A.F. Non-Contributory Insurance (non-budgeted)				18,912.00	(18,912.00)
On-Behalf T.P.A.F. Long-Term Disability Insurance Contributions (non-budgeted)				632.00	(632.00)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				293,302.78	(293,302.78)
Total On-behalf Contributions				2,039,074.78	(2,039,074.78)
Total Undistributed Expenses	\$ 5,012,993.00	\$ 17,546.00	\$ 5,030,539.00	6,479,368.78	(1,448,829.78)
Total Expenditures - Current Expense	9,230,121.00	35,776.00	9,265,897.00	10,523,268.78	(1,257,371.78)
CAPITAL OUTLAY					
Undistributed Expenditures:					
Support Services - Instructional	42,890.00	(42,890.00)			
Administrative Information Technology Equipment		11,691.00	11,691.00		11,691.00
Required Maintenance for School Facilities - Equipment	144,452.00	(131,252.00)	13,200.00	10,000.00	3,200.00
Total Equipment	187,342.00	(162,451.00)	24,891.00	10,000.00	14,891.00
Facilities Acquisition and Construction Services:					
Construction Services	191,729.00	451,351.00	643,080.00	133,235.00	509,845.00
Infrastructure - Facilities Infrastructure	277,232.00	(267,209.00)	10,023.00	10,023.00	
Other Objects - Assessment for Debt Service on SDA Funding	6,081.00		6,081.00	6,081.00	
Total Facilities Acquisition and Construction Services	475,042.00	184,142.00	659,184.00	149,339.00	509,845.00
Total Capital Outlay	662,384.00	21,691.00	684,075.00	159,339.00	524,736.00
Transfer of Funds to Charter Schools	11,174.00	45,181.00	56,355.00	56,355.00	
Total Expenditures	9,903,679.00	102,648.00	10,006,327.00	10,738,962.78	(732,635.78)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(291,319.00)	(102,648.00)	(393,967.00)	1,074,079.25	1,468,046.25

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ (291,319.00)	\$ (102,648.00)	(393,967.00)	\$ 1,074,079.25	\$ 1,468,046.25
Fund Balances, July 1	<u>4,161,735.96</u>		<u>4,161,735.96</u>	<u>4,161,735.96</u>	
Fund Balances, June 30	<u>\$ 3,870,416.96</u>	<u>\$ (102,648.00)</u>	<u>\$ 3,767,768.96</u>	<u>\$ 5,235,815.21</u>	<u>\$ 1,468,046.25</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Capital Reserve			\$ 2,227,722.41		
Unemployment Compensation			54,331.92		
Excess Surplus (2022-23)			1,067,201.89		
Reserve for Excess Surplus (2021-22) - Designated for Subsequent Year's Expenditures			<u>306,457.99</u>		
				\$ 3,655,714.21	
Assigned Fund Balance:					
Year-End Encumbrances			646,843.99		
Designated for Subsequent Year's Expenditure			<u>542,326.01</u>		
				1,189,170.00	
Unassigned Fund Balance				<u>390,931.00</u>	
				5,235,815.21	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				<u>(460,223.00)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 4,775,592.21</u>	

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Revenue from Local Sources	\$ 43,943.00	\$ 21,252.30	\$ 65,195.30	\$ 55,284.45	\$ (9,910.85)
Total - Local Sources	<u>43,943.00</u>	<u>21,252.30</u>	<u>65,195.30</u>	<u>55,284.45</u>	<u>(9,910.85)</u>
State Sources:					
Preschool Education Aid	<u>151,354.00</u>		<u>151,354.00</u>	<u>140,099.04</u>	<u>(11,254.96)</u>
Total - State Sources	<u>151,354.00</u>		<u>151,354.00</u>	<u>140,099.04</u>	<u>(11,254.96)</u>
Federal Sources:					
Title I	117,626.00	11,590.00	129,216.00	134,348.65	5,132.65
Title IIA	4,704.00	12,944.00	17,648.00	12,044.00	(5,604.00)
Title IV	10,000.00	4,584.00	14,584.00	2,778.87	(11,805.13)
IDEA - Part B Basic	80,912.00	58,599.00	139,511.00	158,363.56	18,852.56
IDEA - Part B Preschool		6,000.00	6,000.00	5,683.01	(316.99)
American Rescue Plan (IDEA):					
Basic	24,904.00		24,904.00	6,633.03	(18,270.97)
American Rescue Plan ESSER:					
ESSER	361,406.00	537,050.00	898,456.00	73,298.10	(825,157.90)
Accelerated Learning Coaching		50,000.00	50,000.00		(50,000.00)
Evidence Based Summer Enrichment		40,000.00	40,000.00		(40,000.00)
Evidence Based Beyond School Day		40,000.00	40,000.00		(40,000.00)
NJTSS Mental Health Support	26,045.00	18,955.00	45,000.00		(45,000.00)
Coronavirus Response & Relief Act:					
Elementary and Secondary School Emergency Relief Fund		434,442.00	434,442.00	77,442.68	(356,999.32)
Learning Acceleration		28,345.00	28,345.00	15,835.89	(12,509.11)
Mental Health		35,832.00	35,832.00	25,205.00	(10,627.00)
Total - Federal Sources	<u>625,597.00</u>	<u>1,278,341.00</u>	<u>1,903,938.00</u>	<u>511,632.79</u>	<u>(1,392,305.21)</u>
Total Revenues	<u>\$ 820,894.00</u>	<u>\$ 1,299,593.30</u>	<u>\$ 2,120,487.30</u>	<u>\$ 707,016.28</u>	<u>\$ (1,413,471.02)</u>

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES:					
Instruction:					
Salaries	\$ 188,925.00	\$ 116,656.89	\$ 305,581.89	\$ 185,002.52	\$ 120,579.37
Purchased Professional - Educational Services	11,836.00	123,602.00	135,438.00	133,751.40	1,686.60
Other Purchased Services	117,626.00	20,116.00	137,742.00	4,095.00	133,647.00
General Supplies	19,568.00	48,174.44	67,742.44	23,648.89	44,093.55
Other Objects	14,000.00	6,189.00	20,189.00		20,189.00
Total Instruction	<u>351,955.00</u>	<u>314,738.33</u>	<u>666,693.33</u>	<u>346,497.81</u>	<u>320,195.52</u>
Support Services:					
Salaries	76,045.00	(17,705.00)	58,340.00	1,840.00	56,500.00
Purchased Professional - Technical Services	105,212.00	315,234.24	420,446.24	235,620.49	184,825.75
Other Purchased Services (400-500 series)		161,710.72	161,710.72	51,596.97	110,113.75
Supplies and Materials	10,000.00	74,545.93	84,545.93	14,977.57	69,568.36
Other Objects		5,375.00	5,375.00	4,398.99	976.01
Student Activities	43,943.00	15,852.30	59,795.30	59,795.30	
Total Support Services	<u>235,200.00</u>	<u>555,013.19</u>	<u>790,213.19</u>	<u>368,229.32</u>	<u>421,983.87</u>
Facilities Acquisition and Construction Services:					
Construction Services	233,739.00		233,739.00		233,739.00
Total Facilities Acquisition and Construction Services:	<u>233,739.00</u>		<u>233,739.00</u>		<u>233,739.00</u>
Total Expenditures	<u>820,894.00</u>	<u>869,751.52</u>	<u>1,690,645.52</u>	<u>714,727.13</u>	<u>975,918.39</u>

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 429,841.78	\$ 429,841.78	\$ (7,710.85)	\$ 437,552.63
Fund Balance, July 1				<u>14,251.12</u>	
Fund Balance, June 30				<u>\$ 6,540.27</u>	
Recapitulation:					
Student Activities				\$ 6,540.27	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis			\$ (15,136.00)		
Local Grant Awards not Realized on Budgetary Basis			3,400.00		
2022-23 Carryover - Preschool Education Aid Programs			<u>11,254.96</u>		
				<u>(481.04)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 6,059.23</u>	

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 For the Fiscal Year Ended June 30, 2023

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 11,813,042.03	\$ 707,016.28
Difference between the local grant award amounts and the amounts realized as revenue on a budgetary basis		2,200.00
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and related revenue is recognized		70,552.84
The restricted state aids recorded in the Special Revenue Fund are realized utilizing the budgetary basis which dictates that revenue must equal expenditures and differs from GAAP which recognizes the revenue once the eligibility criteria are met as specified in Note 1 and GASB 33.		11,254.96
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	375,451.00	5,304.00
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	<u>(460,223.00)</u>	<u>(15,136.00)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 11,728,270.03</u>	<u>\$ 781,192.08</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 10,738,962.78	\$ 714,727.13
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>70,552.84</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 10,738,962.78</u>	<u>\$ 785,279.97</u>

REQUIRED SUPPLEMENTARY INFORMATION
PART III

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System (PERS)
 Last Ten Plan Years

	Measurement Date Ending June 30,				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School District's Proportion of the Net Pension Liability	0.0042544772%	0.0039948213%	0.0039279690%	0.0036791200%	0.0033752668%
School District's Proportionate Share of the Net Pension Liability	\$ 642,059.00	\$ 473,246.00	\$ 640,549.00	\$ 662,922.00	\$ 664,573.00
School District's Covered Payroll (Plan Measurement Period)	\$ 313,548.00	\$ 292,756.00	\$ 284,240.00	\$ 190,948.00	\$ 237,028.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	204.77%	161.65%	225.35%	347.17%	280.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.91%	70.33%	58.32%	56.27%	53.60%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.0032376101%	0.0039271230%	0.0053143317%	0.0045840200%	0.0049402799%
School District's Proportionate Share of the Net Pension Liability	\$ 753,664.00	\$ 1,163,101.00	\$ 1,192,961.00	\$ 858,254.00	\$ 944,186.00
School District's Covered Payroll (Plan Measurement Period)	\$ 224,300.00	\$ 280,172.00	\$ 407,556.00	\$ 337,920.00	\$ 375,716.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	336.01%	415.14%	292.71%	253.98%	251.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Contributions
 Public Employees' Retirement System (PERS)
 Last Ten Fiscal Years

	Fiscal Year Ended June 30,				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 43,849.00	\$ 53,651.00	\$ 46,784.00	\$ 42,970.00	\$ 35,787.00
Contributions in Relation to the Contractually Required Contribution	<u>(43,849.00)</u>	<u>(53,651.00)</u>	<u>(46,784.00)</u>	<u>(42,970.00)</u>	<u>(35,787.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll (Fiscal Year)	\$ 278,813.00	\$ 277,823.00	\$ 313,548.00	\$ 292,756.00	\$ 273,406.00
Contributions as a Percentage of School District's Covered Payroll	15.73%	19.31%	14.92%	14.68%	13.09%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 33,573.00	\$ 29,993.00	\$ 34,888.00	\$ 45,689.00	\$ 37,790.00
Contributions in Relation to the Contractually Required Contribution	<u>(33,573.00)</u>	<u>(29,993.00)</u>	<u>(34,888.00)</u>	<u>(45,689.00)</u>	<u>(37,790.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll (Fiscal Year)	\$ 230,842.00	\$ 237,028.00	\$ 224,300.00	\$ 332,560.00	\$ 359,047.00
Contributions as a Percentage of School District's Covered Payroll	14.54%	12.65%	15.55%	13.74%	10.53%

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 Teachers' Pension and Annuity Fund (TPAF)
 Last Ten Plan Years

	Measurement Date Ending June 30,				
	<u>2021</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the School District	<u>17,306,083.00</u>	<u>16,918,962.00</u>	<u>23,058,525.00</u>	<u>21,079,758.00</u>	<u>19,979,385.00</u>
	<u>\$ 17,306,083.00</u>	<u>\$ 16,918,962.00</u>	<u>\$ 23,058,525.00</u>	<u>\$ 21,079,758.00</u>	<u>\$ 19,979,385.00</u>
School District's Covered Payroll (Plan Measurement Period)	\$ 4,471,796.00	\$ 4,546,696.00	\$ 4,603,876.00	\$ 4,278,468.00	\$ 4,261,268.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	0%	0%	0%	0%	0%
State's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	387.01%	372.12%	500.85%	492.69%	468.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	32.29%	35.52%	24.60%	26.95%	26.49%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the School District	<u>21,603,068.00</u>	<u>23,846,050.00</u>	<u>19,390,099.00</u>	<u>16,709,222.00</u>	<u>15,292,518.00</u>
	<u>\$ 21,603,068.00</u>	<u>\$ 23,846,050.00</u>	<u>\$ 19,390,099.00</u>	<u>\$ 16,709,222.00</u>	<u>\$ 15,292,518.00</u>
School District's Covered Payroll (Plan Measurement Period)	\$ 3,892,424.00	\$ 3,835,620.00	\$ 3,513,852.00	\$ 3,595,192.00	\$ 3,437,828.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	0%	0%	0%	0%	0%
State's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	555.00%	621.70%	551.82%	464.77%	444.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Required Supplementary Information
Schedule of School District's Contributions
Teachers' Pension and Annuity Fund (TPAF)
Last Ten Fiscal Years

This schedule is not applicable.

