

Annual Comprehensive Financial Report

of the

Somerset Hills School District

County of Somerset

County of Somerset, New Jersey

For the Fiscal Year Ended June 30, 2023

Prepared by

**The Somerset Hills Board of Education
Business Office**

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INTRODUCTORY SECTION



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January 17, 2024

Honorable President and
Members of the Board of Education
Somerset Hills School District
25 Olcott Avenue
Bernardsville, New Jersey 07924

Dear Board Members:

The annual comprehensive financial report of the Somerset Hills 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 Somerset Hills Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The annual comprehensive financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the management discussion and analysis, the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The district is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Federal Budget Circular (Uniform Guidance), and New Jersey OMB's Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Somerset Hills School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by Statement No. 14. All funds of the District are included in this report. The Somerset Hills Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include programs for regular, vocational and special education for handicapped students. The District completed the 2022-2023 fiscal year with an enrollment of 1,715 students, which is 4 students more than the previous year's enrollment. The following table details the changes in student enrollment over the last ten years:

Fiscal Years	Student Enrollment	Percentage Change
2022-2023	1715	0.02%
2021-2022	1711	-6.40%
2020-2021	1828	-4.29%
2019-2020	1910	-.98%
2018-2019	1929	-1.88%
2017-2018	1966	-1.50%
2016-2017	1996	-2.06%
2015-2016	2038	-1.74%
2014-2015	2074	1.07%
2013-2014	2052	0.39%

2. ECONOMIC CONDITION AND OUTLOOK:

The Boroughs of Bernardsville, Far Hills and Peapack-Gladstone, the municipalities that comprise the Somerset Hills School District, are experiencing minimal residential development which has contributed to a reduction in enrollment over the past several years.

3. MAJOR INITIATIVES:

The Somerset Hills School District has a tradition of academic excellence. Student achievement continually exceeds state and national averages on assessments. We maintain alignment with the New Jersey Student Learning Standards. Curriculum articulation, the implementation of new courses, and improvements occurred in many content areas. The district routinely engages the community in a strategic development planning process, establishing goals that consequently aligned curriculum efforts, budgeting, and hiring. The current strategic plan was developed during the 21-22 school year. It is posted on the district's website and will be used to inform initiatives and administrative goals moving forward.

3. MAJOR INITIATIVES (CONTINUED):

Bernards High School seniors scored far above the New Jersey and National Scholastic-Aptitude Test (SAT) scores in 2022-2023.

SAT Test – Verbal/Reading		SAT Test - Math	
BHS	625	BHS	611
NJ	538	NJ	528
National	520	National	508

ACT scores also outperformed state and national averages in 2022-2023.

English		Math		Reading		Science	
BHS	27.2	BHS	26.7	BHS	26.9	BHS	26.3
NJ	24.5	NJ	23.8	NJ	24.9	NJ	23.8
Nat'l	18.6	Nat'l	19.0	Nat'l	20.1	Nat'l	19.6

Nine students in the class of 2023 were named National Merit Commended students, with 1 student named a Finalist. The class of 2023 also had 37 students named as AP Scholars, 24 qualified for the AP Scholar with Honors Award, 37 students qualified for the AP Scholar with Distinction Award.

Reaching these goals indicates that the District is successfully identifying motivated, academically-prepared students who are ready for the opportunity of AP. Since 2012, BHS has increased the number of students participating in AP while improving the number of students earning AP Exam scores of 3 or higher. The district was named to the AP District Honor Roll in 2016 and 2020 and received the College Board's *AP Computer Science Female Diversity Award* in 2018, recognizing female student representation in AP Computer Science Principles at BHS as being in the top 4% of schools administering AP tests. In January of 2023 Bernards High School again received this award for expanding young women’s access to AP Computer Science A (CSA). Bernards High School was named a 2023 AP Honor Roll - Gold Member. This distinction was awarded based on the following criteria. Bernards High School having 73% of seniors who took at least one AP exam during high school (40% minimum), 60% of seniors scoring a 3 or higher on at least one AP exam (25% minimum), and 14% of seniors who took five or more AP exams (2% minimum). Staff and students also received accolades from the College Board. One student received a perfect score in the Advanced Placement Computer Science Principles Exam. The student’s teacher also had a student who received a perfect score last year. Several of our students also received recognition from the College Board National Recognition Program including three students who were awarded the Hispanic Recognition Award and one who received the African American and the Hispanic Recognition Awards. Bernards High School is continuously ranked among the top high schools in the nation.

Bernardsville Middle School has committed to engaging students and staff in developing a highly-positive climate, spending several years engaged in *School Culture and Climate Initiative* work, in partnership with St. Elizabeth University. The school now has a robust Student Council and is proud of its commitment to student voice and agency. The members of the Student Council participate fully in helping to create school programming for students. The Student Council is a member of the New Jersey Association of Student

3. MAJOR INITIATIVES (CONTINUED):

Councils (NJASC). Last year they were awarded a bronze award at the state level for the dedicated fundraising they do each year in support of the State-designated student charity.

The district supports teachers through an in-district Professional Development Institute, four full-day professional development days, six partial professional development days, and regularly scheduled horizontal and vertical articulation sessions. The format includes discussions, workshops and collaborative learning. Articulation sessions cover topics ranging from addressing unique student needs, content knowledge, pedagogy, and technology applications. The New Teacher Institute and Mentoring program orients new teachers to district goals and further supports their professional development. The district remains connected to universities in order to best support our staff and students. Staff developers are available to our staff through a partnership with *Advanced Literacy*, a part of Columbia University. They work directly with teachers in their classrooms to ensure targeted teaching and learning experiences for our staff and students. Our partnership also allows for opportunities for our staff to attend workshops at Columbia University throughout the year. We have explored and initiated additional university partnerships with Raritan Valley Community College and Kean University which will increase opportunities for our students in the 2023-24 academic year.

To address the whole child, our schools provide a wide variety of co-curricular and athletic activities at every level. Music, art, theater, sports, computer science, science and math teams are among some of the programs that have garnered awards. K-12 students contribute to the greater community through various service learning initiatives.

The Somerset Hills School District remains focused on meeting the needs of all students through the delivery of a world-class educational program that reflects a “whole-child” commitment to the development of each student. Many wellness programs and courses support this commitment.

4. INTERNAL ACCOUNTING CONTROLS:

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

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

4. INTERNAL ACCOUNTING CONTROLS (CONTINUED):

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

5. BUDGETARY CONTROLS:

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

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-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2023.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. CASH MANAGEMENT:

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

8. RISK MANAGEMENT:

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

9. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Suplee, Clooney & Company was selected as

9. OTHER INFORMATION (CONTINUED):

the Board's audit firm. 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 Amendments of 1996 and the related Federal OMB Circular (Uniform Guidance) and New Jersey OMB's Circular Letter 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Somerset Hills 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 significant assistance of our Business Office staff.

Respectfully submitted by,



Brian Brotschul, Ed.D
Superintendent



Jinnee DeMarco
Business Administrator/Board Secretary

**BOARD OF EDUCATION
OF THE
SOMERSET HILLS SCHOOL DISTRICT**

**ROSTER OF OFFICIALS
JUNE 30, 2023**

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

BERNARDSVILLE

ROBERT BAKER	2025
SAMANTHA FREDA, VICE PRESIDENT	2023
SILVIA GILS	2025
PATRICIA WRY	2025
KATHLEEN TOBER	2023
KRISTEN DEGRANDPRE	2024

PEAPACK/GLADSTONE

NICOLE COOPER	2024
HEATHER SANTORO, PRESIDENT	2023

FAR HILLS

IAN JOYCE	2024
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BEDMINSTER

SARAH NATHANS	2023
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OTHER OFFICIALS

LYDIA FURNARI	INTERIM SUPERINTENDENT
JINNEE DEMARCO	BUSINESS ADMINISTRATOR/ BOARD SECRETARY
JUDY FAVINO	TREASURER
THE BUSCH LAW GROUP	ATTORNEY

**BOARD OF EDUCATION
OF THE
SOMERSET HILLS SCHOOL DISTRICT**

CONSULTANTS AND ADVISORS

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Auditor

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Board Attorney

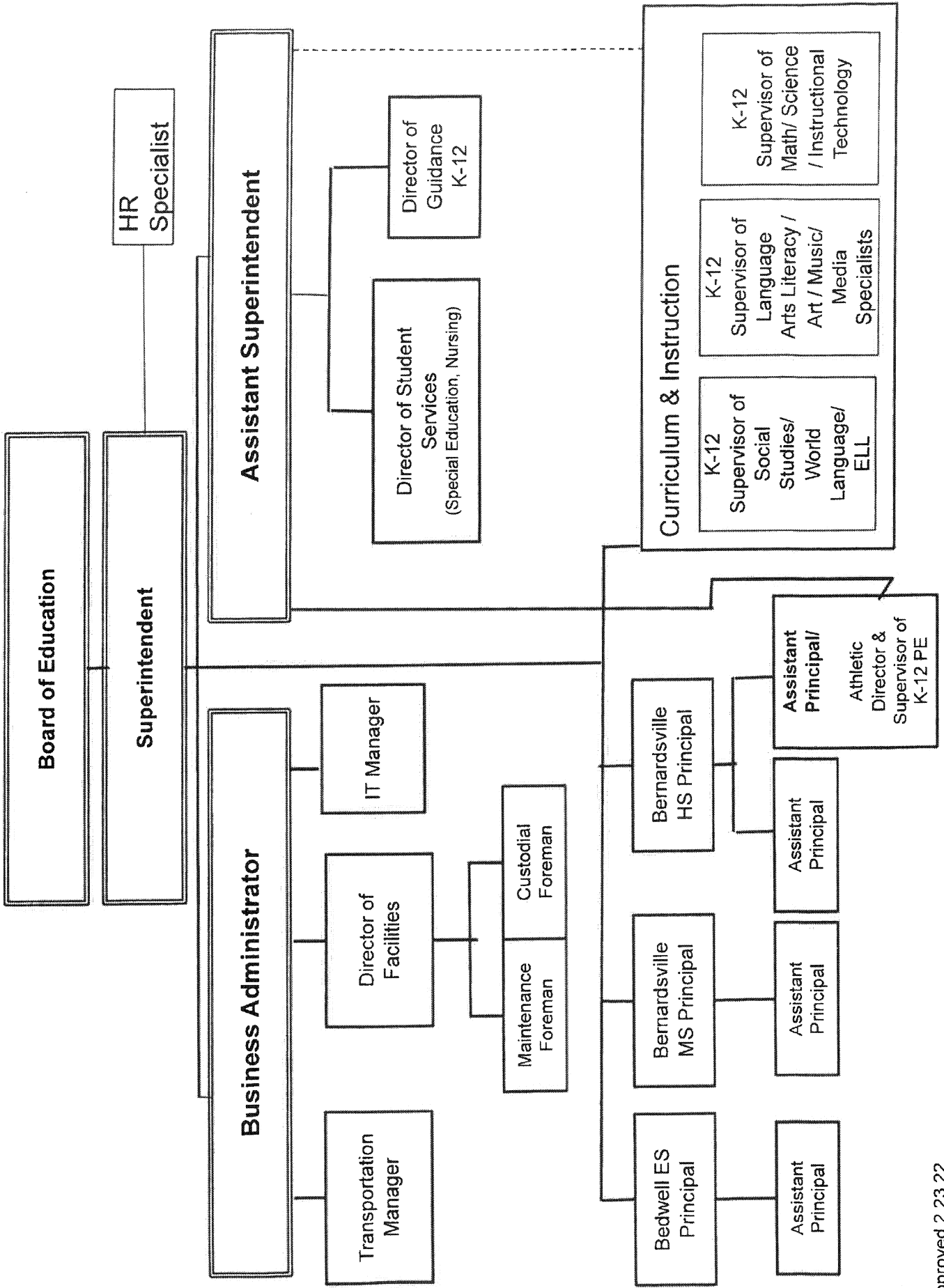
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FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Somerset Hills School District
County of Somerset
Bernardsville, New Jersey 07924