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

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information - Part III
 Notes to Required Supplementary Information - Part III
 For the Fiscal Year Ended June 30, 2023

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms:

The Division of Pensions and Benefits adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions. Previously, after termination of employment, but prior to retirement or death, interest was credited on member accumulated deductions at the valuation interest rate for the entire period. Effective July 1, 2018, interest is only credited at the valuation interest rate for the first two years of inactivity prior to retirement or death.

Changes in Assumptions:

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2022	7.00%	2017	4.25%
2021	7.00%	2016	3.22%
2020	5.40%	2015	4.13%
2019	5.60%	2014	4.68%
2018	4.86%		

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2022	7.00%	2017	7.00%
2021	7.00%	2016	7.65%
2020	7.00%	2015	7.90%
2019	7.00%	2014	7.90%
2018	7.00%		

For 2022, demographic assumptions were updated to reflect the most recent experience study for the period July 1, 2018 to June 30, 2021.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms:

The Division of Pensions and Benefits adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions. Previously, after termination of employment, but prior to retirement or death, interest was credited on member accumulated deductions at the valuation interest rate for the entire period. Effective July 1, 2018, interest is only credited at the valuation interest rate for the first two years of inactivity prior to retirement or death.

Changes in Assumptions:

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2022	7.00%	2017	5.00%
2021	7.00%	2016	3.98%
2020	7.00%	2015	4.90%
2019	6.28%	2014	5.39%
2018	5.66%		

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2022	7.00%	2017	7.00%
2021	7.00%	2016	7.65%
2020	7.00%	2015	7.90%
2019	7.00%	2014	7.90%
2018	7.00%		

For 2022, demographic assumptions were updated to reflect the most recent experience study for the period July 1, 2018 to June 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION
PART IV

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Changes in the School District's Total OPEB Liability and Related Ratios
 Last Six Plan Years

	<u>Measurement Date Ending June 30,</u>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the School District			
Changes for the Year:			
Service Cost	\$ 897,215.00	\$ 1,101,327.00	\$ 627,408.00
Interest Cost	421,624.00	486,340.00	480,608.00
Changes in Benefit Terms		(19,955.00)	
Difference Between Expected and Actual Experience	515,085.00	(4,074,681.00)	3,631,838.00
Changes in Assumptions	(4,267,911.00)	18,496.00	3,946,861.00
Gross Benefit Payments	13,398.00	12,433.00	11,401.00
Member Contributions	(417,631.00)	(383,100.00)	(376,161.00)
Net Change in Total Non-Employer OPEB Liability	(2,838,220.00)	(2,859,140.00)	8,321,955.00
Total Non-Employer OPEB Liability - July 1	18,747,887.00	21,607,027.00	13,285,072.00
Total Non-Employer OPEB Liability - June 30	<u>\$ 15,909,667.00</u>	<u>\$ 18,747,887.00</u>	<u>\$ 21,607,027.00</u>
School District's Covered Payroll (Plan Measurement Period)	<u>\$ 4,247,342.00</u>	<u>\$ 4,152,003.00</u>	<u>\$ 4,104,958.00</u>
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District as a Percentage of Covered Payroll	374.58%	451.54%	526.36%
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the School District			
Changes for the Year:			
Service Cost	\$ 575,041.00	\$ 635,798.00	\$ 767,909.00
Interest Cost	580,803.00	622,740.00	538,875.00
Difference Between Expected and Actual Experience	(2,301,897.00)	(1,519,733.00)	
Changes in Assumptions	198,082.00	(1,678,724.00)	(2,310,092.00)
Gross Benefit Payments	12,089.00	13,519.00	14,453.00
Member Contributions	(407,812.00)	(391,168.00)	(392,513.00)
Net Change in Total Non-Employer OPEB Liability	(1,343,694.00)	(2,317,568.00)	(1,381,368.00)
Total Non-Employer OPEB Liability - July 1	14,628,766.00	16,946,334.00	18,327,702.00
Total Non-Employer OPEB Liability - June 30	<u>\$ 13,285,072.00</u>	<u>\$ 14,628,766.00</u>	<u>\$ 16,946,334.00</u>
School District's Covered Payroll (Plan Measurement Period)	<u>\$ 4,151,365.00</u>	<u>\$ 3,888,373.00</u>	<u>\$ 3,811,555.00</u>
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District as a Percentage of Covered Payroll	320.02%	376.22%	444.60%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information - Part IV
 Notes to Required Supplementary Information - Part IV
 For the Fiscal Year Ended June 30, 2023

Changes in Benefit Terms:

None.

Changes in Assumptions:

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2022	3.54%	2019	3.50%
2021	2.16%	2018	3.87%
2020	2.21%	2017	3.58%

In addition to changes in the discount rate, other factors that affected the valuation of the net OPEB liability included update in trend and experience study.

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

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2023

	Title I	ESSA Title IIA	Title IVA	IDEA -- Part B Basic	Preschool	ARP IDEA Basic	Preschool Education Aid	Total Carried Forward
REVENUES:								
Federal Sources	\$ 134,348.65	\$ 12,044.00	\$ 2,778.87	\$ 158,363.56	\$ 5,683.01	\$ 6,633.03		\$ 319,851.12
State Sources							\$ 140,099.04	140,099.04
Total Revenues	134,348.65	12,044.00	2,778.87	158,363.56	5,683.01	6,633.03	140,099.04	459,950.16
EXPENDITURES:								
Instruction:								
Salaries							137,968.00	137,968.00
Purchased Professional - Educational Services	133,751.40							133,751.40
General Supplies	597.25		1,398.87	6,515.94	5,683.01	1,633.03	2,131.04	17,959.14
Total Instruction	134,348.65		1,398.87	6,515.94	5,683.01	1,633.03	140,099.04	289,678.54
Support Services:								
Purchased Professional - Technical Services		12,044.00		137,611.49				149,655.49
Other Purchased Services (400-500 series)				9,721.03				9,721.03
Supplies and Materials			121.01	4,515.10		5,000.00		9,636.11
Other Objects			1,258.99					1,258.99
Total Support Services		12,044.00	1,380.00	151,847.62		5,000.00		170,271.62
Total Expenditures	134,348.65	12,044.00	2,778.87	158,363.56	5,683.01	6,633.03	140,099.04	459,950.16
E Excess (Deficiency) of Revenues Over (Under) Expenditures								
Fund Balance, July 1								
Fund Balance June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

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

	Total Brought Forward	Municipal Alliance	ARP ESSER Grant	Coronavirus Response & Relief Act			Student Activity Fund	Total
				Accelerated Learning	Elementary and Secondary School Emergency Relief Fund	Mental Health		
REVENUES:								
Federal Sources	\$ 319,851.12		\$ 73,298.10	\$ 15,835.89	\$ 77,442.68	\$ 25,205.00		\$ 511,632.79
State Sources	140,099.04							140,099.04
Local Sources		\$ 3,200.00					\$ 52,084.45	55,284.45
Total Revenues	459,950.16	3,200.00	73,298.10	15,835.89	77,442.68	25,205.00	52,084.45	707,016.28
EXPENDITURES:								
Instruction:								
Salaries of Teachers	137,968.00		538.63	15,835.89	30,660.00			185,002.52
Purchased Professional - Educational Services	133,751.40							133,751.40
Other Purchased Services (400-500 series)			4,095.00					4,095.00
General Supplies	17,959.14		323.01		5,366.74			23,648.89
Total Instruction	289,678.54		4,956.64	15,835.89	36,026.74			346,497.81
Support Services:								
Salaries						1,840.00		1,840.00
Purchased Professional - Technical Services	149,655.49		64,621.51		800.00	20,543.49		235,620.49
Other Purchased Services (400-500 series)	9,721.03				39,675.94	2,200.00		51,596.97
Supplies and Materials	9,636.11	3,200.00	579.95		940.00	621.51		14,977.57
Other Objects	1,258.99		3,140.00					4,398.99
Student Activities							59,795.30	59,795.30
Total Support Services	170,271.62	3,200.00	68,341.46		41,415.94	25,205.00	59,795.30	368,229.32
Total Expenditures	459,950.16	3,200.00	73,298.10	15,835.89	77,442.68	25,205.00	59,795.30	714,727.13
Excess (Deficiency) of Revenues Over (Under) Expenditures							(7,710.85)	(7,710.85)
Fund Balance, July 1							14,251.12	14,251.12
Fund Balance June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,540.27	\$ 6,540.27

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Special Revenue Fund
 Schedule of Preschool Education Aid
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2023

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 137,968.00	\$ 137,968.00	
General Supplies	<u>13,386.00</u>	<u>2,131.04</u>	\$ 11,254.96
Total Expenditures	<u><u>\$ 151,354.00</u></u>	<u><u>\$ 140,099.04</u></u>	<u><u>\$ 11,254.96</u></u>

Calculation of Budget and Carryover

Total Revised 2022-2023 Preschool Education Aid Allocation	\$ 151,354.00
Add: Actual Preschool Education Aid Carryover (June 30, 2022)	
Add: Budgeted Transfer from the General Fund 2022-2023	<u> </u>
Total Preschool Education Aid Funds Available for 2022-2023 Budget	151,354.00
Less: 2022-2023 Budgeted Preschool Education Aid (Including prior year budget carryover)	<u>151,354.00</u>
Available and Unbudgeted Preschool Education Aid as of June 30, 2023	-
Add: June 30, 2023 Unexpended Preschool Education Aid	<u>11,254.96</u>
2022-2023 Carryover - Preschool Education Aid/Preschool	<u><u>\$ 11,254.96</u></u>
2022-2023 Preschool Education Aid Carryover Budgeted in 2023-2024	<u><u> </u></u>

CAPITAL PROJECTS FUND

BOROUGH OF SOMERDALE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Summary Statement of Project Expenditures
 For the Fiscal Year Ended June 30, 2023

<u>Project Title</u>	Appropriation	<u>Expenditures to Date</u>		Total	Unexpended
		<u>Prior Years</u>	<u>Current Year</u>	<u>Expenditures</u>	<u>Balance</u>
					<u>June 30, 2023</u>
EFCFA Eligible School Construction Project	\$ 3,157,000.00	\$ 2,867,420.76	\$ 289,579.24	\$ 3,157,000.00	\$ -