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the "Uniform Guidance") the audit requirements of State of New Jersey OMB Circular 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards and provisions are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, for the year ended June 30, 2023, the District adopted Governmental Accounting Standards Board Statement Number 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

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 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 generally accepted auditing standards, the Uniform Guidance, the State of New Jersey OMB Circular 15-08 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

SUPLEE, CLOONEY & COMPANY LLC

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information in Exhibit C-1 through C-3, the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 and the schedules related to accounting and reporting for postretirement benefits other than pensions (OPEB) in Exhibits M-1 and M-2 are 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 District's basic financial statements. The accompanying supplementary information schedules and data such as the combining statements and individual fund financial statements, and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and the schedule 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.

SUPLEE, CLOONEY & COMPANY LLC

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 January 17, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to 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 effectiveness of the 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 District's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 962

January 17, 2024

REQUIRED SUPPLEMENTARY INFORMATION – Part I

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

The discussion and analysis of The Somerset Hills School District's (SHSD) financial performance provides an overall review of the 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 District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34. – Basic Financial Statements-Management's Discussion and Analysis-for the State and Local Governments. Certain comparative information between the current fiscal year and the prior fiscal year is presented in the MD&A. In the fiscal year 2023, the District implemented GASB Statement No. 96 "*Subscription-Based Information Technology Arrangements*". The District determined that they have no material SBITAs as prescribed by the Statement.

Financial Highlights

Key financial highlights for FY2023 are as follows:

- Total net position increased by \$3,086,064.81, which represents a 7.77 percent increase from FY2022.
- General revenues accounted for \$37,359,551.34 or 70.0 percent of all revenues. Program specific revenues in the form of charges for services, operating and capital grants and contributions accounted for \$15,997,859.24 or 30.0 percent of total revenues of \$53,357,410.58.
- The School District had \$50,271,345.77 in expenses; only \$15,997,859.24 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily local property tax levy) of \$37,359,551.34 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$50,800,842.87 in revenues and \$50,330,060.12 in expenditures. After considering the net other financial sources of 218,851.75, the General Fund's fund balance increased by \$689,634.50 as compared to FY2022.

Using this Annual Comprehensive Financial Report (ACFR)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during FY2023?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting reflects all of the current year's revenues and expenses regardless of when cash is received or paid.

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)

These two statements report the School District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District 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 property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

The 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 District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

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

The School District as a Whole

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

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)

Table 1 provides a summary of the School District's net position for FY2023 with comparative data for FY2022.

Table 1
Net Position

	FY 2023	FY 2022 AS RESTATED
Assets		
Current and Other Assets	\$13,967,611.06	\$13,274,281.75
Capital Assets	56,190,754.59	57,434,423.59
Total Assets	70,158,365.65	70,708,705.34
Deferred Outflow of Resources		
Pension Related	1,973,845.00	2,051,213.00
Liabilities		
Long-Term Liabilities	25,233,315.30	26,504,547.33
Other Liabilities	1,642,347.48	1,140,012.99
Total Liabilities	26,875,662.78	27,644,560.32
Deferred Inflow of Resources		
Gain on Refunding of Long-Term Debt	1,115,185.27	1,317,946.23
Pension Related	1,313,256.00	4,055,370.00
Total Deferred Inflow of Resources	2,428,441.27	5,373,316.23
Net Position		
Net Investment in Capital Assets	42,544,679.92	40,578,221.00
Restricted	7,370,108.89	6,573,886.32
Unrestricted (deficit)	(7,086,682.21)	(7,410,065.53)
Total Net Position	\$42,828,106.60	\$39,742,041.79

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)

The District's combined net position was \$42,828,106.60 on June 30, 2023. The District's investment in capital assets is shown net of any related debt used to acquire those assets.

Table 2 shows changes in net position for fiscal year 2023 with comparative data for fiscal year 2022.

Table 2

Changes in Net Position

	FY 2023	FY 2022
Revenues		
Program Revenues:		
Charges for Services	\$5,376,116.95	\$5,103,503.08
Operating Grants and Contributions	10,621,742.29	12,521,346.14
General Revenues:		
Property Taxes	36,728,131.00	36,402,138.96
Grants and Entitlements	298,291.00	296,337.00
Other	333,129.34	256,244.39
Total Revenues	53,357,410.58	54,579,569.57
Program Expenses		
Instruction	25,320,073.30	26,172,253.52
Support Services:		
Tuition	2,115,944.17	2,198,710.90
Pupils and Instructional Staff	7,991,828.79	7,661,412.86
General and School Administration	4,109,467.17	4,098,157.76
Plant Operations and Maintenance	4,072,044.85	3,554,975.44
Pupil Transportation	3,022,832.85	2,856,243.33
Business Type Activities	780,492.72	707,677.70
Interest on Long Term Debt	693,486.99	874,410.97
Unallocated Depreciation and Amortization	2,165,174.93	1,169,283.48
Total Expenses	50,271,345.77	49,293,125.96
Change in Net Position	\$3,086,064.81	\$5,286,443.61

Both revenues and expenses decreased mainly as a result of the district recognizing a lesser on-behalf TPAF contribution as a revenue and as an expense based upon the State's Actuarial report.

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)

Governmental Activities

Local property taxes made up 69.9 percent of revenues for governmental activities for the District for FY 2023. There was a \$325,992.04 increase in property taxes or .90 percent from the prior year. The District's total revenues for governmental activities were \$52,579,535.61 for the fiscal year ended June 30, 2023.

Business-Type Activities

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

- Overall, business-type expenses exceeded revenues by \$2,617.75.
- Charges for services represented \$461,020.27 of revenue. This represents amounts paid by individuals for various program services.
- Federal and state aid subsidies reimbursement for meals, including payments for free and reduced lunches and donated government commodities was \$316,477.51.

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

Table 3

	<u>Total Cost of Services FY 2023</u>	<u>Total Cost of Services FY 2022</u>	<u>Net Cost of Services FY 2023</u>	<u>Net Cost of Services FY 2022</u>
Instruction	\$ 25,489,038.29	\$ 26,172,253.52	\$ 13,963,361.06	\$ 13,406,539.43
Support Services:				
Tuition	2,115,944.17	2,198,710.90	2,115,944.17	2,198,710.90
Pupils and Instructional Staff	8,070,426.96	7,661,412.86	5,888,724.54	5,542,809.51
General and School Administration	4,109,467.17	4,098,157.76	3,679,308.31	3,441,564.92
Plant Operation and Maintenance	4,072,044.85	3,554,975.44	3,731,234.99	3,003,447.41
Pupil Transportation	3,022,832.85	2,856,243.33	2,280,819.76	2,139,578.54
Business Type Activities	780,492.72	707,677.70	2,994.94	(108,068.42)
Interest and Fiscal Charges	693,486.99	874,410.97	693,486.99	874,410.97
Unallocated	1,917,611.77	1,169,283.48	1,917,611.77	1,169,283.48
Total Expenses	<u>\$ 50,271,345.77</u>	<u>\$ 49,293,125.96</u>	<u>\$ 34,273,486.53</u>	<u>\$ 31,668,276.74</u>

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)

Governmental Activities

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

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

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

Operation and maintenance of facilities include expenses associated with the upkeep of the physical plant, utilities, and property/liability insurance coverage.

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

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

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$55,878,480.61 and expenditures were \$53,547,343.21.

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

Revenue	Amount	Percent of Total	Increase/Decrease from Prior Year	
			Dollars	Percent
Local Sources	\$ 42,640,331.88	76.31%	\$ 476,948.51	1.13%
State Sources	12,045,386.00	21.56%	(120,916.03)	-0.99%
Federal Sources	1,192,762.73	2.13%	220,158.91	22.64%
Total	\$ 55,878,480.61	100.00%	\$ 576,191.39	1.04%

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)

The School District's Funds (Continued)

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

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/Decrease from Prior Year</u>	
			<u>Dollars</u>	<u>Percent</u>
Current:				
Instruction	\$ 17,158,543.60	30.89%	\$ 277,688.54	1.64%
Support Services	34,088,188.88	61.37%	1,479,244.84	4.54%
Capital Outlay	1,122,853.08	2.02%	361,672.19	47.51%
Debt Service	<u>3,177,757.65</u>	<u>5.72%</u>	<u>(203,208.35)</u>	<u>-6.01%</u>
Total	<u>\$ 55,547,343.21</u>	<u>100.00%</u>	<u>\$ 1,915,397.22</u>	<u>3.45%</u>

General Fund Budgeting Highlights

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

The 2022/2023 general fund tax levy of \$33,938,702.00 increased by 1.99% over the FY2022 tax levy of 33,277,116.00. The School District is no longer required to hold a public vote on the school budget, provided that the tax levy is within the 2% cap. District financial objectives to improve operational performance were met. State legislation mandates that the District operates with an unreserved fund balance equal to 2% of budgeted expenditures. This required the District to designate \$2,075,671 in fund balance for tax levy reduction.

During the year the District appropriately transferred funds to prevent over expenditures in specific line items. The transfers were primarily attributable to a reclassification of certain salary expenditure lines. Transfers were also required for unanticipated maintenance and building repairs. Energy expenses were less than budget due to energy savings initiatives and depressed energy costs. Transportation costs were greater than the budget due to increased rates from our service provider.

The State's contribution to the TPAF pension fund is neither a revenue item nor an expenditure item to the District but is required to be reflected in the financial statements.

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)

Capital Assets

At the end of the 2023 fiscal year, the School District had \$56,190,754.59 invested in land, building, machinery, and equipment. Table 4 shows FY2023 balances compared to FY2022.

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

	FY 2023	FY 2022 AS RESTATED
Land	\$ 1,980,000.00	\$ 1,980,000.00
Construction in Progress	573,276.59	118,950.59
Site Improvements	2,082,641.00	2,257,851.00
Building and Building Improvements	50,365,619.00	52,143,685.00
Machinery and Equipment	1,189,218.00	933,937.00
Total	\$ 56,190,754.59	\$ 57,434,423.59

Overall capital assets decreased \$1,243,669.00 from fiscal year 2022 to fiscal year 2023.

Debt Administration

At June 30, 2023, the School District had \$25,233,315.30 of long-term liabilities. Of this amount, \$2,283,527.88 is for compensated absences, \$336,251.18 is for installment purchase contracts, \$853,654.43 is for right to use leases, \$106,142.81 is for intangible subscription based information technology arrangements, \$8,124,739.00 is pension related and 13,529,000.00 is for serial bonds issued for school construction projects. Table 5 shows serial bonds outstanding for fiscal year 2023 compared to fiscal year 2022.

Table 5
Serial Bonds Outstanding at June 30,

	FY 2023	FY 2022
Series		
2012	\$ 9,770,000.00	11,775,000.00
2016	3,759,000.00	4,169,000.00
Total	\$13,529,000.00	\$15,944,000.00

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)

For the Future

The Somerset Hills School District finalized a 3- to 5-year strategic plan in the spring of 2022, facilitated by *New Jersey School Boards Association*. Stakeholder groups were engaged throughout this process through meetings with the Board of Education, staff, and community members. Details of the plan can be found on the district's homepage, and efforts are organized around facilities, social-emotional learning/culture and climate, diverse pathways to student success, and community engagement and partnerships. Budgetary decisions moving forward will be informed by the goals and objectives outlined in the plan.

The Somerset Hills School District prizes its educational programming and recognizes the challenges inherent in delivering premier student services within the limit of a 2% tax increase. The District continues to seek out opportunities to limit or reduce operational expenses.

District enrollment K-12 increased by about 4 students in fiscal year 2022/2023 - a trend that is not expected to continue. Construction of affordable housing within the district's boundary lines may have an impact on this prediction. The district will continue to engage in annual demographic studies to inform budgetary decisions surrounding enrollment.

Contacting the School District's Financial Management Office

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information contact Jinnee DeMarco, Business Administrator/Board Secretary, Somerset Hills School District, 25 Olcott Avenue, Bernardsville, NJ 07924. Please visit our website at www.shsd.org.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds.

DISTRICT-WIDE FINANCIAL STATEMENTS

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

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Cash and cash equivalents	\$ 3,864,005.70	\$ 276,104.07	\$ 4,140,109.77
Internal balances	48,627.71	(48,627.71)	
Receivables, net	1,896,678.54	17,259.39	1,913,937.93
Inventory		32,437.29	32,437.29
Restricted assets:			
Restricted cash and cash equivalents	6,949,873.09		6,949,873.09
Intangible assets, net of accumulated amortization	109,653.25		109,653.25
Right to use assets, net of accumulated amortization	821,599.73		821,599.73
Capital assets:			
Non-depreciable	2,553,276.59		2,553,276.59
Depreciable, net of accumulated depreciation	<u>53,636,118.00</u>	<u>1,360.00</u>	<u>53,637,478.00</u>
Total assets	<u>69,879,832.61</u>	<u>278,533.04</u>	<u>70,158,365.65</u>
DEFERRED OUTFLOW OF RESOURCES:			
Pension Related	<u>1,973,845.00</u>		<u>1,973,845.00</u>
	<u>1,973,845.00</u>		<u>1,973,845.00</u>
LIABILITIES:			
Accounts payable	1,048,558.72		1,048,558.72
Payable to other governments	23,401.00		23,401.00
Unearned revenue	334,114.01	77,063.70	411,177.71
Payroll Deductions and Withholdings Payable	19,535.55		19,535.55
Accrued interest payable	139,674.50		139,674.50
Noncurrent liabilities:			
Due within one year	3,171,280.19		3,171,280.19
Due beyond one year:			
Bonds Payable	10,919,000.00		10,919,000.00
Compensated Absences Payable	2,283,527.88		2,283,527.88
Right to Use Leases Payable	517,626.60		517,626.60
SBITA Payable	8,858.29		8,858.29
Installment Purchase Contracts Payable	208,283.34		208,283.34
Net Pension Liability	<u>8,124,739.00</u>		<u>8,124,739.00</u>
Total liabilities	<u>26,798,599.08</u>	<u>77,063.70</u>	<u>26,875,662.78</u>
DEFERRED INFLOW OF RESOURCES:			
Pension Related	1,313,256.00		1,313,256.00
Gain on Refunding of Long-Term Debt	<u>1,115,185.27</u>		<u>1,115,185.27</u>
Total Deferred Inflow of Resources	<u>2,428,441.27</u>		<u>2,428,441.27</u>
NET POSITION:			
Net investment in capital assets	42,543,319.92	1,360.00	42,544,679.92
Restricted for:			
Capital projects	5,977,972.40		5,977,972.40
Other purposes	1,392,136.14		1,392,136.14
Unrestricted (deficit)	<u>(7,286,791.55)</u>	<u>200,109.34</u>	<u>(7,086,682.21)</u>
Total Net Position	<u>\$ 42,626,637.26</u>	<u>\$ 201,469.34</u>	<u>\$ 42,828,106.60</u>

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

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Indirect Expense Allocation	Programs Revenues		Charges for Services	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
			Operating Grants and Contributions				Governmental Activities	Business-type Activities
Governmental activities:								
Instruction:								
Regular	\$ 11,846,218.67	\$ 6,522,612.79	\$ 3,299,349.77	\$	\$ 4,559,883.10	\$	\$ (10,509,598.59)	\$ (10,509,598.59)
Special	2,899,334.21	1,182,817.59	2,898,835.33		246,227.60		(937,088.87)	(937,088.87)
Other instruction	2,104,593.63	933,461.40	521,381.43				(2,516,673.60)	(2,516,673.60)
Support services:								
Tuition	2,115,944.17						(2,115,944.17)	(2,115,944.17)
Student and instruction related services	5,699,680.17	2,370,746.79	2,181,702.42				(5,888,724.54)	(5,888,724.54)
General administrative services	824,732.61	25,297.76	14,158.76				(835,871.61)	(835,871.61)
School administrative services	1,464,078.86	835,702.09	392,514.19				(1,907,266.76)	(1,907,266.76)
Central services and info technology	836,722.18	122,933.67	23,485.91				(936,169.94)	(936,169.94)
Plant operations and maintenance	3,574,148.50	497,896.35	340,809.86				(3,731,234.99)	(3,731,234.99)
Pupil transportation	2,886,835.75	135,997.10	633,027.11		108,985.98		(2,280,819.76)	(2,280,819.76)
Unallocated Benefits	11,796,431.17	(11,796,431.17)						
Interest on long-term debt	693,486.99						(693,486.99)	(693,486.99)
Unallocated depreciation/amortization/SUI trust decr.	2,748,646.14	(831,034.37)					(1,917,611.77)	(1,917,611.77)
Total governmental activities	49,490,853.05		10,305,264.78		4,915,096.68		(34,270,491.59)	(34,270,491.59)
Business-type activities								
Food service	780,492.72		316,477.51		461,020.27		(2,994.94)	(2,994.94)
Total business-type activities	780,492.72		316,477.51		461,020.27		(2,994.94)	(2,994.94)
Total primary government	\$ 50,271,345.77	\$	\$ 10,621,742.29	\$	\$ 5,376,116.95	\$	\$ (34,273,486.53)	\$ (34,273,486.53)
General revenues:								
Taxes:								
Property taxes, levied for general purposes, net				\$		\$	\$ 33,938,702.00	\$ 33,938,702.00
Taxes levied for debt service							2,789,429.00	2,789,429.00
Federal and state aid not restricted							129,831.00	129,831.00
Federal and state aid restricted							168,460.00	168,460.00
Miscellaneous income							332,752.15	332,752.15
Total general revenues and transfers							377.19	377.19
Change in net position							(2,617.75)	(2,617.75)
Net position, beginning as restated							39,537,954.70	39,537,954.70
Net position, ending							201,469.34	201,469.34
							\$ 42,626,637.26	\$ 42,626,637.26

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

MAJOR FUND FINANCIAL STATEMENTS

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

SOMERSET HILLS SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u> <u>FUND</u>	<u>CAPITAL</u> <u>PROJECTS</u> <u>FUND</u>	<u>DEBT</u> <u>SERVICE</u> <u>FUND</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
ASSETS					
Cash and cash equivalents	\$ 3,622,837.10	\$	\$ 241,168.25	\$ 0.35	3,864,005.70
Receivables from other governments:					
Federal	-	1,094,765.64			1,094,765.64
State	718,450.85	86.00			718,536.85
Other LEAs	74,119.08	3,611.96			77,731.04
Other receivables		5,645.01			5,645.01
Due from other funds	412,054.01				412,054.01
Restricted cash and cash equivalents	<u>6,949,873.09</u>				<u>6,949,873.09</u>
Total assets	<u>\$ 11,777,334.13</u>	<u>\$ 1,104,108.61</u>	<u>\$ 241,168.25</u>	<u>\$ 0.35</u>	<u>13,122,611.34</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 289,078.69	\$ 4,926.03	\$	\$	294,004.72
Payable to state government		23,401.00			23,401.00
Due to other funds		363,426.30			363,426.30
Payroll Deductions and Withholdings Payable	19,535.55				19,535.55
Unearned Revenue	<u>49,850.00</u>	<u>284,264.01</u>			<u>334,114.01</u>
Total liabilities	<u>358,464.24</u>	<u>676,017.34</u>			<u>1,034,481.58</u>
Fund balances:					
Restricted:					
Capital reserve account	5,955,980.66				5,955,980.66
Maintenance reserve account	876,131.57				876,131.57
Unemployment Compensation	87,913.30				87,913.30
Scholarships		114,469.67			114,469.67
Student Activities		313,621.60			313,621.60
Excess surplus	1,294,033.00				1,294,033.00
Capital projects fund			241,168.25		241,168.25
Assigned:					
Designated for subsequent years expenditures	1,520,465.00				1,520,465.00
FFCRA/SEMI-Designated for subsequent year's expenditures	939.74				939.74
Encumbrances	562,505.23				562,505.23
Debt Service				0.35	0.35
Unassigned	<u>1,120,901.39</u>				<u>1,120,901.39</u>
Total fund balances	<u>11,418,869.89</u>	<u>428,091.27</u>	<u>241,168.25</u>	<u>0.35</u>	<u>12,088,129.76</u>
Total liabilities and fund balances	<u>\$ 11,777,334.13</u>	<u>\$ 1,104,108.61</u>	<u>\$ 241,168.25</u>	<u>\$ 0.35</u>	<u>13,122,611.34</u>