BOROUGH OF SOMERDALE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2023

Revenues and Other Financing Sources

Bond Proceeds	-
---------------	---

Total Revenues and Other Financing Sources	-
--	---

Expenditures and Other Financing Uses

Other Purchased Professional and Technical Services	\$ 289,579.24
---	---------------

Total Expenditures	289,579.24
--------------------	------------

Excess (Deficiency) of Revenues Over (Under) Expenditures	(289,579.24)
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Fund Balance -- July 1	289,579.24
------------------------	------------

Fund Balance -- June 30	\$ -
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BOROUGH OF SOMERDALE SCHOOL DISTRICT
CAPITAL PROJECTS FUND

Statement of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
 New Roof, Parking Lot, Recreational and Playground Improvements and Drainage Improvements
 For the Fiscal Year Ended June 30, 2023

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 3,157,000.00		\$ 3,157,000.00	\$ 3,157,000.00
Total Revenues and Other Financing Sources	<u>3,157,000.00</u>		<u>3,157,000.00</u>	<u>3,157,000.00</u>
Expenditures and Other Financing Uses				
Other Purchased Professional and Technical Services	<u>2,867,420.76</u>	\$ 289,579.24	<u>3,157,000.00</u>	<u>3,157,000.00</u>
Total Expenditures and Other Financing Uses	<u>2,867,420.76</u>	<u>289,579.24</u>	<u>3,157,000.00</u>	<u>3,157,000.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 289,579.24</u>	<u>\$ (289,579.24)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	4790-020-08-3000
Grant Date	N/A
Bond Authorization Date	10/02/18
Bonds Authorized	\$ 3,157,000.00
Bonds Issued	12/12/18
Original Authorized Cost	\$ 3,157,000.00
Additional Authorized Cost	-
Revised Authorized Cost	\$ 3,157,000.00
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100.00%
Original Target Completion Date	09/01/20
Revised Target Completion Date	09/01/22

PROPRIETARY FUNDS

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Proprietary Fund
Statement of Net Position
As of June 30, 2023

	Business-Type Activities-- Enterprise Funds			<u>Total</u>
	<u>Food Service</u>	<u>Park Tech Services</u>	<u>After Care Program</u>	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 8,322.22	\$ 62,562.75	\$ 69,730.30	\$ 140,615.27
Accounts Receivable:				
State	356.52			356.52
Federal	8,624.00			8,624.00
Interfund Loan Receivable	153,193.27			153,193.27
Inventories	4,945.16			4,945.16
Total Current Assets	<u>175,441.17</u>	<u>62,562.75</u>	<u>69,730.30</u>	<u>307,734.22</u>
Noncurrent Assets:				
Furniture, Fixtures and Equipment	205,030.31			205,030.31
Less: Accumulated Depreciation	<u>(123,412.17)</u>			<u>(123,412.17)</u>
Total Noncurrent Assets	<u>81,618.14</u>			<u>81,618.14</u>
Total Assets	<u>257,059.31</u>	<u>62,562.75</u>	<u>69,730.30</u>	<u>389,352.36</u>
LIABILITIES:				
Current Liabilities:				
Accounts Payable	<u>25,185.00</u>			<u>25,185.00</u>
Total Liabilities	<u>25,185.00</u>			<u>25,185.00</u>
NET POSITION:				
Net Investment in Capital Assets	81,618.14			81,618.14
Unrestricted	<u>150,256.17</u>	<u>62,562.75</u>	<u>69,730.30</u>	<u>282,549.22</u>
Total Net Position	<u>\$ 231,874.31</u>	<u>\$ 62,562.75</u>	<u>\$ 69,730.30</u>	<u>\$ 364,167.36</u>

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Proprietary Fund
Statement of Revenues, Expenditures and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2023

	Business-Type Activities-- Enterprise Funds			Total
	Food Service	Park Tech Services	After Care Program	
OPERATING REVENUES:				
Local Sources:				
Daily Sales - Reimbursable Programs	\$ 43,780.40			\$ 43,780.40
Daily Sales - Non-Reimbursable Programs	36,860.44			36,860.44
Special Functions	5,765.42			5,765.42
Tuition			\$ 82,297.70	82,297.70
Total Operating Revenue	<u>86,406.26</u>		<u>82,297.70</u>	<u>168,703.96</u>
OPERATING EXPENSES:				
Cost of Sales - Reimbursable Programs	86,050.94			86,050.94
Cost of Sales - Non-reimbursable Programs	21,827.27			21,827.27
Salaries	116,588.10		49,599.10	166,187.20
Management Fee	16,409.25			16,409.25
Supplies	13,990.20		2,446.55	16,436.75
Other Purchased Services	6,406.69	\$ 1,796.80	5,207.54	13,411.03
Depreciation	8,332.79			8,332.79
Total Operating Expenses	<u>269,605.24</u>	<u>1,796.80</u>	<u>57,253.19</u>	<u>328,655.23</u>
Operating Income (Loss)	<u>(183,198.98)</u>	<u>(1,796.80)</u>	<u>25,044.51</u>	<u>(159,951.27)</u>
NONOPERATING REVENUES:				
State Sources:				
State School Lunch Program	3,727.65			3,727.65
State Breakfast Program	470.40			470.40
After the Bell	1,570.80			1,570.80
Federal Sources:				
National School Lunch Program	93,972.75			93,972.75
School Breakfast Program	36,583.12			36,583.12
Food Distribution Program	40,893.91			40,893.91
COVID Supply Chain Assistance	21,379.10			21,379.10
After School Snack	5,656.68			5,656.68
Interest Revenue	154.00	252.70	254.91	661.61
Total Nonoperating Revenues	<u>204,408.41</u>	<u>252.70</u>	<u>254.91</u>	<u>204,916.02</u>
Change in Net Position	21,209.43	(1,544.10)	25,299.42	44,964.75
Net Position -- July 1	<u>210,664.88</u>	<u>64,106.85</u>	<u>44,430.88</u>	<u>319,202.61</u>
Net Position -- June 30	<u>\$ 231,874.31</u>	<u>\$ 62,562.75</u>	<u>\$ 69,730.30</u>	<u>\$ 364,167.36</u>

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023

	Business-Type Activities-- Enterprise Funds			
	<u>Food Service</u>	<u>Park Tech Services</u>	<u>After Care Program</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	\$ 49,148.62		\$ 82,297.70	\$ 131,446.32
Payments to Employees	(116,588.10)		(49,599.10)	(166,187.20)
Payments to Suppliers	<u>(133,380.66)</u>	<u>\$ (1,796.80)</u>	<u>(7,654.09)</u>	<u>(142,831.55)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(200,820.14)</u>	<u>(1,796.80)</u>	<u>25,044.51</u>	<u>(177,572.43)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
State Sources	5,789.91			5,789.91
Federal Sources	<u>186,658.95</u>			<u>186,658.95</u>
Net Cash Provided by Non-Capital Financing Activities	<u>192,448.86</u>			<u>192,448.86</u>
CASH FLOWS FROM CAPITAL AND RELATED INVESTING ACTIVITIES:				
Acquisition of Capital Assets	<u>(25,185.00)</u>			<u>(25,185.00)</u>
Net Cash Used for Capital and Related Investing Activities	<u>(25,185.00)</u>			<u>(25,185.00)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Revenue	<u>154.00</u>	<u>252.70</u>	<u>254.91</u>	<u>661.61</u>
Net Cash Provided by Investing Activities	<u>154.00</u>	<u>252.70</u>	<u>254.91</u>	<u>661.61</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(33,402.28)	(1,544.10)	25,299.42	(9,646.96)
Balance -- July 1	<u>41,724.50</u>	<u>64,106.85</u>	<u>44,430.88</u>	<u>150,262.23</u>
Balance -- June 30	<u>\$ 8,322.22</u>	<u>\$ 62,562.75</u>	<u>\$ 69,730.30</u>	<u>\$ 140,615.27</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:				
Operating Income (Loss)	<u>\$(183,198.98)</u>	<u>\$ (1,796.80)</u>	<u>\$ 25,044.51</u>	<u>\$(159,951.27)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities:				
Depreciation	8,332.79			8,332.79
Federal Commodities	40,893.91			40,893.91
Change in Assets and Liabilities:				
(Increase)/Decrease in Accounts Receivable	(37,257.64)			(37,257.64)
(Increase)/Decrease in Inventory	4,932.89			4,932.89
Increase/(Decrease) in Accounts Payable	<u>(34,523.11)</u>			<u>(34,523.11)</u>
Total Adjustments	<u>(17,621.16)</u>			<u>(17,621.16)</u>
Net Cash Used for Operating Activities	<u>\$ (200,820.14)</u>	<u>\$ (1,796.80)</u>	<u>\$ 25,044.51</u>	<u>\$(177,572.43)</u>

LONG-TERM DEBT

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Debt Service Fund
 Statement of Serial Bonds
 For the Fiscal Year Ended June 30, 2023

	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2022	Issued	Decreased	Balance June 30, 2023
			Date	Amount					
Bond Series 2018	12/20/18	\$ 3,157,000.00	09/01/23	\$ 135,000.00	3.375%				
			09/01/24	140,000.00	3.375%				
			09/01/25	145,000.00	3.500%				
			09/01/26	150,000.00	3.500%				
			09/01/27	155,000.00	3.500%				
			09/01/28	160,000.00	3.500%				
			09/01/29	165,000.00	3.500%				
			09/01/30	170,000.00	3.500%				
			09/01/31	175,000.00	3.500%				
			09/01/32	180,000.00	3.500%				
			09/01/33	185,000.00	3.500%				
			09/01/34	190,000.00	3.500%				
			09/01/35	195,000.00	3.500%				
			09/01/36	200,000.00	3.500%				
			09/01/37	180,000.00	3.500%				
			09/01/38	157,000.00	3.500%	\$ 2,812,000.00		\$ 130,000.00	\$ 2,682,000.00
						<u>\$ 2,812,000.00</u>	<u>\$ -</u>	<u>\$ 130,000.00</u>	<u>\$ 2,682,000.00</u>

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Debt Service Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 153,733.00		\$ 153,733.00	\$ 153,733.00	
State Sources:					
Debt Service Aid Type II	71,511.00		71,511.00	71,511.00	
Total Revenues	<u>225,244.00</u>		<u>225,244.00</u>	<u>225,244.00</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	100,244.00	\$ (5,000.00)	95,244.00	95,244.00	
Redemption of Principal	125,000.00	5,000.00	130,000.00	130,000.00	
Total Regular Debt Service	<u>225,244.00</u>		<u>225,244.00</u>	<u>225,244.00</u>	
Total Expenditures	<u>225,244.00</u>		<u>225,244.00</u>	<u>225,244.00</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	<u>0.29</u>	-	<u>0.29</u>	<u>0.29</u>	-
Fund Balance, June 30	<u>\$ 0.29</u>	<u>\$ -</u>	<u>\$ 0.29</u>	<u>\$ 0.29</u>	<u>\$ -</u>

STATISTICAL SECTION

Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance.