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

SOMERSET HILLS SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

Total Fund Balances (Brought Forward)		\$12,088,129.76
Amounts Reported for Governmental Activities in the Statement of Net Assets (A-1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of Assets	\$94,089,395.59	
Accumulated Depreciation	<u>(37,900,001.00)</u>	56,189,394.59
Right to use assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of Assets	\$1,456,956.00	
Accumulated Amortization	<u>(\$635,356.27)</u>	821,599.73
Intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of Assets	308,442.28	
Accumulated Amortization	<u>(198,789.03)</u>	109,653.25
Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Net Pension Liability	(8,124,739.00)	
Compensated Absences	(2,283,527.88)	
Bonds Payable	(\$13,529,000.00)	
Gain (Loss) on Refunding Bonds	<u>(1,115,185.27)</u>	
	(14,644,185.27)	
Right to Use Lease Payable	(853,654.43)	
Intangible SBITA Payable	(106,142.81)	
Installment Purchase Contracts payable	<u>(336,251.18)</u>	(26,348,500.57)
Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.		
Pensions:		
Deferred Outflows		
Pension Related		1,973,845.00
Deferred Inflows:		
Pension Related		(1,313,256.00)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.		
Accounts Payable - Pension Related	(754,554.00)	
Accrued Interest Payable	<u>(139,674.50)</u>	(894,228.50)
Net Position of Governmental Activities		<u><u>\$42,626,637.26</u></u>

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

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local sources:					
Local tax levy	\$ 33,938,702.00	\$	\$	\$ 2,789,429.00	\$ 36,728,131.00
Tuition	4,806,110.70				4,806,110.70
Transportation fees	108,985.98				108,985.98
Miscellaneous	332,752.15	664,352.05			997,104.20
Total - local sources	39,186,550.83	664,352.05		2,789,429.00	42,640,331.88
State sources	11,602,924.00	274,002.00		168,460.00	12,045,386.00
Federal sources	11,368.04	1,181,394.69			1,192,762.73
Total revenues	50,800,842.87	2,119,748.74		2,957,889.00	55,878,480.61
EXPENDITURES:					
Current expense:					
Regular instruction	11,944,987.66	209,628.10			12,154,615.76
Special instruction	2,391,842.21	507,492.00			2,899,334.21
Other Instruction	2,040,862.26	63,731.37			2,104,593.63
Support services:					
Tuition	2,115,944.17				2,115,944.17
Student and instruction related services	4,677,352.99	1,106,400.45			5,783,753.44
General administration	868,738.03				868,738.03
School administration	1,464,078.86				1,464,078.86
Central services and technology	836,722.18				836,722.18
Plant operations and maintenance	3,832,493.63				3,832,493.63
Pupil transportation	2,976,321.09				2,976,321.09
Unallocated Benefits	16,210,137.48				16,210,137.48
Debt service:					
Principal				2,415,000.00	2,415,000.00
Interest	89,846.00			672,911.65	762,757.65
Capital outlay	880,733.56	242,119.52			1,122,853.08
Total expenditures	50,330,060.12	2,129,371.44		3,087,911.65	55,547,343.21
Excess (deficiency) of revenues over (under) expenditures	470,782.75	(9,622.70)		(130,022.65)	331,137.40
Other financing sources (uses):					
Operating Transfers In/(Out)			(130,023.00)	130,023.00	
Unemployment trust fund restricted fund balance decrease	(11,809.73)				(11,809.73)
Right to Use Leases (non-budgeted)	9,583.08				9,583.08
Installment purchase contracts (non-budgeted)	221,078.40				221,078.40
Total other financing sources (uses)	218,851.75		(130,023.00)	130,023.00	218,851.75
Net change in fund balances	689,634.50	(9,622.70)	(130,023.00)	0.35	549,989.15
Fund balances, July 1,	10,729,235.39	437,713.97	371,191.25	(0.00)	11,538,140.61
Fund balances, June 30	\$ 11,418,869.89	\$ 428,091.27	\$ 241,168.25	\$ 0.35	\$ 12,088,129.76

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

SOMERSET HILLS 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 (from B-2)	\$	549,989.15
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period		
Capital outlays		1,122,853.08
Less: Right to use assets reported below		(9,583.08)
Depreciation expense		(2,354,980.00)
Right to use assets purchased 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 amortization expense. The amount of amortization in excess of current year asset additions is a reduction		
Right to use asset purchases		9,583.08
Amortization expense		(337,054.21)
Intangible SBITA assets purchased 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 amortization expense. The amount of amortization in excess of current year asset additions is a reduction		
Intangible SBITA asset purchases		200,209.70
Amortization expense		(247,563.16)
Repayment of long-term debt 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.		
Payment of bond principal		2,415,000.00
Payment of installment purchase contract principal		187,173.88
Payment of right to use lease principal		323,196.42
Payment of intangible SBITA principal		251,073.60
Proceeds from long-term debt are a financing source in governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.		
Amortization of Original Issue Premium on Refunding Bonds		202,760.96
Right to Use Lease Liability Proceeds		(9,583.08)
Intangible SBITA Liability Proceeds		(200,209.70)
Installment Purchase Contract Proceeds		(221,078.40)
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest decrease is an addition in the reconciliation.		
		92,133.01
District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		
District pension contributions	\$678,910.00	
Add: Pension Benefit	198,173.00	
	<u>877,083.00</u>	
In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In 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 (+).		
		<u>237,678.31</u>
Change in net position of governmental activities	\$	<u>3,088,682.56</u>

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

OTHER FUNDS

EXHIBIT "B-4"

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u>
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 276,104.07
Accounts receivable:	
State	452.31
Federal	10,032.19
Other	6,774.89
Inventories	<u>32,437.29</u>
Total current assets	<u>325,800.75</u>
Noncurrent assets:	
Furniture, machinery and equipment	452,409.00
Less accumulated depreciation	<u>(451,049.00)</u>
Total noncurrent assets	<u>1,360.00</u>
Total assets	<u>\$ 327,160.75</u>
LIABILITIES:	
Current liabilities:	
Interfund payable	\$ 48,627.71
Unearned Revenue	<u>77,063.70</u>
Total current liabilities	<u>125,691.41</u>
Total liabilities	<u>125,691.41</u>
NET POSITION:	
Net investment in capital assets	1,360.00
Unrestricted	<u>200,109.34</u>
Total net position	<u>\$ 201,469.34</u>

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

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u>
OPERATING REVENUES:	
Charges for services:	
Daily sales - reimbursable programs	\$ 243,015.65
Daily sales - non-reimbursable programs	<u>218,004.62</u>
Total operating revenues	<u>461,020.27</u>
OPERATING EXPENSES:	
Cost of sales-reimbursable programs	192,027.28
Cost of sales-non-reimbursable programs	115,984.43
Salaries	251,574.53
Employee benefits	83,334.17
Other purchase property services (repairs)	17,961.42
Other purchase services	46,609.39
Supplies and materials	70,768.50
Depreciation	<u>1,959.00</u>
Total operating expenses	<u>780,492.72</u>
Operating (loss)	<u>(319,472.45)</u>
NON-OPERATING REVENUES (EXPENSES):	
State sources	
State school lunch program	9,405.88
Federal sources	
National school lunch program (cash assistance)	196,132.32
National school lunch program (non-cash assistance)	66,756.28
Supply Chain Assistance Funding	43,530.03
Interest earned	<u>377.19</u>
Total non-operating revenues	<u>316,854.70</u>
Change in net position	(2,617.75)
Total net position - beginning	<u>204,087.09</u>
Total net position - ending	<u>\$ 201,469.34</u>

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

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u>
Cash flows from operating activities:	
Receipts from customers (net)	\$ 455,983.44
Payments to vendors (net)	<u>(719,761.36)</u>
Net cash provided by (used for) operating activities)	<u>(263,777.92)</u>
Cash flows from noncapital financing activities:	
State sources	9,816.15
Federal sources - earned revenue	267,764.10
Federal sources- unearned revenue	47,258.41
Transfers from/(to) other funds	<u>(5,850.00)</u>
Net cash provided by noncapital financing activities:	<u>318,988.66</u>
Cash flows from investing activities:	
Interest earned	<u>377.19</u>
Net cash provided by investing activities	<u>377.19</u>
Net decrease in cash and cash equivalents	55,587.93
Cash and cash equivalents, July 1, 2022	<u>220,516.14</u>
Cash and cash equivalents, June 30, 2023	<u>\$ 276,104.07</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating (loss)	\$ (319,472.45)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	1,959.00
Federal commodities (non-cash assistance)	66,756.28
Change in assets and liabilities:	
Increase (decrease) in Unearned Revenue	7,808.62
(Increase) decrease in other accounts receivable	(6,774.89)
(Increase) decrease in inventories	(11,772.05)
Increase (decrease) in interfunds payable	<u>(2,282.43)</u>
	<u>55,694.53</u>
Net cash provided by (used for) operating activities	<u>\$ (263,777.92)</u>

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Somerset Hills School District (the "District") have been prepared in conformity 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 more significant of the District's accounting policies are described below:

Reporting Entity

The School District is a Type II District located in Somerset County, New Jersey. The School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Somerset Hills School District is governed by a ten-member board, including nine individuals elected to three-year terms from the Boroughs of Bernardsville, Peapack & Gladstone and Far Hills, along with one appointed member from the Bedminster Board of Education. The Board is the primary governing authority of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and that meet *all* of the following criteria should be discreetly presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the organization.
3. The economic resources received or held by an *individual organization* that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one elementary school, one intermediate school and a high school. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The District's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

District-Wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish generally between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activities of the District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements are presented for each fund category-governmental, proprietary, and fiduciary. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE as the oversight entity believes that the presentation of all funds as major is important for the public interest and to promote consistency among District financial reporting models.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds

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

As required by the New Jersey Statement Department of Education, the District includes budgeted capital outlay in this fund. U.S. Generally Accepted Accounting Principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements if the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes, and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to 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. These resources can be transferred from and to the current expense by Board resolution; in certain instances, approval by the County Superintendent of Schools may also be required.