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Net Position by Component
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	<u>2023</u>	<u>2022</u>	<u>2021 *</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental Activities:										
Net Investment in Capital Assets	\$ 4,746,871	\$ 4,680,008	\$ 5,100,688	\$ 4,595,736	\$ 4,213,498	\$ 4,036,607	\$ 3,828,121	\$ 3,560,350	\$ 3,451,331	\$ 2,898,329
Restricted	3,202,032	2,877,509	2,984,942	3,366,064	4,504,654	1,003,666	5,003	5,002	1	187,630
Unrestricted (Deficit)	542,859	125,364	(1,864,196)	(2,577,962)	(3,969,503)	(732,638)	(244,162)	(549,861)	(1,002,463)	44,894
Total Governmental Activities Net Position	\$ 8,491,762	\$ 7,682,882	\$ 6,221,434	\$ 5,383,837	\$ 4,748,648	\$ 4,307,635	\$ 3,588,961	\$ 3,015,491	\$ 2,448,870	\$ 3,130,853
Business-type Activities:										
Net Investment in Capital Assets	\$ 81,618	\$ 64,766	\$ 11,702	\$ 8,296	\$ 10,171	\$ 9,997	\$ 12,821	\$ 16,827	\$ 20,833	\$ 25,124
Unrestricted	282,549	254,437	215,474	238,642	74,309	49,033	15,379	28,259	27,036	19,777
Total Business-type Activities Net Position	\$ 364,167	\$ 319,203	\$ 227,176	\$ 246,938	\$ 84,480	\$ 59,030	\$ 28,201	\$ 45,086	\$ 47,869	\$ 44,901
District-wide:										
Net Investment in Capital Assets	\$ 4,828,489	\$ 4,744,774	\$ 5,112,390	\$ 4,604,032	\$ 4,223,669	\$ 4,046,604	\$ 3,840,942	\$ 3,577,177	\$ 3,472,164	\$ 2,923,453
Restricted	3,202,032	2,877,509	2,984,942	3,366,064	4,504,654	1,003,666	5,003	5,002	1	187,630
Unrestricted (Deficit)	825,409	379,801	(1,648,722)	(2,339,320)	(3,895,194)	(683,605)	(228,783)	(521,602)	(975,427)	64,671
Total District-wide Net Position	\$ 8,855,929	\$ 8,002,084	\$ 6,448,609	\$ 5,630,775	\$ 4,833,129	\$ 4,366,665	\$ 3,617,162	\$ 3,060,577	\$ 2,496,739	\$ 3,175,754

* District Implemented GASB 84

Source: District Records

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Changes in Net Position/Assets
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	<u>2023</u>	<u>2022</u>	<u>2021</u> *	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 3,418,809	\$ 3,531,309	\$ 3,198,558	\$ 2,984,641	\$ 2,998,890	\$ 2,825,371	\$ 2,682,606	\$ 2,589,645	\$ 3,040,668	\$ 2,760,188
Special Education	710,155	551,190	677,296	554,319	346,319	368,766	363,877	397,317	453,149	464,744
Other Special Education	372,699	337,637	289,808	317,243	685,177	691,105	657,983	580,769	421,236	323,783
Support Services:										
Tuition	160,667	105,499	166,401	98,912	91,278	136,899	195,420	128,519	25,119	190,260
Student and Instruction Related Services	1,307,505	1,150,203	911,904	821,786	766,028	732,856	733,055	745,209	685,787	578,008
School Administrative Services	851,997	728,362	729,083	737,753	754,622	687,064	686,496	680,406	645,560	666,082
Plant Operations and Maintenance	1,213,811	1,097,660	994,717	889,283	890,030	823,760	874,848	878,543	766,836	789,503
Pupil Transportation	372,537	197,997	43,854	175,023	236,615	142,643	85,199	72,808	61,648	94,839
Unallocated Benefits	2,592,241	3,228,078	4,154,281	3,339,390	3,428,545	4,053,783	3,650,351	2,984,938	2,795,785	2,012,121
Interest on Long-Term Debt	93,769	94,483	102,582	111,924	66,032	19,389	29,842	38,207	46,035	52,956
Assesment for Debt Service on SDA Funding	6,081	6,081	6,081	6,081	6,081	6,081	6,081	6,081	6,081	6,081
Transfer to Charter Schools	56,355	12,596	1,496	5,331	47,924	24,441	25,296			11,151
Total Governmental Activities Expenses	11,156,627	11,041,096	11,276,063	10,041,685	10,317,542	10,512,156	9,991,053	9,102,442	8,947,904	7,949,715
Business-type Activities:										
Food Service	269,605	293,690	200,939	182,733	205,889	195,056	229,485	203,114	190,403	188,293
Other	59,050	88,108	330,650	155,790	141,772	639,727	295,836	8,730		
Total Business-type Activities Expense	328,655	381,798	531,589	338,523	347,661	834,783	525,321	211,845	190,403	188,293
Total District Expenses	\$ 11,485,282	\$ 11,422,894	\$ 11,807,652	\$ 10,380,208	\$ 10,665,204	\$ 11,346,938	\$ 10,516,374	\$ 9,314,287	\$ 9,138,307	\$ 8,138,008
Program Revenues:										
Governmental Activities:										
Charges for Services:	\$ 59,795	\$ 39,316	\$ 61,811	\$ 84,458	\$ 87,731	\$ 38,566	\$ 55,062	\$ 47,421	\$ 31,510	\$ 26,494
Operating Grants and Contributions	(17,564)	667,142	1,864,486	919,689	1,247,020	2,176,744	1,866,880	1,392,528	1,186,121	391,990
Capital Grants and Contributions		82,701								
Total Governmental Activities Program Revenues	42,231	789,159	1,926,297	1,004,148	1,334,751	2,215,310	1,921,942	1,439,950	1,217,631	418,484
Business-type activities:										
Charges for services										
Food Service	86,406	3,973	464	63,847	93,070	79,421	84,186	79,817	75,675	69,503
Other	82,298	135,422	179,009	293,595	170,304	669,738	310,072	10,060		
Operating Grants and Contributions	204,254	334,223	332,120	143,207	109,428	116,220	114,036	119,116	117,621	119,522
Total Business-type Activities Program Revenues	372,958	473,617	511,593	500,649	372,802	865,379	508,294	208,993	193,296	189,025
Total District Program Revenues	\$ 415,190	\$ 1,262,777	\$ 2,437,891	\$ 1,504,796	\$ 1,707,553	\$ 3,080,689	\$ 2,430,236	\$ 1,648,943	\$ 1,410,927	\$ 607,509

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Changes in Net Position/Assets
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	<u>2023</u>	<u>2022</u>	<u>2021 *</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net (Expense)/Revenue:										
Governmental Activities	\$ (11,114,395)	\$ (10,251,937)	\$ (9,349,766)	\$ (9,037,537)	\$ (8,982,791)	\$ (8,296,846)	\$ (8,069,111)	\$ (7,662,493)	\$ (7,730,273)	\$ (7,531,231)
Business-type Activities	44,303	91,819	(19,996)	162,126	25,141	30,596	(17,027)	(2,851)	2,893	732
Total District-wide Net Expense	<u>\$ (11,070,092)</u>	<u>\$ (10,160,117)</u>	<u>\$ (9,369,762)</u>	<u>\$ (8,875,411)</u>	<u>\$ (8,957,650)</u>	<u>\$ (8,266,249)</u>	<u>\$ (8,086,138)</u>	<u>\$ (7,665,344)</u>	<u>\$ (7,727,380)</u>	<u>\$ (7,530,499)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes	\$ 5,065,987	\$ 5,065,987	\$ 4,969,076	\$ 4,878,101	\$ 4,797,481	\$ 4,675,842	\$ 4,508,318	\$ 4,315,328	\$ 4,291,793	\$ 4,018,380
Federal and State Aid not restricted	6,797,399	6,626,213	5,123,384	4,735,798	4,589,357	4,317,080	4,107,556	3,910,054	3,788,542	3,608,210
Miscellaneous Income	59,889	21,185	23,463	58,826	36,966	22,997	26,708	17,607	17,553	14,086
Loss on Disposal of Assets						(400)		(13,876)		
Total Governmental Activities	<u>11,923,276</u>	<u>11,713,385</u>	<u>10,115,923</u>	<u>9,672,726</u>	<u>9,423,804</u>	<u>9,015,520</u>	<u>8,642,582</u>	<u>8,229,114</u>	<u>8,097,888</u>	<u>7,640,676</u>
Business-type Activities:										
Miscellaneous Income	662	207	234	333	309	233	141	68	75	75
Total Business-type Activities	<u>662</u>	<u>207</u>	<u>234</u>	<u>333</u>	<u>309</u>	<u>233</u>	<u>141</u>	<u>68</u>	<u>75</u>	<u>75</u>
Total District-wide	<u>\$ 11,923,937</u>	<u>\$ 11,713,592</u>	<u>\$ 10,116,158</u>	<u>\$ 9,673,059</u>	<u>\$ 9,424,114</u>	<u>\$ 9,015,753</u>	<u>\$ 8,642,724</u>	<u>\$ 8,229,183</u>	<u>\$ 8,097,965</u>	<u>\$ 7,640,752</u>
Change in Net Position:										
Governmental Activities	\$ 808,880	\$ 1,461,448	\$ 766,157	\$ 635,189	\$ 441,013	\$ 718,674	\$ 573,470	\$ 566,621	\$ 367,615	\$ 109,445
Business-type Activities	44,965	92,027	(19,762)	162,458	25,450	30,829	(16,886)	(2,783)	2,968	807
Total District	<u>\$ 853,845</u>	<u>\$ 1,553,475</u>	<u>\$ 746,395</u>	<u>\$ 797,647</u>	<u>\$ 466,463</u>	<u>\$ 749,503</u>	<u>\$ 556,585</u>	<u>\$ 563,838</u>	<u>\$ 370,583</u>	<u>\$ 110,252</u>

* District Implemented GASB 84

Source: District Records

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	<u>2023</u>	<u>2022</u>	<u>2021 *</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund:										
Nonspendable:										
Prepaid Expenses			\$ 13,620	\$ 13,620	\$ 13,620	\$ 14,563	\$ 15,940	\$ 18,953		
Restricted:										
Excess Surplus	\$ 913,437	\$ 294,119	517,911	488,539	316,043	275,039				
Capital Reserve	2,227,722	2,224,762	1,424,018	1,267,395	1,259,054	998,662	604,487	408,782	\$ 125,000	
Unemployment	54,332	53,958	51,036							
Assigned:										
Other Purposes	646,844	102,649	1,294	52,965	5,863	6,981			63,619	
Subsequent Year's Expenditures	542,326.01		14,960	13,620		14,378	230,002	130,599	261,417	\$ 165,503
Unassigned	390,931	1,110,798	288,120	251,340	238,969	241,780	214,672	157,804	77,355	216,308
Total General Fund	<u>\$ 4,775,592</u>	<u>\$ 3,786,285</u>	<u>\$ 2,310,958</u>	<u>\$ 2,087,479</u>	<u>\$ 1,833,549</u>	<u>\$ 1,551,402</u>	<u>\$ 1,065,100</u>	<u>\$ 716,138</u>	<u>\$ 527,391</u>	<u>\$ 381,811</u>
All Other Governmental Funds:										
Restricted:										
Special Revenue Fund - Student Activities	\$ 6,540	\$ 14,251	\$ 17,437							
Special Revenue Fund - Preschool Education Aid			28,155							
Special Revenue Fund	3,400	1,200								
Capital Projects Fund		289,579	931,424	\$ 1,596,508	\$ 2,929,554				\$ 82,217	\$ 187,629
Debt Service Fund	0	0		1	3	\$ 5,003	\$ 5,003	\$ 5,002	1	1
Unassigned (Deficit) - Special Revenue Fund	(3,881)	(5,304)		(8,206)	(10,111)					
Total All Other Governmental Funds	<u>\$ 6,060</u>	<u>\$ 299,727</u>	<u>\$ 977,017</u>	<u>\$ 2,919,446</u>	<u>\$ 2,919,446</u>	<u>\$ 5,003</u>	<u>\$ 5,003</u>	<u>\$ 5,002</u>	<u>\$ 82,218</u>	<u>\$ 187,630</u>