Special Revenue Fund The special revenue fund is used to account for the proceeds of specific revenue sources from State and Federal Government (other than those for major capital projects, debt service or proprietary funds) and local appropriations that are restricted or committed to expenditures for specified purposes.

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

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds

Enterprise Fund The enterprise fund accounts for all revenues and expenses pertaining to the District's Food Service program operations. These funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (*i.e.* expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Basis of Accounting-Measurement Focus

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements.

District-Wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation for expenses versus expenditures. Ad valorem (property) taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from the issuance of general long-term debt, acquisitions under leases and installment purchase contracts are reported as other financing sources.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the April school Board election to the date of the November general election thereby eliminating the vote in the annual base budget. Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval. 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:23. All budget amendments and transfers must be approved by School Board resolution. Budget amendments during the fiscal year ended June 30, 2023 totaled \$227,383.18, representing prior year unbudgeted state aids and other allowable approved amendments. The negative variances related to on-behalf payments in the general fund are due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures. Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles (GAAP) with the exception of the legally mandated (NJSA 18A:22-44.2) revenue recognition of deferred State Aid payments for budgetary purposes only and the accounting treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognized 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 records.

Encumbrance Accounting

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

Open encumbrances in the special revenue for which the District has received advances are reflected in the balance sheet as unearned revenues at fiscal year-end. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

Interfunds

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available spendable resources.

Inventories and Prepaid Expenses

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

Prepaid expenses which benefit future periods, other than those recorded in the enterprise fund, are recorded as expenditures in the year of purchase.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements and furniture and equipment, are only reported in the district- wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000.00 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

Compensated Absences

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy and/or collective bargaining unit contracts. Upon termination, employees are paid for accrued vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after four years of service.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave and vacation days that are expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

For the district-wide statements, the current portion is the amount estimated to be used in the following year. For the governmental funds in the fund financial statements, a liability is reported only for to the extent of the amount due at year end as a result of employee resignations/retirements. Compensated absences are a reconciling item between the fund level and district-wide presentations.

Fund Equity

Fund balance restrictions in the Governmental Funds are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designations of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unassigned fund balances represent the amount available for future budgetary operations.

In the Enterprise Fund, unassigned net position represents the remains of the District's equity in the cumulative earnings of the food service fund.

Unearned Revenue

Unearned revenue in the special revenue and capital projects funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is an allowable practice under generally accepted accounting principles.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the district-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and completely from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long-term debt is recognized as a liability on the fund financial statements when due.

Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Restrictions

Under GASB Statement 54, in the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. The District reports the Capital Reserve, Maintenance Reserve and Excess Surplus as Restricted Fund Balance.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education. The District does not report any amounts currently as Committed Fund Balance.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator. The District reports amounts Designated for Subsequent Year's Expenditures and Year-end Encumbrances as Assigned Fund Balance.

Unassigned – 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 should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance

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

The general fund is the only fund that will report a negative unassigned fund balance. For all other governmental funds, the amount of a residual deficit would be classified as assigned.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means within sixty days of the fiscal year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from property taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year-end: property taxes available as an advance, interest, and tuition.

Proprietary Funds Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District enterprise funds are charges to customers for sales of food service. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of the program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent of occurrence. Special items are transactions or events that are within control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make assumptions that affect the amounts reported as revenue and expenditures/expenses during the reporting period. These estimates may differ from actual results.

Accounting and Financial Reporting for Pensions

In the District-Wide Financial Statements for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's proportionate share of the New Jersey Public Employees Retirement System ("PERS") and the Teachers' Pension and Annuity Fund ("TPAF") and the additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they were reported by PERS and TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions (Continued)

In the Governmental Fund Financial Statements, the year-end Net pension liability is not required to be reflected. Pension related revenues and expenditures are reflected based on amounts that are normally expected to be liquidated with available financial resources for required pension contributions. Expenditures for PERS are recognized based upon billings made by the State of New Jersey due April 1st of each fiscal year. TPAF contributions are paid on the District's behalf by the State of New Jersey. The Governmental Fund Financial Statements reflect both a revenue and expense for this pension contribution.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualify for reporting in this category, deferred amounts related to pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify in this category, deferred amounts related to pensions and deferred amounts from refunding debt.

Leases

Lease liabilities represent obligations to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of the expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Payments for short-term leases with a term of 12 months or less are expensed as incurred and these leases are not included as lease liabilities or right-to-use assets on the statements of net position.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncements

Beginning with the year ended June 30, 2023, the District implemented GASB Statement 96, *Subscription-Based Information Technology Arrangements*. GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The District considers petty cash, change funds, cash in banks, deposits in the New Jersey Cash Management Fund and short-term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. Each depository participating in the GUDPA system must pledge collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds. No collateral is required for amounts covered by FDIC insurance. The collateral which may be pledged to support these deposits includes obligations of the State and federal governments, insured securities and other collateral approved by the Department. When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2023, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank of \$12,496,720.55, \$250,000.00 was covered by Federal Depository Insurance and \$12,246,720.55 was covered under the provisions of NJGUDPA.

As of June 30, 2023, cash and cash equivalents of the District consisted of the following:

<u>Fund Type</u>	<u>Bank Balance</u>	<u>Reconciling Items:</u>		<u>Reconciled Balance</u>
		<u>Additions</u>	<u>Deletions</u>	
Governmental	\$12,124,886.92	\$ 95,118.95	\$ 1,406,127.08	\$ 10,813,878.79
Proprietary	<u>371,833.63</u>	<u>-</u>	<u>95,729.56</u>	<u>276,104.07</u>
	<u>\$12,496,720.55</u>	<u>\$ 95,118.95</u>	<u>\$ 1,501,856.64</u>	<u>\$ 11,089,982.86</u>

Investments

The types of investments which may be purchased by the District are strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a1 et seq., and operated in accordance with 17 C.F.R. § 270.2a7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:2037. These funds are also required to be rated by a nationally recognized statistical rating organization.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 C. 17:1941); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

At June 30, 2023, the District had no outstanding investments that were not considered "cash equivalents".

Based upon the limitation set forth by New Jersey Statutes 18A:20-37 and its existing investment practices, the District is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and internet rate risks for its investments, nor is it exposed to foreign currency risks for its deposits and investments.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 3: CAPITAL ASSETS

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

	Beginning Balance	Additions	Adjustments/ Deletions	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,980,000.00			\$ 1,980,000.00
Construction in progress	118,950.59	\$ 573,276.59	\$ (118,950.59)	573,276.59
Total Capital Assets not being depreciated	2,098,950.59	573,276.59	(118,950.59)	2,553,276.59
Site Improvements	5,415,119.00	-	-	5,415,119.00
Buildings & Building Improvements	82,409,344.00	155,287.00	-	82,564,631.00
Machinery & Equipment	3,052,712.00	384,706.41	118,950.59	3,556,369.00
Totals at historical cost	90,877,175.00	539,993.41	118,950.59	91,536,119.00
Gross Assets (Memo only)	92,976,125.59	1,113,270.00	-	94,089,395.59
Less: Accumulated Depreciation				
Site Improvements	(3,157,268.00)	(175,210.00)		(3,332,478.00)
Buildings & Building Improvements	(30,265,659.00)	(1,933,353.00)		(32,199,012.00)
Machinery & Equipment	(2,122,094.00)	(246,417.00)		(2,368,511.00)
Total Depreciation	(35,545,021.00)	(2,354,980.00)	-	(37,900,001.00)
Total capital assets being depreciated, net of depreciation	55,332,154.00	(1,814,986.59)	118,950.59	53,636,118.00
Total Governmental Fund Activities	\$ 57,431,104.59	\$ (1,241,710.00)	\$ -	\$ 56,189,394.59
Proprietary Activities:				
Machinery & Equipment	\$ 452,409.00	\$ -	\$ -	\$ 452,409.00
Totals at historical cost	452,409.00	-	-	452,409.00
Less: Accumulated Depreciation				
Machinery & Equipment	(449,090.00)	(1,959.00)		(451,049.00)
Total Depreciation	(449,090.00)	(1,959.00)	-	(451,049.00)
Total Proprietary Fund Activities	\$ 3,319.00	\$ (1,959.00)	\$ -	\$ 1,360.00

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 3: CAPITAL ASSETS (CONTINUED)

Depreciation expense for governmental activities was charged to the functional expense areas of the District as follows:

Instruction:		
Regular	\$	36,925.00
Support Services:		
Student & Instruction Related Services		42,861.00
General Administrative Services		2,005.00
School Administrative Services		45,637.00
Plant Operations and Maintenance		55,919.00
Pupil Transportation		63,070.00
Direct Expense of Various Functions		<u>2,108,563.00</u>
		<u>\$ 2,354,980.00</u>

NOTE 4: RIGHT TO USE LEASE ASSETS

The District has recorded the following right to use lease assets. The assets are right to use assets for leased equipment. The related leases are discussed in the Leases subsection of the long-term debt section of these notes. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases. Right to use lease asset activity for the Government Funds for the year ended June 30, 2023 was as follows:

GOVERNMENTAL ACTIVITIES:

	Balance as of June 30, 2022 (As Restated)	Additions	Balance as of June 30, 2023
Lease Assets			
Equipment:			
Energy savings improvement equip.	\$ 1,070,192.85		\$ 1,070,192.85
Konica Minolta Photocopiers/Printers	370,505.81		370,505.81
Pitney Bowes mail equipment 1		\$ 9,583.08	9,583.08
Pitney Bowes mail equipment 2	<u>6,674.26</u>		<u>6,674.26</u>
Total Lease Assets	<u>1,447,372.92</u>	<u>9,583.08</u>	<u>1,456,956.00</u>
Lease Accumulated Amortization			
Equipment:			
Energy savings improvement equip.	258,570.09	258,570.09	517,140.18
Konica Minolta Photocopiers/Printers	37,866.49	75,314.56	113,181.05
Pitney Bowes mail equipment 1		1,304.08	1,304.08
Pitney Bowes mail equipment 2	<u>1,865.48</u>	<u>1,865.48</u>	<u>3,730.96</u>
Total Lease Accumulated Amortization	<u>298,302.06</u>	<u>337,054.21</u>	<u>635,356.27</u>
Total Governmental Lease Assets, Net	<u>\$ 1,149,070.86</u>	<u>\$ (327,471.13)</u>	<u>\$ 821,599.73</u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 5: INTANGIBLE ASSETS

The District has recorded the following intangible assets. The assets are for various subscription-based information technology arrangements (“SBITAs”). These agreements are discussed in the SBITAs subsection of the long-term liabilities section of these notes. The intangible assets are amortized on a straight-line basis over the terms of the related agreement. Intangible asset activity for the Government Funds for the year ended June 30, 2023 was as follows:

GOVERNMENTAL ACTIVITIES:

	Balance as of June 30, 2022 (As Restated)	Additions	Reductions	Balance as of June 30, 2023
Subscription Assets				
Software				
Amplified IT / Google Workspace for Education Plus		\$ 21,286.78		\$ 21,286.78
Multiple Performance English Opt Software		17,684.71		17,684.71
Curriculum Associates / Ellevation Platform		6,250.00		6,250.00
Curriculum Associates / ESL Strategies		17,459.28		17,459.28
Curriculum Associates / i-Ready Assessment Math		2,200.00		2,200.00
CDW-G / GoGuardian Ste Starter		36,043.69		36,043.69
Educator Software Solutions / T-Eval Evaluation Software		600.00		600.00
Follett / Hosted Service		6,086.49		6,086.49
Frontline Technologies / 504 Program Management	\$ 16,244.04		\$ 16,244.04	-
Frontline / Applicant Tracking	19,664.09		19,664.09	-
Intrado Interactive Services Corp / SchoolMessenger		15,121.55		15,121.55
Jamf Software / Pro iOS		4,913.60		4,913.60
Learning A-Z / ScienceA-Z.com	1,277.34			1,277.34
Padlet / Padlet Backpack Schoolwide		5,000.00		5,000.00
Pear Deck / Pear Deck Subscription		13,006.72		13,006.72
Raptor Technologies / Raptor Visitor Management Access		1,875.00		1,875.00
SHI International Corp / ViVi Signage Subscription		704.72		704.72
SHI International Corporation / Vmware vSphere Host		1,192.63		1,192.63
White Rock Security Group / Adobe Creative Cloud	4,794.06			4,794.06
SysCloud / Google Workspace	4,000.00		4,000.00	-
Siteimprove Inc. / SiteImprove - Software Service		10,848.45		10,848.45
TurnItIn / Feedback Studio		18,884.30		18,884.30
World Book Inc / O15XS - Online	4,365.16		4,365.16	-
Capstone / PebbleGo Health Educator		5,229.50		5,229.50
CommonLit / CommonLit Essentials Pro		3,000.00		3,000.00
Infobase / African-American History	3,910.13			3,910.13
Learn By Doing / Albert		3,655.00		3,655.00
Learning A-Z / Raz-Plus.com	25,482.76			25,482.76
Port53 / KnowBe4 - Security Awareness	15,214.69			15,214.69
Vocabulary.com / Vocabulary.com - License		3,713.00		3,713.00
WeVideo Inc. / WeVideo - School Subscription		953.44		953.44
Ocean Computer Group / Kace W/300 Managed Education		4,500.84	4,500.84	-
Big Teams / SIS + Integration	2,163.40			2,163.40
Curriculum Associates / i-Ready Assessment Reading	6,887.00			6,887.00
Curriculum Associates / i-Ready Online Educator Platform	12,405.73			12,405.73
Computer Logic Group / Logical Attendance Tracker		354.72		354.72
EdPuzzle / Pro School	2,168.31			2,168.31
IDrive / RemotePC Enterprise		122.51		122.51
Instructional Empowerment / IE Observation	6,573.15			6,573.15
Marco / Papercut Software	526.96			526.96
MTS Intelligent Surveillance / SecurOS Video System	4,724.57			4,724.57
Project Lead the Way / BHS Engineering Class	3,143.63			3,143.63
Screencastify / Screen Recorder		2,672.76		2,672.76
Texthelp / Read & Write Subscription		1,767.80		1,767.80
White Rock Security/M365 A3 - Plus Intune for Education	18,543.90			18,543.90
Total Subscription Assets	157,006.71	200,209.70	48,774.13	308,442.28

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 5: INTANGIBLE ASSETS (CONTINUED)

GOVERNMENTAL ACTIVITIES (CONTINUED)

	Balance as of June 30, 2022 (As Restated)	Additions	Reductions	Balance as of June 30, 2023
Subscription Accumulated Amortization				
Software				
Amplified IT / Google Workspace for Education Plus	15,137.26			15,137.26
Multiple Performance English Optl Software	15,523.25			15,523.25
Curriculum Associates / Ellevation Platform	5,729.17			5,729.17
Curriculum Associates / ESL Strategies	5,135.08			5,135.08
Curriculum Associates / i-Ready Assessment Math	1,485.00			1,485.00
CDW-G / GoGuardian Ste Starter	33,340.41			33,340.41
Educator Software Solutions / T-Eval Evaluation Software	348.33			348.33
Follett / Hosted Service	5,534.84			5,534.84
Frontline Technologies / 504 Program Management	16,244.04		16,244.04	-
Frontline / Applicant Tracking	19,664.09		19,664.09	-
Intrado Interactive Services Corp / SchoolMessenger	14,575.49			14,575.49
Jamf Software / Pro iOS	4,681.57			4,681.57
Learning A-Z / ScienceA-Z.com	958.00			958.00
Padlet / Padlet Backpack Schoolwide	3,791.67			3,791.67
Pear Deck / Pear Deck Subscription	6,503.36			6,503.36
Raptor Technologies / Raptor Visitor Management Access	781.25			781.25
SHI International Corp / ViVi Signage Subscription	210.11			210.11
SHI International Corporation / Vmware vSphere Host	150.18			150.18
White Rock Security Group / Adobe Creative Cloud	2,410.42			2,410.42
SysCloud / Google Workspace	4,000.00		4,000.00	-
Siteimprove Inc. / SiteImprove - Software Service	8,648.62			8,648.62
TurnItIn / Feedback Studio	5,053.30			5,053.30
World Book Inc / O15XS - Online	4,365.16		4,365.16	-
Capstone / PebbleGo Health Educator	1,220.22			1,220.22
CommonLit / CommonLit Essentials Pro	2,775.00			2,775.00
Infobase / African-American History	3,351.54			3,351.54
Learn By Doing / Albert	3,106.75			3,106.75
Learning A-Z / Raz-Plus.com	14,796.44			14,796.44
Port53 / KnowBe4 - Security Awareness	5,369.89			5,369.89
Vocabulary.com / Vocabulary.com - License	2,681.61			2,681.61
WeVideo Inc. / WeVideo - School Subscription	407.86			407.86
Ocean Computer Group / Kace W/300 Managed Education	4,500.84		4,500.84	-
Big Teams / SIS + Integration	1,178.25			1,178.25
Curriculum Associates / i-Ready Assessment Reading	3,492.00			3,492.00
Curriculum Associates / i-Ready Online Educator Platform	6,281.38			6,281.38
Computer Logic Group / Logical Attendance Tracker	204.32			204.32
EdPuzzle / Pro School	1,180.93			1,180.93
IDrive / RemotePC Enterprise	64.29			64.29
Instructional Empowerment / IE Observation	3,585.36			3,585.36
Marco / Papercut Software	311.51			311.51
MTS Intelligent Surveillance / SecurOS Video System	2,641.07			2,641.07
Project Lead the Way / BHS Engineering Class	1,666.73			1,666.73
Screencastify / Screen Recorder	2,307.42			2,307.42
Texthelp / Read & Write Subscription	930.42			930.42
White Rock Security/M365 A3 - Plus Intune for Education	11,238.73			11,238.73
Total Subscription Accumulated Amortization	-	247,563.16	48,774.13	198,789.03
Total Governmental Subscription Assets, Net	\$ 157,006.71	\$ (47,353.46)	\$ -	\$ 109,653.25

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 6: LONG-TERM LIABILITIES

Bonds are issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness.

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Statutorily, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

The following is a summary of transactions that affect long-term liabilities for the year ended June 30, 2023:

	Balance, <u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2023</u>	Due Within <u>One Year</u>
Bonds Payable	\$ 15,944,000.00	\$ -	\$ 2,415,000.00	\$ 13,529,000.00	\$ 2,610,000.00
Compensated Absences	2,521,206.19		237,678.31	2,283,527.88	
Net Pension Liability	6,412,720.00	1,712,019.00		8,124,739.00	
Intangible SBITA Payable	157,006.71	200,209.70	251,073.60	106,142.81	97,284.52
Right to Use Leases Payable	1,167,267.77	9,583.08	323,196.42	853,654.43	336,027.83
Installment Purchase Contracts Payable	302,346.66	221,078.40	187,173.88	336,251.18	127,967.84
Total	\$ 26,504,547.33	\$ 2,142,890.18	\$ 999,122.21	\$ 25,233,315.30	\$ 3,171,280.19

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Debt Capacity

Under New Jersey Statutes the District may incur debt in an amount not to exceed 4% of the average equalized valuation basis of real property. For the fiscal year ended June 30, 2023, the District borrowing capacity under N.J.S. 18A:24-19 is as follows:

<u>Year</u>	<u>Equalized Valuation of Real Property</u>
2022	\$ 3,609,282,781.00
2021	3,457,888,784.00
2020	3,391,976,464.00
	<u>\$ 10,459,148,029.00</u>
Average equalized valuation	<u>\$ 3,486,382,676.33</u>
School borrowing margin (4% of \$3,486,382,676.33)	\$ 139,455,307.05
Net school debt as of June 30, 2023	<u>13,529,000.00</u>
School borrowing power available	<u>\$ 125,926,307.05</u>

Debt Service Requirements:

The annual requirements to amortize all debt outstanding as of June 30, 2023, including interest payments on issued debt, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,610,000.00	\$ 467,920.00	\$ 3,077,920.00
2025	\$ 2,595,000.00	371,870.00	2,966,870.00
2026	\$ 2,980,000.00	276,770.00	3,256,770.00
2027	\$ 1,400,000.00	166,420.00	1,566,420.00
2028	\$ 1,445,000.00	119,520.00	1,564,520.00
2029-2031	<u>2,499,000.00</u>	<u>99,125.00</u>	<u>2,598,125.00</u>
	<u>\$ 13,529,000.00</u>	<u>\$ 1,501,625.00</u>	<u>\$ 15,030,625.00</u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