* District Implemented GASB 84

Source: District Records

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues:										
Tax Levy	\$ 5,065,987	\$ 5,065,987	\$ 4,969,076	\$ 4,878,101	\$ 4,797,481	\$ 4,675,842	\$ 4,508,318	\$ 4,315,328	\$ 4,291,793	\$ 4,018,380
Tuition Charges			45,633	84,458	87,731	38,566	55,062	47,421	31,510	26,494
Miscellaneous	117,374	58,515	39,641	58,826	36,966	22,997	22,997	17,607	17,553	14,086
State Sources	6,965,761	6,739,544	5,258,477	4,853,011	4,691,662	4,408,463	4,247,156	4,047,287	3,923,235	3,725,992
Federal Sources	585,584	843,249	532,233	274,421	297,631	311,600	295,977	314,052	318,174	274,208
Total Revenue	12,734,706	12,707,295	10,845,060	10,148,817	9,911,472	9,457,468	9,129,510	8,741,696	8,582,265	8,059,160
Expenditures:										
Instruction										
Regular Instruction	3,378,097	3,485,480	3,155,657	2,947,923	2,963,433	2,788,593	2,645,531	2,563,991	3,017,969	2,739,563
Special Education Instruction	710,155	551,190	677,296	554,319	346,319	368,766	363,877	397,317	453,149	464,744
Other Special Instruction	372,699	337,637	289,808	317,243	685,177	691,105	657,983	580,769	421,236	323,783
Undistributed										
Tuition	160,667	105,499	166,401	98,912	91,278	136,899	195,420	128,519	25,119	190,260
Student and Instruction Related Services	1,307,505	1,150,203	911,904	821,786	766,028	732,856	733,055	745,209	685,787	578,008
School Administrative Services	845,158	721,522	721,152	724,865	737,307	669,748	669,181	665,316	636,845	662,407
Plant Operations and Maintenance	759,121	680,089	721,836	661,634	705,458	643,241	718,674	731,718	638,111	635,514
Pupil Transportation	372,537	197,997	43,854	175,023	236,615	142,643	85,199	72,808	61,648	94,839
Unallocated Benefits	1,367,268	1,564,797	1,364,142	1,445,921	1,339,441	1,247,517	1,253,739	1,265,832	1,388,336	1,351,879
Reimbursed TPAF Social Security Contributions	2,039,075	2,015,159	1,646,771	1,345,239	1,286,760	1,054,640	920,350	789,785	674,805	585,050
Capital Outlay	439,105	855,984	1,373,751	1,892,538	396,681	183,499	218,335	388,314	311,822	64,339
Debt Service	231,325	231,104	230,239	235,297	261,494	287,219	297,619	300,587	307,306	314,057
Transfer to Charter Schools	56,355	12,596	1,496	5,331	47,924	24,441	25,296			11,151
Total Expenditures	12,039,066	11,909,259	11,304,306	11,226,030	9,863,914	8,971,165	8,784,258	8,630,164	8,622,134	8,015,593
Excess (Deficiency) of Revenues Over (Under) Expenditures	695,640	798,036	(459,246)	(1,077,212)	47,558	486,303	345,252	111,532	(39,869)	43,567
Other Financing Sources (Uses):										
Capital Leases (Non-Budgeted)									185,450	
Bond Proceeds					3,157,000					
Total Other Financing Sources (Uses)					3,157,000				185,450	
Net Change in Fund Balances	\$ 695,640	\$ 798,036	\$ (459,246)	\$ (1,077,212)	\$ 3,204,558	\$ 486,303	\$ 345,252	\$ 111,532	\$ 145,581	\$ 43,567
Debt Service as a Percentage of Noncapital Expenditures	2.0%	2.1%	2.3%	2.5%	2.8%	3.3%	3.5%	3.6%	3.7%	3.9%

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Interest on Investments	\$ 16,038	\$ 3,815	\$ 8,276	\$ 27,188	\$ 22,653	\$ 9,275	\$ 4,183	\$ 3,628	\$ 2,635	\$ 2,612
Refund of Prior Year Expenditure	803	7,178			211	1,259	4,253	3,474	5,234	5,616
E-Rate Revenue				18,228			553	8,907	7,763	4,825
Book Fines	139	48	239	152	149	119	81	120		80
Miscellaneous Refunds	9,889			43	3,120			1,381	1,668	190
Accounts Payable										762
Sale of Assets	2,570									
Tablet	1,035	5,100	10,702	8,702	10,575	11,871	14,146			
Other	26,080	5,044	4,114	4,513	259	473	3,491	96	253	
	<u>\$ 56,555</u>	<u>\$ 21,185</u>	<u>\$ 23,330</u>	<u>\$ 58,826</u>	<u>\$ 36,966</u>	<u>\$ 22,997</u>	<u>\$ 26,708</u>	<u>\$ 17,607</u>	<u>\$ 17,553</u>	<u>\$ 14,086</u>

Source: District Records

Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

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

Year Ended Dec. 31	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (1)	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
2023	\$ 5,570,700	\$ 262,179,300	\$ -	\$ 50,531,600	\$ 10,775,200	\$ 10,668,300	\$ 339,725,100		\$ 339,725,100	\$ 37,950,500	\$ 462,399,755	\$ 1.504
2022	6,234,800	260,302,200	-	50,531,600	10,775,200	10,668,300	338,512,100	-	338,512,100	38,485,000	405,403,713	1.485
2021	6,232,700	260,054,500	-	50,103,300	10,775,200	10,668,300	337,834,000	-	337,834,000	39,184,300	391,650,012	1.485
2020	6,192,800	259,307,100	-	50,110,600	10,775,200	10,668,300	337,054,000	-	337,054,000	39,635,520	371,601,135	1.461
2019	5,599,300	257,740,000	-	49,026,500	10,775,200	10,668,300	333,809,300	-	333,809,300	42,526,520	347,992,938	1.450
2018	5,865,300	254,517,500	-	48,314,600	10,775,200	10,668,300	330,140,900	-	330,140,900	41,507,620	350,505,255	1.435
2017	6,724,800	250,669,200	-	46,902,000	10,775,200	10,668,300	325,739,500	\$ 100	325,739,600	40,550,920	342,703,314	1.409
2016	6,704,500	246,715,700	-	46,806,000	10,775,200	10,668,300	321,669,700	100	321,669,800	40,413,520	334,584,668	1.372
2015	7,849,900	242,242,700	-	47,337,200	10,593,000	10,668,300	318,691,100	100	318,691,200	39,998,120	331,107,636	1.351
2014	7,592,900	238,044,700	-	48,685,600	10,593,900	10,668,300	315,585,400	467,993	316,053,393	40,013,920	320,228,716	1.316

(1) Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

(2) Tax rates are per \$100

Source: Camden County Board of Taxation

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(Rate per \$100 of Assessed Value)

Unaudited

Year Ended Dec. 31	District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	<u>Basic Rate</u>	<u>General Obligation Debt Service</u>	<u>Total Direct School Tax Rate</u>	<u>Somerdale Borough</u>	<u>Regional School</u>	<u>Camden County</u>	
2023	\$ 1.471	\$ 0.033	\$ 1.504	\$ 1.200	\$ 0.775	\$ 0.982	\$ 4.461
2022	1.459	0.038	1.497	1.133	0.699	0.942	4.271
2021	1.446	0.039	1.485	1.129	0.789	0.986	4.389
2020	1.419	0.042	1.461	1.113	0.764	0.942	4.280
2019	1.402	0.048	1.450	1.107	0.728	0.917	4.202
2018	1.380	0.055	1.435	1.103	0.814	0.953	4.305
2017	1.351	0.058	1.409	1.099	0.809	0.942	4.259
2016	1.311	0.061	1.372	1.094	0.750	0.925	4.141
2015	1.288	0.063	1.351	1.090	0.725	0.916	4.082
2014	1.249	0.067	1.316	1.084	0.642	0.870	3.912

Source: Municipal Tax Collector

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Principal Property Tax Payers
Current Year and Ten Years Ago
Unaudited

<u>Taxpayer</u>	2023			2014*		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
Wal-Mart	\$ 17,573,100	1	5.21%			
Buchman, Myron & Tanya Toby	3,700,000	2	1.10%			
National Reality Property Owners	3,130,600	3	0.93%			
East Coast Warwick Terrace, LLC	2,029,000	4	0.60%			
Somerdale Equities, LLC	1,924,900	5	0.57%			
JMK Investment Co., Inc.	1,906,100	6	0.57%			
DJW Somerdale, LLC (Wawa)	1,891,100	7	0.56%			
P. Kiejdan Family, LLC	1,624,000	8	0.48%			
Rite Aid of New Jersey	1,512,900	9	0.45%			
WAWN, LLC	1,338,200	10	0.40%			
Total	<u>\$ 36,629,900</u>		<u>10.87%</u>	<u>\$ -</u>		

Source: District ACFR & Municipal Tax Assessor

*Information was not available.

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

<u>Fiscal Year Ended June 30,</u>	<u>School District Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2023	\$ 5,065,987	\$ 5,065,987	100.00%	-
2022	5,065,987	5,065,987	100.00%	-
2021	4,969,076	4,969,076	100.00%	-
2020	4,878,101	4,878,101	100.00%	-
2019	4,797,481	4,797,481	100.00%	-
2018	4,675,842	4,675,842	100.00%	-
2017	4,508,318	4,508,318	100.00%	-
2016	4,315,328	4,315,328	100.00%	-
2015	4,291,793	4,291,793	100.00%	-
2014	4,018,380	4,018,380	100.00%	-

(1) 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.

Source: District Records

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the School District's outstanding debt and its debt capacity.

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

Fiscal Year Ended June 30,	Governmental Activities				Total District	Percentage of Personal Income (2)	Outstanding Debt Per Capita (3)
	General Obligation Bonds (1)	Certificates of Participation	Financed Purchases	Bond Anticipation Notes (BANs)			
2023	\$ 2,682,000	\$ -	-	\$ -	\$ 2,682,000	N/A	N/A
2022	2,812,000	-	-	-	2,812,000	N/A	\$ 507
2021	2,937,000	-	-	-	2,937,000	0.91%	531
2020	3,057,000	-	\$ 28,447	-	3,085,447	1.01%	563
2019	3,157,000	-	55,862	-	3,212,862	1.09%	587
2018	245,000	-	82,283	-	327,283	0.12%	60
2017	505,000	-	107,745	-	612,745	0.28%	112
2016	765,000	-	132,283	-	897,283	0.34%	164
2015	1,020,000	-	155,931.50	-	1,175,932	0.47%	217
2014	1,280,000	-	-	-	1,280,000	0.54%	240

N/A - Information not Available

Sources:

- (1) District Records
- (2) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (3) Per capita personal income by municipality-estimated based upon the 2010 Census published by the US Bureau of Economic Analysis

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

Fiscal Year Ended June 30.	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable (2)	Per Capita (3)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2023	\$ 2,682,000	-	\$ 2,682,000	0.79%	N/A
2022	2,812,000	-	2,812,000	0.83%	\$ 507
2021	2,937,000	-	2,937,000	0.87%	531
2020	3,057,000	-	3,057,000	0.91%	558
2019	3,157,000	-	3,157,000	0.95%	576
2018	245,000	-	245,000	0.07%	45
2017	505,000	-	505,000	0.16%	93
2016	765,000	-	765,000	0.24%	140
2015	1,020,000	-	1,020,000	0.32%	189
2014	1,280,000	-	1,280,000	0.40%	240