General obligation school and refunding bonds payable with their outstanding balances are comprised of the following individual issues:

<u>Issue</u>	<u>Amount Outstanding June 30, 2023</u>
\$11,775,000.00 in 2021 Refunding Bonds due in remaining annual installments ranging between \$935,000.00 and \$2,530,000.00 beginning March 15, 2023 and ending March 15, 2029 with interest at 4.0%	\$ 9,770,000.00
\$5,829,000.00 in 2016 School Bonds due in remaining annual installments ranging between \$260,000.00 and \$500,000.00 beginning September 15, 2020 and ending September 15, 2030 with interest at 1.0% to 3.0%	<u>3,759,000.00</u>
	<u>\$ 13,529,000.00</u>

Installment Purchase Contracts Payable

The District has entered into several installment purchase agreements for technology, a telephone system and buses totaling \$915,974.95. The agreements are for terms up to seven years. Future annual debt service payments on installment purchases as of June 30, 2023, including interest of \$10,824.58 are as follows:

<u>Fiscal Year June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	127,967.84	5,733.18	\$133,701.02
2025	67,379.83	2,516.87	69,896.70
2026	68,190.11	1,706.59	69,896.70
2027	69,028.76	867.94	69,896.70
2028	3,684.64	-	3,684.64
Totals	<u>\$336,251.18</u>	<u>\$10,824.58</u>	<u>\$347,075.76</u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Leases Payable

For the fiscal year ended 6/30/2023, the District adopted GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

For the year ended 6/30/2023, the financial statements include the following leases:

On 07/01/2021, The District entered into a 42-month lease as Lessee for the use of Pitney Bowes mail equipment # 1. An initial lease liability was recorded in the amount of \$6,674.26. As of 06/30/2023, the value of the lease liability is \$2,871.21. The District is required to make quarterly fixed payments of \$480.45. The lease has an interest rate of 0.4570%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$6,674.26 with accumulated amortization of \$3,730.95 is included with Equipment on the Lease Class activities table found below.

On 10/31/2022, The District entered into a 60-month lease as Lessee for the use of Pitney Bowes - mail equipment #2. An initial lease liability was recorded in the amount of \$9,583.08. As of 06/30/2023, the value of the lease liability is \$8,176.64. The District is required to make quarterly fixed payments of \$517.53. The lease has an interest rate of 3.3050%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$9,583.08 with accumulated amortization of \$1,304.08 is included with Equipment on the Lease Class activities table found below.

On 12/31/2021, The District entered into a 60-month lease as Lessee for the use of Marco / Konica Minolta Photocopiers/Printers. An initial lease liability was recorded in the amount of \$370,505.81. As of 06/30/2023, the value of the lease liability is \$254,308.97. The District is required to make monthly fixed payments of \$6,271.50. The lease has an interest rate of 0.6320%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$370,505.81 with accumulated amortization of \$113,181.05 is included with Equipment on the Lease Class activities table found below.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Leases Payable (Continued)

On 07/01/2021, The District entered into a 49-month lease as Lessee for the use of Bank of America /energy savings equipment. An initial lease liability was recorded in the amount of \$1,070,192.85. As of 06/30/2023, the value of the lease liability is \$588,297.63. The District is required to make monthly fixed payments of \$20,893.51. The lease has an interest rate of 1.6420%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$1,070,192.85 with accumulated amortization of \$517,140.17 is included with Equipment on the Lease Class activities table found below. The District has the option to purchase the Equipment for \$726,287.87.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 336,027.83	\$ 9,371.89	\$ 345,399.72
2025	370,734.93	4,327.53	375,062.46
2026	113,058.93	627.68	113,686.61
2027	33,319.45	108.17	33,427.62
2028	513.29	4.24	517.53
Totals	<u>\$ 853,654.43</u>	<u>\$ 14,439.51</u>	<u>\$ 868,093.94</u>

Subscription-Based Information Technology Agreements Payable (“SBITAs”)

For the fiscal year ended 6/30/2023, the financial statements include the following SBITAs:

On 10/15/2022, The District entered into a 12 month subscription for the use of Amplified IT / Google Workspace for Education Plus. An initial subscription liability was recorded in the amount of \$21,286.78. As of 06/30/2023, the value of the subscription liability is \$14,542.78. The District is required to make annual fixed payments of \$6,744.00. The subscription has an interest rate of 3.1440%. The value of the right to use asset as of 06/30/2023 of \$21,286.78 with accumulated amortization of \$15,137.26 is included with Software on the Subscription Class activities table found below. The District has 1 extension option(s), each for 12 months.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Subscription-Based Information Technology Agreements Payable
("SBITAs") (Continued)

On 08/15/2022, The District entered into a 12-month subscription for the use of Multiple Performance English Optl Software. An initial subscription liability was recorded in the amount of \$17,684.71. As of 06/30/2023, the value of the subscription liability is \$8,853.57. The District is required to make annual fixed payments of \$8,831.14. The subscription has an interest rate of 1.7103%. The value of the right to use asset as of 06/30/2023 of \$17,684.71 with accumulated amortization of \$15,523.25 is included with Software on the Subscription Class activities table found below. The District has 1 extension option(s), each for 12 months.

On 02/01/2023, The District entered into a 17-month subscription for the use of Curriculum Associates / ESL Strategies. An initial subscription liability was recorded in the amount of \$17,459.28. As of 06/30/2023, the value of the subscription liability is \$8,605.11. The District is required to make annual fixed payments of \$8,854.17. The subscription has an interest rate of 2.8943%. The value of the right to use asset as of 06/30/2023 of \$17,459.28 with accumulated amortization of \$5,135.08 is included with Software on the Subscription Class activities table found below. The District has 1 extension option(s), each for 12 months.

On 07/28/2022, The District entered into a 12-month subscription for the use of CDW-G / GoGuardian Ste Starter. An initial subscription liability was recorded in the amount of \$36,043.69. As of 06/30/2023, the value of the subscription liability is \$19,663.69. The District is required to make annual fixed payments of \$16,380.00. The subscription has an interest rate of 1.7103%. The value of the right to use asset as of 06/30/2023 of \$36,043.69 with accumulated amortization of \$33,340.41 is included with Software on the Subscription Class activities table found below. The District has 1 extension option(s), each for 12 months.

On 08/31/2022, The District entered into a 12-month subscription for the use of Follett / Hosted Service. An initial subscription liability was recorded in the amount of \$6,086.49. As of 06/30/2023, the value of the subscription liability is \$3,146.19. The District is required to make annual fixed payments of \$2,940.30. The subscription has an interest rate of 1.7103%. The value of the right to use asset as of 06/30/2023 of \$6,086.49 with accumulated amortization of \$5,534.84 is included with Software on the Subscription Class activities table found below. The District has 1 extension option(s), each for 12 months.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Subscription-Based Information Technology Agreements Payable
("SBITAs") (Continued)

On 07/14/2022, The District entered into a 12-month subscription for the use of Intrado Interactive Services Corp / School Messenger. An initial subscription liability was recorded in the amount of \$15,121.55. As of 06/30/2023, the value of the subscription liability is \$7,570.52. The District is required to make annual fixed payments of \$7,551.03. The subscription has an interest rate of 1.7103%. The value of the right to use asset as of 06/30/2023 of \$15,121.55 with accumulated amortization of \$14,575.49 is included with Software on the Subscription Class activities table found below. The District has 1 extension option(s), each for 12 months.

On 07/18/2022, The District entered into a 12-month subscription for the use of Jamf Software / Pro iOS. An initial subscription liability was recorded in the amount of \$4,913.60. As of 06/30/2023, the value of the subscription liability is \$2,654.60. The District is required to make annual fixed payments of \$2,259.00. The subscription has an interest rate of 1.7103%. The value of the right to use asset as of 06/30/2023 of \$4,913.60 with accumulated amortization of \$4,681.57 is included with Software on the Subscription Class activities table found below. The District has 1 extension option(s), each for 12 months.

On 07/01/2022, The District entered into a 16-month subscription for the use of Learning A-Z / ScienceA-Z.com. An initial subscription liability was recorded in the amount of \$1,277.34. As of 06/30/2023, the value of the subscription liability is \$637.11. The District is required to make annual fixed payments of \$648.00. The subscription has an interest rate of 1.7103%. The value of the right to use asset as of 06/30/2023 of \$1,277.34 with accumulated amortization of \$958.00 is included with Software on the Subscription Class activities table found below. The District has 1 extension option(s), each for 12 months.

On 01/01/2023, The District entered into a 12-month subscription for the use of Pear Deck / Pear Deck Subscription. An initial subscription liability was recorded in the amount of \$13,006.72. As of 06/30/2023, the value of the subscription liability is \$5,917.72. The District is required to make annual fixed payments of \$7,089.00. The subscription has an interest rate of 2.8943%. The value of the right to use asset as of 06/30/2023 of \$13,006.72 with accumulated amortization of \$6,503.36 is included with Software on the Subscription Class activities table found below. The District has 1 extension option(s), each for 12 months.

On 08/09/2022, The District entered into a 36-month subscription for the use of SHI International Corp / ViVi Signage Subscription. An initial subscription liability was recorded in the amount of \$704.72. As of 06/30/2023, the value of the subscription liability is \$464.72. The District is required to make annual fixed payments of \$240.00. The subscription has an interest rate of 2.1843%. The value of the right to use asset as of 06/30/2023 of \$704.72 with accumulated amortization of \$210.11 is included with Software on the Subscription Class activities table found below.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Subscription-Based Information Technology Agreements Payable
("SBITAs") (Continued)

On 02/15/2023, The District entered into a 36-month subscription for the use of SHI International Corporation / VMware vSphere Host. An initial subscription liability was recorded in the amount of \$1,192.63. As of 06/30/2023, the value of the subscription liability is \$784.62. The District is required to make annual fixed payments of \$408.01. The subscription has an interest rate of 2.6560%. The value of the right to use asset as of 06/30/2023 of \$1,192.63 with accumulated amortization of \$150.18 is included with Software on the Subscription Class activities table found below.