Sources:

- (1) District Records
- (2) Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
- (3) Per Capita calculation based upon population information provided by the NJ Dept of Labor and Workforce Development

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2022
Unaudited

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Somerdale Borough</u>	<u>Debt Authorized But Not Issued</u>
Municipal Debt: (1)					
Borough of Somerdale School District	\$ 2,682,000.00	\$ 2,682,000.00			
Borough of Somerdale Sewer Utility	3,046,494.60	3,046,494.60			
Borough of Somerdale	<u>9,228,100.00</u>		<u>\$ 9,228,100.00</u>	<u>\$ 9,228,100.00</u>	
	<u>14,956,594.60</u>	<u>5,728,494.60</u>	<u>9,228,100.00</u>	<u>9,228,100.00</u>	
Overlapping Debt Apportioned to the Municipality:					
County of Camden: (2)					
General:					
Bonds	64,387,267.00	22,237,615 (3)	42,149,652.00	484,444.30	\$ 71,990,250.00
Notes	42,980,000.00		42,980,000.00	493,987.86	
Loan Agreement	347,760,000.00		347,760,000.00	3,996,957.11	
Bonds Issued by Other Public Bodies Guaranteed by the County	<u>223,550,595.00</u>	<u>223,550,595 (4)</u>			
	<u>678,677,862.00</u>	<u>245,788,210.00</u>	<u>432,889,652.00</u>	<u>4,975,389.27</u>	<u>71,990,250.00</u>
	<u>\$ 693,634,456.60</u>	<u>\$ 251,516,704.60</u>	<u>\$ 442,117,752.00</u>	<u>\$ 14,203,489.27</u>	<u>\$ 71,990,250.00</u>

Sources:

- (1) 2022 Annual Debt Statement
- (2) County's 2022 Audit Report
- (3) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.
- (4) Such debt is allocated as a proportion of the Borough's share of the total 2022 Equalized Value, which is 1.15%.
The source for this computation was the 2022 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Legal Debt Margin Information
 Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2023

	Equalized valuation basis (1)	
	2022	\$ 460,748,741
	2021	404,591,617
	2020	<u>391,650,012</u>
	[A]	<u>\$ 1,256,990,370</u>
	Average equalized valuation of taxable property	[A/3] <u>\$ 418,996,790</u>
	Debt limit (3% of average equalization value) (2)	[B] \$ 12,569,904 (1)
	Total Net Debt Applicable to Limit	[C] <u>2,682,000</u>
	Legal Debt Margin	[B-C] <u>\$ 9,887,904</u>

	Fiscal Year Ended June 30,									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Debt limit	\$ 12,569,904	\$ 11,678,428	\$ 11,112,441	\$ 10,654,264	\$ 10,322,469	\$ 10,157,405	\$ 9,977,890	\$ 9,828,431	\$ 9,802,495	\$ 9,982,741
Total net debt applicable to limit (3)	<u>2,682,000</u>	<u>2,812,000</u>	<u>2,937,000</u>	<u>3,057,000</u>	<u>3,157,000</u>	<u>245,000</u>	<u>505,000</u>	<u>765,000</u>	<u>1,020,000</u>	<u>1,280,000</u>
Legal debt margin	<u>\$ 9,887,904</u>	<u>\$ 8,866,428</u>	<u>\$ 8,175,441</u>	<u>\$ 7,597,264</u>	<u>\$ 9,912,405</u>	<u>\$ 9,472,890</u>	<u>\$ 9,063,431</u>	<u>\$ 8,782,495</u>	<u>\$ 8,702,741</u>	<u>\$ 8,815,389</u>
Total net debt applicable to the limit as a percentage of debt limit	21.34%	24.08%	26.43%	28.69%	30.58%	2.41%	5.06%	7.78%	10.41%	12.82%

Sources:
 (1) Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
 (2) Limit set by NJSA 18A:24-19 for a K through 8 district.
 (3) District Records

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

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

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2022	5,546	Unavailable	Unavailable	3.8%
2021	5,536	\$ 341,250,112	\$ 61,642	6.8%
2020	5,482	322,506,060	58,830	10.5%
2019	5,478	305,562,840	55,780	4.0%
2018	5,471	294,011,540	53,740	4.4%
2017	5,450	282,795,050	51,889	4.9%
2016	5,460	219,655,800	40,230	5.6%
2015	5,409	264,332,421	48,869	6.2%
2014	5,324	249,834,024	46,926	7.6%
2013	5,250	237,588,750	45,255	9.7%

Source:

- (1) Population information provided by the NJ Dept of Labor and Workforce Development
- (2) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (3) Per capita personal income by municipality-estimated based upon the 2010 Census published by the US Bureau of Economic Analysis
- (4) Unemployment data provided by the NJ Dept of Labor and Workforce Development

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Principal Non-Governmental Employers
Current Year and Ten Years Ago
Unaudited

<u>Employer</u>	<u>2023</u>			<u>2014{1}</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
Walmart Supercenter	335	1	11%			
Applebee's Grill & Bar	62	2	2%			
Starview Diner	60	3	2%			
Pepco Manufacturing	54	4	2%			
Youth Consultation Svc	50	5	2%			
Cinemark Somerdale	49	6	2%			
Esporta Fitness	30	7	1%			
Wawa	26	8	1%			
Fast Track Physical Therapy	25	9	1%			
Warehouse Franklin Trailers	25	9	1%			
Coit Air Duct Cleaning	20	10	1%			
Jefferson Health OB/Gyn Assoc	20	10	1%			

{1} Information was not available

This schedule should include the ten largest employers, unless fewer are required to reach 50 percent of total employment. Districts may obtain principal employer information from various sources such as their local Chamber of Commerce, local Economic Development Agency, or other creditable source for their municipality

Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

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

<u>Function/Program</u>	<u>Fiscal Year Ended June 30,</u>									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Instruction										
Regular	32.0	32.0	32.0	32.0	37.8	35.0	37.0	33.0	33.0	33.0
Special Education	6.0	6.0	6.0	6.0	5.0	6.0	5.0	5.5	5.5	5.5
Other	9.0	9.0	9.0	9.0	8.0	8.0	8.0	7.6	7.2	6.4
Support Services:										
Student & Instruction Related Services	5.4	5.4	5.4	5.4	5.8	4.8	4.8	4.8	4.8	19.0
School Administrative Services	9.0	9.0	9.0	9.0	8.0	9.0	8.0	8.0	8.0	8.8
Total	<u>61.4</u>	<u>61.4</u>	<u>61.4</u>	<u>61.4</u>	<u>64.6</u>	<u>62.8</u>	<u>62.8</u>	<u>58.9</u>	<u>58.5</u>	<u>72.7</u>

Source: District Records

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Operating Statistics
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended <u>June 30.</u>	<u>Enrollment</u>	Operating <u>Expenditures</u>	Cost Per <u>Pupil</u>	Percentage <u>Change</u>	Teaching <u>Staff</u>	<u>Pupil/Teacher Ratio</u>			Average Daily Enrollment <u>(ADE)</u>	Average Daily Attendance <u>(ADA)</u>	% Change in Average Daily <u>Enrollment</u>	Student Attendance <u>Percentage</u>
						<u>Elementary</u>	<u>Middle School</u>	<u>High School</u>				
2023	445	\$ 11,056,776	\$ 24,847	2.65%	47.00	8:8:1	-	-	441.5	415.0	-0.98%	94.00%
2022	452	10,940,532	24,205	-0.51%	47.00	8:9:1	-	-	445.9	419.4	-7.28%	94.06%
2021	459	11,167,400	24,330	19.15%	47.00	9:7:1	-	-	480.9	463.5	0.00%	96.38%
2020	486	9,923,679	20,419	-0.55%	47.00	9:7:1	-	-	480.9	463.5	-1.09%	96.38%
2019	499	10,245,429	20,532	-11.50%	50.80	10:1:1	-	-	486.2	470.7	0.25%	96.81%
2018	452	10,486,686	23,201	16.53%	49.00	9:6:1	-	-	485.0	468.7	-1.78%	96.64%
2017	500	9,955,130	19,910	12.76%	50.00	10:6:1	-	-	493.8	479.2	-5.14%	97.04%
2016	513	9,058,154	17,657	14.37%	46.10	11:1:1	-	-	520.6	497.8	-1.56%	95.62%
2015	529	8,166,791	15,438	3.30%	45.70	11:3:1	-	-	528.8	502.7	-0.63%	95.06%
2014	528	7,890,678	14,944	0.58%	44.90	12:5:1	-	-	532.1	524.6	3.39%	98.59%

Sources: District Records

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

	Fiscal Year Ended June 30,									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>District Building</u>										
<u>Elementary</u>										
Somerdale Park School										
Square Feet	82,557	82,557	82,557	82,557	82,557	82,557	82,557	82,557	82,557	82,557
Capacity (students)	495	495	495	495	485	485	485	485	485	485
Enrollment	445	452	459	499	499	452	500	513	529	528
<u>Other</u>										
Administration Building										
Square Feet	1,728	1,728	1,728	1,728	1,728	1,728	1,728	1,728	1,728	1,728
Number of Schools at June 30, 2023										
Elementary = 1										
Middle School = 0										
High School = 0										
Other = 0										

Source: District Records

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Schedule of Required Maintenance
 Last Ten Fiscal Years
Unaudited

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

<u>School Facilities</u>	<u>School # (s)</u>	<u>Fiscal Year Ended June 30,</u>									
		<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Somerdale Park School	4790	\$ 98,491	\$ 53,336	\$ 46,085	\$ 29,213	\$ 134,825	\$ 72,288	\$ 116,954	\$ 81,653	\$ 58,454	\$ 85,256
Total School Facilities		<u>\$ 98,491</u>	<u>\$ 53,336</u>	<u>\$ 46,085</u>	<u>\$ 29,213</u>	<u>\$ 134,825</u>	<u>\$ 72,288</u>	<u>\$ 116,954</u>	<u>\$ 81,653</u>	<u>\$ 58,454</u>	<u>\$ 85,256</u>

* School Facilities as defined under EFCFA (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District Records

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Insurance Schedule
June 30, 2023
Unaudited

		<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSIG:			
Buildings & Contents	(1) \$	17,202,800	\$ 1,000
Extra Expense - Blanket	(1)	50,000,000	1,000
General Liability with SA Discount	(2)	6,000,000	N/A
Limited Builders Risk		10,000,000	1,000
Valuable Papers Blanket		10,000,000	1,000
Electronic Data Processing		150,000	1,000
Money & Securities		10,000	500
Faithful Performance		250,000	1,000
Forgery & Alteration		100,000	1,000
Money Orders/Counterfeit		5,000	500
Computer Fraud		100,000	1,000
Crisis Management		1,000,000	Various
Beazley Breach Response Services		2,000,000	Various
Environmental Package		1,000,000	50,000
Automobile Liability	(3)	6,000,000	N/A
Workers Compensation	(4)	Part 1: Statutory/	-
	(4)	Part 2: 3,000,000	-
Accident Policies:			
Student Catastrophic Accident	(1)	500,000	-
Student/Volunteer Accident	(1)	1,000,000	-
School Board Legal Liability			
Errors and Omissions	(3)	5,000,000	5,000
Equipment Breakdown - NJSIG			
Extra Expense		100,000,000	25,000
		10,000,000	-
Bonds			
Board Secretary		200,000	1,000

(1) Limit each occurrence, No annual aggregate

(2) Limit each occurrence, annual unaggregated

(3) Per claim/annual aggregate

SINGLE AUDIT SECTION

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Somerdale School District
Somerdale, New Jersey 08083

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and each major fund of the Borough of Somerdale School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated April 18, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Somerdale School District's internal control over financial reporting (internal control) as a basis for designing 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Somerdale School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Somerdale 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 financial statements. 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 one instance of noncompliance or other matter that is 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, and which is described in the accompanying *Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as Finding No. 2023-001.

The Borough of Somerdale School District's Response to Findings

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

Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Scott P. Barron
Certified Public Accountant
Public School Accountant No. CS 02459

Voorhees, New Jersey
April 18, 2024

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY STATE OF NEW JERSEY CIRCULAR 15-08-OMB****INDEPENDENT AUDITOR'S REPORT**

The Honorable President and
Members of the Board of Education
Borough of Somerdale School District
Somerdale, New Jersey 08083

Report on Compliance for Each Major State Program***Opinion on Each Major State Program***

We have audited the Borough of Somerdale School District's, in the County of Camden, State of New Jersey, compliance with the types of compliance requirements identified as subject to audit in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2023. The School District's major state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

In our opinion, the Borough of Somerdale School District, in the County of Camden, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the audit requirements of State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards and State of New Jersey Circular 15-08-OMB, are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and State of New Jersey Circular 15-08-OMB, we:

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

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

Report on Internal Control over Compliance

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

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

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

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Scott P. Barron
Certified Public Accountant
Public School Accountant No. CS 02459

Voorhees, New Jersey
April 18, 2024

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2023

Federal Grantor/ Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Additional Award Identification	Federal FAIN Number	Pass-Through Entity Identifying Number	Program or Award Amount	Grant Period From To	
General Fund:							
U.S. Department of Health and Human Services:							
Passed-through State Department of Education:							
Medical Assistance Program (Medicaid)	93.778	N/A	2105NJMAP	N/A	\$ 3,398.82	7-1-22	6-30-23
Total General Fund and Total Medical Assistance Program Cluster							
Special Revenue Fund:							
U.S. Department of Education:							
Passed-through State Department of Education:							
E.S.E.A.:							
Title I - Grants to Local Educational Agencies	84.010	N/A	S010A220030	NCLB556023	129,216.00	7-1-22	6-30-23
Title I - Grants to Local Educational Agencies	84.010	N/A	S010A210030	NCLB556022	125,368.00	7-1-21	9-30-22
Total Title I - Grants to Local Educational Agencies							
Title II - Supporting Effective Instruction State Grants	84.367	84.367A	S367A220029	NCLB556023	17,648.00	7-1-22	6-30-23
Title II - Supporting Effective Instruction State Grants	84.367	84.367A	S367A210029	NCLB556022	16,605.00	7-1-21	9-30-22
Total Title II - Supporting Effective Instruction State Grants							
Title IV - Student Support and Academic Enrichment	84.424	84.424A	S424A220031	NCLB556023	10,584.00	7-1-22	6-30-23
Title IV - Student Support and Academic Enrichment	84.424	84.424A	S424A210031	NCLB556022	10,000.00	7-1-21	9-30-22
Total Title IV - Student Support and Academic Enrichment							
Individuals with Disabilities Education Act (IDEA):							
Special Education Cluster (IDEA):							
Special Education Grants to States	84.027	84.027A	H027A220100	IDEA189023	140,974.00	7-1-22	6-30-23
Special Education Grants to States	84.027	84.027A	H027A210100	IDEA189022	133,004.00	7-1-21	9-30-22
American Rescue Plan, (ARP) Basic	84.027	COVID-19, 84.027x	H027A200100	N/A	22,953.00	7-1-21	9-30-22
Total I.D.E.A. Part B Special Education Basic							
American Rescue Plan, (ARP) Preschool	84.173	COVID-19, 84.173x	H173A200114	N/A	1,951.00	7-1-21	9-30-22
Special Education Preschool Grants	84.173	N/A	H173A220114	IDEA189023	4,537.00	7-1-22	6-30-23
Special Education Preschool Grants	84.173	N/A	H173A200114	IDEA189022	3,262.00	7-1-21	9-30-22
Total I.D.E.A. Part B Special Education Preschool							
Total I.D.E.A. Part B Special Education Cluster							
Education Stabilization Fund (CARES ACT 2020/ESSER)	84.425D	COVID-19, 84.425D	S425D200027	N/A	113,721.00	3-13-20	9-30-22
Coronavirus Response and Relief Supplemental Appropriation Act of 2021							
Elementary and Secondary School Emergency Relief Fund (ESSER II)							
Learning Acceleration	84.425D	COVID-19, 84.425D	S425D210027	N/A	441,690.00	3-13-20	9-30-23
Mental Health	84.425D	COVID-19, 84.425D	S425D210027	N/A	28,345.00	3-13-20	9-30-23
	84.425D	COVID-19, 84.425D	S425D210027	N/A	45,000.00	3-13-20	9-30-23
Total Coronavirus Response and Relief Supplemental Appropriation Act of 2021							
American Rescue Plan Consolidated (ARP):							
ARP Elementary and Secondary Schools Relief (ESSER)	84.425U	COVID-19, 84.425U	S425U210027	N/A	992,670.00	3-13-20	9-30-23
Total Special Revenue Fund							
Enterprise Fund:							
U.S. Department of Agriculture							
Passed-through State Department of Agriculture:							
Child Nutrition Cluster:							
Non-Cash Assistance (Food Distribution):							
National School Lunch Program	10.555	N/A	231NJ304N1099	N/A	40,893.91	7-1-22	6-30-23
Cash Assistance:							
National School Breakfast Program	10.553	N/A	231NJ304N1099	N/A	36,583.12	7-1-22	6-30-23
National School Breakfast Program	10.553	N/A	221NJ304N1099	N/A	57,047.06	7-1-21	6-30-22
Total School Breakfast Program							
National School Lunch Program	10.555	N/A	231NJ304N1099	N/A	93,972.75	7-1-22	6-30-23
National School Lunch Program	10.555	N/A	221NJ304N1099	N/A	233,692.50	7-1-21	6-30-22
After School Snacks	10.555	N/A	231NJ304N1199	N/A	5,656.68	7-1-22	6-30-23
COVID Supply Chain Assistance	10.555	N/A	221NJ304N1099	N/A	13,653.87	7-1-21	6-30-22
Total National School Lunch Program							
Total Enterprise Fund, Total U.S. Department of Agriculture, and Total Child Nutrition Cluster							
Total Federal Financial Assistance							

(A) See Note 5 to the Schedules of Expenditures of Federal Awards and State Financial Assistance.

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

These funds were not audited in accordance with the Uniform Guidance since the total of all grant award expenditures were less than \$750,000.

Balance June 30, 2022	Due to Grantor	Carryover / (Walkover) Amount	Cash Received	Budgetary Expenditures			Passed- Through to Subrecipients	Adjustments (A)	Repayment of Prior Years' Balances	Balance at June 30, 2023		
				Pass-Through Funds	Direct Funds	Total Budgetary Expenditures				(Accounts Receivable)	Unearned Revenue	Due to Grantor
\$ (972.66)			\$ 4,371.48	\$ 3,398.82		\$ 3,398.82						
(972.66)			4,371.48	3,398.82		3,398.82						
(98,612.60)			94,622.00	134,348.65		134,348.65				\$ (134,348.65)		
(98,612.60)			94,622.00	134,348.65		134,348.65				(3,990.60)		
(2,994.00)			2,715.00	12,044.00		12,044.00				(12,044.00)		
(2,994.00)			2,715.00	12,044.00		12,044.00				(279.00)		
(14,659.93)			7,083.00	2,778.87		2,778.87				(2,778.87)		
(14,659.93)			7,083.00	2,778.87		2,778.87				(7,576.93)		
(121,406.51)			120,602.00	158,363.56		158,363.56				(158,363.56)		
(16,319.51)				6,633.03		6,633.03				(804.51)		
(137,726.02)			120,602.00	164,996.59		164,996.59				(22,952.54)		
(1,900.31)				5,683.01		5,683.01		\$ 40.39		(1,859.92)		
(2,214.00)			2,046.00							(5,683.01)		
(4,114.31)			2,046.00	5,683.01		5,683.01		40.39		(168.00)		
(141,840.33)			122,648.00	170,679.60		170,679.60		40.39		(7,710.93)		
(19,761.00)			19,761.00							(189,831.54)		
(343,884.28)			379,260.00	77,442.68		77,442.68						
(12,509.11)			23,711.00	15,835.89		15,835.89				(42,066.96)		
(10,626.63)			10,627.00	25,205.00		25,205.00				(4,634.00)		
(367,020.02)			413,598.00	118,483.57		118,483.57				(25,204.63)		
(164,430.15)			103,765.00	73,298.10		73,298.10				(71,905.59)		
(809,318.03)			764,192.00	511,632.79		511,632.79		40.39		(133,963.25)		
			40,893.91	40,893.91		40,893.91				(556,718.43)		
(7,124.68)			33,485.79	36,583.12		36,583.12						
(7,124.68)			7,124.68							(3,097.33)		
			81,504.38	77,477.03		77,477.03				(3,097.33)		
(16,912.75)			88,811.75	93,972.75		93,972.75				(5,161.00)		
(13,653.87)			16,912.75									
			5,291.01	5,656.68		5,656.68				(365.67)		
(30,566.62)			35,032.97	21,379.10		21,379.10						
(37,691.30)			146,048.48	121,008.53		121,008.53				(5,526.67)		
			227,552.86	198,485.56		198,485.56				(8,624.00)		
\$ (847,981.99)	\$ -	\$ -	\$ 996,116.34	\$ 713,517.17	\$ -	\$ 713,517.17	\$ -	\$ 40.39	\$ -	\$ (565,342.43)	\$ -	\$ -

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2023

State Grantor/Program	Grant or State Project Number	Program or Award Amount	Local Match	Grant Period		Balance at June 30, 2022	
				From	To	Unearned Revenue/ (Accounts Receivable)	Due to Grantor
General Fund:							
New Jersey Department of Education:							
State Aid - Public							
Equalization Aid	23-495-034-5120-078	\$ 3,961,317.00		7-1-22	6-30-23		
Equalization Aid	22-495-034-5120-078	3,042,061.00		7-1-21	6-30-22	\$ (304,487.00)	
Categorical Special Education Aid	23-495-034-5120-089	355,717.00		7-1-22	6-30-23		
Categorical Special Education Aid	22-495-034-5120-089	355,717.00		7-1-21	6-30-22	(35,605.00)	
Categorical Security Aid	23-495-034-5120-084	84,322.00		7-1-22	6-30-23		
Categorical Security Aid	22-495-034-5120-084	84,322.00		7-1-21	6-30-22	(8,440.00)	
Maintenance of Equity Aid	22-495-034-5120-128	858,608.00		7-1-21	6-30-22	(858,608.00)	
School Choice Aid	23-495-034-5120-068	224,991.00		7-1-22	6-30-23		
School Choice Aid	22-495-034-5120-068	237,789.00		7-1-21	6-30-22	(23,801.00)	
Stabilization Aid	23-100-034-5120-494	138,435.00		7-1-22	6-30-23		
Total State Aid - Public						(1,230,941.00)	
Transportation Aid							
Categorical Transportation Aid	23-495-034-5120-014	31,147.00		7-1-22	6-30-23		
Categorical Transportation Aid	22-495-034-5120-014	31,147.00		7-1-21	6-30-22	(3,118.00)	
Total Transportation Aid						(3,118.00)	
Extraordinary Special Education Costs Aid	23-100-034-5120-473	2,496.00		7-1-22	6-30-23		
Total Extraordinary Special Education Costs Aid							
Reimbursed T.P.A.F. Social Security Aid	22-495-034-5094-003	293,302.78		7-1-22	6-30-23		
Reimbursed T.P.A.F. Social Security Aid	22-495-034-5094-003	287,012.75		7-1-21	6-30-22	(13,956.00)	
Total Reimbursed T.P.A.F. Social Security Aid						(13,956.00)	
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)	495-034-5094-001	363,067.00		7-1-22	6-30-23		
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)	495-034-5094-002	1,363,161.00		7-1-22	6-30-23		
On-Behalf T.P.A.F. Non-contributory Insurance	495-034-5094-004	18,912.00		7-1-22	6-30-23		
On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability Insurance (non-budgeted)	495-034-5094-004	632.00		7-1-22	6-30-23		
Total On-Behalf TPAF Pension Contributions (non-budgeted)							
Total General Fund						(1,248,015.00)	
Special Revenue Fund:							
New Jersey Department of Education:							
School Security	22E00124	26,289.00		7-1-21	8-31-22	(26,289.00)	
Preschool Education Aid	23-495-034-5120-086	151,354.00		7-1-22	6-30-23		
Preschool Education Aid	22-495-034-5120-086	53,040.00	\$ 42,870.00	7-1-21	6-30-22	(5,304.00)	
Total Preschool Education Aid						(5,304.00)	
Total Special Revenue Fund						(31,593.00)	
Debt Service Fund:							
New Jersey Department of Education:							
Debt Service Aid Type II	23-495-034-5120-075	71,511.00		7-1-22	6-30-23		
Enterprise Fund:							
New Jersey Department of Agriculture:							
State School Lunch Program	23-100-010-3350-023	3,727.65		7-1-22	6-30-23		
State School Lunch Program	22-100-010-3350-023	5,312.29		7-1-21	6-30-22	(377.58)	
School Breakfast and Lunch State Aid	495-010-3350-002	470.40		7-1-22	6-30-23		
Breakfasts After the Bell	495-020-3350-004	1,570.80		7-1-22	6-30-23		
Total Enterprise Fund						(377.58)	
Total State Financial Assistance						\$ (1,279,985.58)	\$ -
Less: State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:							
General Fund (Non-Cash Assistance):							
New Jersey Department of Treasury:							
On-behalf Contributions:							
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)	495-034-5094-001	363,067.00		7-1-22	6-30-23		
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)	495-034-5094-002	1,363,161.00		7-1-22	6-30-23		
On-Behalf T.P.A.F. Non-contributory Insurance	495-034-5094-004	18,912.00		7-1-22	6-30-23		
On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability Insurance (non-budgeted)	495-034-5094-004	632.00		7-1-22	6-30-23		
Total General Fund (Non-Cash Assistance)							
Total State Financial Assistance Subject to Major Program Determination for State Single Audi							

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

Carryover/ (Walkover) Amount	Cash Received	Total Budgetary Expenditures	Passed- Throught to Subrecipients	Balance at June 30, 2023			(Memo)	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2023	Cumulative Total Expenditures
	\$ 3,569,886.00	\$ 3,961,317.00		\$ (391,431.00)			\$ (391,431.00)	\$ 3,961,317.00
	304,487.00							3,042,061.00
	320,567.00	355,717.00		(35,150.00)			(35,150.00)	355,717.00
	35,605.00							355,717.00
	75,990.00	84,322.00		(8,332.00)			(8,332.00)	84,322.00
	8,440.00							84,322.00
	858,608.00							858,608.00
	202,759.00	224,991.00		(22,232.00)			(22,232.00)	224,991.00
	23,801.00							237,789.00
	138,435.00	138,435.00						138,435.00
	5,538,578.00	4,764,782.00		(457,145.00)			(457,145.00)	9,343,279.00
	28,069.00	31,147.00		(3,078.00)			(3,078.00)	31,147.00
	3,118.00							31,147.00
	31,187.00	31,147.00		(3,078.00)			(3,078.00)	62,294.00
		2,496.00		(2,496.00)				2,496.00
		2,496.00		(2,496.00)				2,404.00
	293,302.78	293,302.78						293,302.78
	13,956.00							276,813.50
	307,258.78	293,302.78						570,116.28
	363,067.00	363,067.00						363,067.00
	1,363,161.00	1,363,161.00						1,363,161.00
	18,912.00	18,912.00						18,912.00
	632.00	632.00						632.00
	1,745,772.00	1,745,772.00						1,745,772.00
	7,622,795.78	6,837,499.78		(462,719.00)			(460,223.00)	11,723,865.28
				(26,289.00)				26,289.00
	136,218.00	140,099.04		(15,136.00)	\$ 11,254.96		(3,881.04)	140,099.04
	5,304.00							124,723.15
	141,522.00	140,099.04		(15,136.00)	11,254.96		(3,881.04)	264,822.19
	141,522.00	140,099.04		(41,425.00)	11,254.96		(3,881.04)	291,111.19
	71,511.00	71,511.00						71,511.00
	3,529.73	3,727.65		(197.92)				3,727.65
	377.58							9,315.85
	438.90	470.40		(31.50)				470.40
	1,443.70	1,570.80		(127.10)				1,570.80
	5,789.91	5,768.85		(356.52)				13,043.50
\$ -	\$ 7,841,618.69	7,054,878.67	\$ -	\$ (504,500.52)	\$ 11,254.96	\$ -	\$ (464,104.04)	\$ 12,099,530.97

363,067.00
1,363,161.00
18,912.00
632.00
1,745,772.00
\$ 5,309,106.67

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2023

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (“the schedules”) include federal and state award activity of the Borough of Somerdale School District (hereafter referred to as the “School District”). The School District is defined in note 1 to the School District’s basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. 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, are included on the schedules. Because these schedules present only a selected portion of the operations of the School District, it is not intended to and does not present the financial position and changes in operations of the School District.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedules are presented using the budgetary basis of accounting, with the following exceptions: programs recorded in the debt service fund are presented on the modified accrual basis of accounting and programs recorded in the enterprise fund are presented using the accrual basis of accounting. These bases of accounting are described in note 1 to the School District’s basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The expenditures reflected in the schedules are presented at the federal and state participation level; thus, any matching portion is not included.

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund, special revenue fund, debt service fund and proprietary fund (enterprise fund - food service) 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, payments are not recognized until the subsequent budget year due to the State deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$84,772.00 for the general fund and (\$71,975.80) for the special revenue fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

The revenues reported on a GAAP basis from the basic financial statements with a reconciliation to the reported amounts on the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 3,398.82	\$ 6,752,727.78	\$ 6,756,126.60
Special Revenue	582,185.63	141,522.00	723,707.63
Debt Service		71,511.00	71,511.00
Food Service	198,485.56	5,768.85	204,254.41
	<u>784,070.01</u>	<u>6,971,529.63</u>	<u>7,755,599.64</u>
GAAP Basis Revenues			
GAAP Adjustments:			
State Aid Payments		94,604.00	94,604.00
Encumbrances	(70,552.84)		(70,552.84)
Preschool Education - Local Share		(11,254.96)	(11,254.96)
	<u>(70,552.84)</u>	<u>83,349.04</u>	<u>12,796.20</u>
Total Awards and Financial Assistance Expended	<u>\$ 713,517.17</u>	<u>\$ 7,054,878.67</u>	<u>\$ 7,768,395.84</u>

Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 5: ADJUSTMENTS

Amounts reported in the column entitled "adjustments" represent favorable differences incurred in the liquidation of encumbrances charged as budgetary basis expenditures in fiscal year 2022-2023.

Note 6: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2023, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. 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 fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance related to TPAF members.

Note 7: MAJOR PROGRAMS

Major programs are identified in the *Summary of Auditor's Results* section of the *Schedule of Findings and Questioned Costs*.

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified
Internal control over financial reporting:
Material weakness(es) identified? ___ yes X no
Significant deficiency(ies) identified? ___ yes X none reported
Noncompliance material to financial statements noted? X yes ___ no

Federal Awards NOT APPLICABLE

Internal control over major programs:
Material weakness(es) identified? ___ yes ___ no
Significant deficiency(ies) identified? ___ yes ___ none reported
Type of auditor's report issued on compliance for major programs
Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)? ___ yes ___ no

Identification of major programs:

Table with 3 columns: Assistance Listing Number(s), FAIN Number(s), Name of Federal Program or Cluster. Multiple rows for data entry.

Dollar threshold used to distinguish between type A and type B programs:
Auditee qualified as low-risk auditee? ___ yes ___ no

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section 1- Summary of Auditor's Results (Cont'd)

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with New Jersey Circular 15-08-OMB? yes no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
	State Aid Public:
<u>495-034-5120-078</u>	<u>Equalization Aid</u>
<u>495-034-5120-068</u>	<u>School Choice Aid</u>
<u>495-034-5120-084</u>	<u>Security Aid</u>
<u>495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>100-034-5120-494</u>	<u>Stabilization Aid</u>
<u>495-034-5094-003</u>	<u>Reimbursed TPAF Social Security Aid</u>

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000.00

Auditee qualified as low-risk auditee? yes no

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section 2- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements related to financial statements for which *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, requires.

Finding No. 2023-001

Criteria or Specific Requirement

CFR Section 210.14 Resource Management (b) Net Cash Resources requires a school food authority limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or an amount approved by the State agency in accordance with CFR Section 210.019(a).

Condition

The School District did not limit its net cash resources to three months average expenditures for its school food service fund as required by CFR Section 210.14 Resource Management (b) Net Cash Resources.

Questioned Costs

N/A - None

Context

The School District's food service fund net cash resources at June 30, 2022 was \$145,311.01 and its three month average expenditures was \$78,381.74, resulting in an excess amount totaling \$66,929.28.

Effect or Potential Effect

The School District is not in compliance with CFR section 210.14 and requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey Audit Program.

Cause

The School District's food service fund revenues increased more than anticipated due to the increased federal and state reimbursements associated with the COVID-19 pandemic.

Identification as a Repeat Finding

The condition existed in the immediately preceding fiscal year – See Finding No. 2022-001.

Recommendation

That the School District develop a plan to reduce the food service fund's net cash resources below its three month average expenditures as required by CFR Section 210.14 Resource Management (b) Net Cash Resources.

View of Responsible Officials and Planned Corrective Action

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs, and significant instances of abuse related to the audit of major Federal programs, 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).

Not Applicable.

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section 4- Schedule of State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs, and significant instances of abuse related to the audit of major State programs, as required by State of New Jersey Circular 15-08-OMB.

None.

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Summary Schedule of Prior Year Audit Findings
 and Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

Finding No. 2022-001

Condition

The School District did not limit its net cash resources to three months average expenditures for its school food service fund as required by CFR Section 210.14 Resource Management (b) Net Cash Resources.

Current Status

Condition remains unresolved as of June 30, 2023. See current year finding 2023-001.

Planned Corrective Action Plan

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

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE PROGRAMS

Finding No. 2022-002

Program

New Jersey Department of Education; State Aid Public: Equalization Aid (G.M.I.S. No. 495-034-5120-078), Special Education Categorical Aid (G.M.I.S. No. 495-034-5120-089), Security Aid (G.M.I.S. No. 495-034-5120-084), School Choice Aid (G.M.I.S. No. 495-034-5120-068), Maintenance of Equity Aid (G.M.I.S. No. 495-034-5120-128)

Condition

The School District's workpapers and corresponding documentation did not agree with the submitted A.S.S.A. report and, as a result, differences were identified.

Current Status

Condition resolved.