On 09/14/2022, The District entered into a 12-month subscription for the use of Site improve Inc. / Site Improve - Software Service. An initial subscription liability was recorded in the amount of \$10,848.45. As of 06/30/2023, the value of the subscription liability is \$5,378.02. The District is required to make annual fixed payments of \$5,470.43. The subscription has an interest rate of 1.7103%. The value of the right to use asset as of 06/30/2023 of \$10,848.45 with accumulated amortization of \$8,648.62 is included with Software on the Subscription Class activities table found below. The District has 1 extension option(s), each for 12 months.

On 09/12/2022, The District entered into a 36-month subscription for the use of TurnItIn / Feedback Studio. An initial subscription liability was recorded in the amount of \$18,884.30. As of 06/30/2023, the value of the subscription liability is \$12,639.30. The District is required to make annual fixed payments of \$6,245.00. The subscription has an interest rate of 2.1843%. The value of the right to use asset as of 06/30/2023 of \$18,884.30 with accumulated amortization of \$5,053.30 is included with Software on the Subscription Class activities table found below.

On 07/01/2022, The District entered into a 12-month subscription for the use of World Book Inc / O15XS - Online. An initial subscription liability was recorded in the amount of \$4,365.16. As of 06/30/2023, the value of the subscription liability is \$2,212.16. The District is required to make annual fixed payments of \$2,153.00. The subscription has an interest rate of 1.7103%. The value of the right to use asset as of 06/30/2023 of \$0.00 with accumulated amortization of \$0.00 is included with Software on the Subscription Class activities table found below. The District has 1 extension option(s), each for 12 months.

On 10/19/2022, The District entered into a 36-month subscription for the use of Capstone / PebbleGo Health Educator. An initial subscription liability was recorded in the amount of \$5,229.50. As of 06/30/2023, the value of the subscription liability is \$3,430.50. The District is required to make annual fixed payments of \$1,799.00. The subscription has an interest rate of 3.2380%. The value of the right to use asset as of 06/30/2023 of \$5,229.50 with accumulated amortization of \$1,220.22 is included with Software on the Subscription Class activities table found below.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Subscription-Based Information Technology Agreements Payable
("SBITAs") (Continued)

On 07/01/2022, The District entered into a 14-month subscription for the use of Infobase / African-American History. An initial subscription liability was recorded in the amount of \$3,910.13. As of 06/30/2023, the value of the subscription liability is \$1,966.37. The District is required to make annual fixed payments of \$1,954.91. The subscription has an interest rate of 1.7103%. The value of the right to use asset as of 06/30/2023 of \$3,910.13 with accumulated amortization of \$3,351.54 is included with Software on the Subscription Class activities table found below. The District has 1 extension option(s), each for 12 months.

On 07/01/2022, The District entered into a 34-month subscription for the use of Port53 / KnowBe4 - Security Awareness. An initial subscription liability was recorded in the amount of \$15,214.69. As of 06/30/2023, the value of the subscription liability is \$7,675.83. The District is required to make annual fixed payments of \$7,843.50. The subscription has an interest rate of 2.1843%. The value of the right to use asset as of 06/30/2023 of \$15,214.69 with accumulated amortization of \$5,369.89 is included with Software on the Subscription Class activities table found below.

The future minimum subscription obligations and the net present value of the minimum payments as of June 30, 2023, were as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>		
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2024	\$ 97,284.52	\$ 2,354.16	\$ 99,638.68
2025	8,858.29	213.73	9,072.01
	<u>\$ 106,142.81</u>	<u>\$ 2,567.89</u>	<u>\$ 108,710.69</u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 7: PENSION PLANS

Description of Plans All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

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

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

Defined Contribution Retirement Program (DCRP) The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 7: PENSION PLANS (CONTINUED)

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30-year period and paid in level dollars. Beginning with the July 1, 2020 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30-year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Vesting and Benefit Provisions The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 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.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 7: PENSION PLANS (CONTINUED)

Contribution Requirements The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of TPAF (i.e., the State of New Jersey makes the employer contribution on behalf of public school districts).

Three Year Trend Information for PERS

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>Pension Cost</u> <u>(APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2023	\$678,910.00	100.00%	\$678,910.00
2022	633,946.00	100.00%	633,946.00
2021	571,447.00	100.00%	571,447.00

During the fiscal years ended June 30, 2023, 2022 and 2021, the State of New Jersey contributed \$6,088,918.00, \$6,257,395.00, and \$4,293,587.00 respectively to the TPAF pension system on behalf of the District.

Also, in accordance with N.J.S.A. 18A:66-66 during the years ended June 30, 2023, 2022 and 2021, the State of New Jersey reimbursed the District \$1,238,204.00, \$1,234,724.99 and \$1,233,363.55 respectively for the employer's share of social security 0 for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB 68 reflect the District's liabilities at June 30, 2023.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS)

At June 30, 2023, the State reported a net pension liability of \$8,124,739.00 for the District's proportionate share of the total net pension liability. The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was 0.0538369664 percent, which was a decrease of 0.0002948086 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized a pension benefit of \$198,170.00 in the government-wide financial statements. This pension benefit was based on the pension plan's June 30, 2022 measurement date.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 58,641.00	\$ 51,713.00
Changes of assumptions	25,173.00	1,216,595.00
Net difference between projected and actual earnings on pension plan investments	336,276.00	
Changes in proportion and differences between District contributions and proportionate share of contributions	799,201.00	44,948.00
District contributions subsequent to the measurement date	<u>754,554.00</u>	
	<u>\$ 1,973,845.00</u>	<u>\$ 1,313,256.00</u>

The \$754,554.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2023, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(Continued)

Public Employees Retirement System (PERS) (Continued)

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>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2023	(\$546,081.40)
2024	(204,212.40)
2025	(22,307.40)
2026	528,614.60
2027	150,021.60
	<u>(\$93,965.00)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which rolled forward to June 30, 2022. These actuarial valuations used the following assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.75%-6.55%
	Based on Years of Service
Investment Rate of Return	7.00%

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

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.

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

Long-Term Rate of Return

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-U.S. Developed Market 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. Treasury's	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability of the participating employers as of June 30, 2022 respectively, calculated using the discount rate as disclosed above as well as what the District's proportionate share of the collective 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:

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68 (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate (Continued)

	1%	June 30, 2022 At Current Discount Rate	1%
	Decrease		Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
District's proportionate share of the pension liability	\$10,437,910.00	\$8,124,739.00	\$6,156,138.00

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 or at this site: <http://www.state.nj.us/treasury/pensions>.

Teachers Pensions and Annuity Fund (TPAF)

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

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2023 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	78,424,484.00
	\$78,424,484.00

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

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 June 30, 2021 which was rolled forward to June 30, 2022. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2022, the proportion of the TPAF net pension liability associated with the District was .1520018838% which was an increase of .0042975291 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized on-behalf pension expense and revenue of \$2,110,622.00 in the government-wide financial statements for contributions provided by the State. This pension expense and revenue was based on the pension plans June 30, 2022 measurement date.

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases	1.55%-5.65%
	Based on Years of Service
Investment Rate of Return	7.00%

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rate

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.

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

Long-Term Expected Rate of Return

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

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

**Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023**

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68 (CONTINUED)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return

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

Discount Rate

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Teachers Public and Annuity Fund (TPAF). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 and the following site: <http://www.state.nj.us/treasury/pensions>.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 9: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS – GASB 75

Plan Description and Benefits Provided

The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan, with 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 Postemployment Benefits Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. 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

The State Health Benefit Local Education Retired Employees Plan Membership covered by the benefit terms consisted of the following:

Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	151,669
Inactive Plan Members or Beneficiaries Not Yet Receiving Benefits	<u>- 0 -</u>
Total Plan Members	<u>364,817</u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 9: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Total Non-employer OPEB Liability

The portion of the Total Non-employer OPEB Liability that was associated with the District at June 30, 2023 was as follows:

Total OPEB Liability:	
District's Proportionate Share	\$-0-
State's Proportionate Share associated with the District	63,054,064
	63,054,064
	\$63,054,064

The Total Non-employer OPEB Liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

The Total Non-Employer OPEB Liability was determined separately based on actual data of the District.

For the year ended June 30, 2023, the District recognized on-behalf post-employment expense and revenue of \$2,387,558.00 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2022 measurement date.

At June 30, 2023, the District's proportion was .1244984552 percent, which was an increase of .0022442062 from its proportion measured as of June 30, 2022.

The State, a Non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS, TPAF/ABP and PFRS participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Consequently, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 9: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2022 actuarial valuation reported by the State in the State's most recently issued ACFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	<u>June 30, 2022</u>		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Inflation – 2.5%			
Salary Increases	2.75-4.25%*	2.75-6.55%*	3.25-16.25%*

*- Based on Years of Service

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

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 9: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

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

Changes in the Total Non-employer OPEB Liability

Shown below are details regarding the total OPEB non-employer liability associated with the District for the measurement period from June 30, 2021 to June 30, 2022.

Balance at 6/30/21		\$73,361,903
Changes for the year:		
Service cost	\$3,623,912	
Interest	1,671,002	
Changes of Benefit Terms		
Differences between expected and actual experience	2,914,143	
Changes in assumptions or other inputs	(16,914,818)	
Membership Contributions	53,099	
Benefit payments - Net	(1,655,177)	
Net changes	(10,307,839)	(10,307,839)
Balance at 6/30/22		\$63,054,064

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 9: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Sensitivity of the Total Non-employer OPEB Liability to Changes in the Discount Rate

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

	June 30, 2022		
	<u>1.00%</u> <u>Decrease (2.54%)</u>	<u>At Discount</u> <u>Rate (3.54%)</u>	<u>1.00%</u> <u>Increase (4.54%)</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$74,113,420	\$63,054,064	\$54,190,543

Sensitivity of the Total Non-employer OPEB Liability to Changes in Healthcare Trends

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2022 respectively, calculated using the healthcare trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2022		
	<u>1.00%</u> <u>Decrease</u>	<u>Healthcare Cost</u> <u>Trend Rate</u>	<u>1.00%</u> <u>Increase</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$52,118,038	\$63,054,064	\$77,419,198

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 9: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

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

At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's Non-Employer OPEB Liability associated with the District from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 11,257,652	\$ 19,251,135
Changes of assumptions	10,913,062	21,460,159
Changes in proportion	<u>2,417,831</u>	<u>1,004,918</u>
	<u>\$ 24,588,545</u>	<u>\$ 41,716,212</u>

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 District will be recognized in OPEB expense as follows:

<u>Measurement Period Ended June 30,</u>	<u>Amount</u>
2023	(\$2,851,232)
2024	(\$2,851,232)
2025	(\$2,851,232)
2026	(\$2,425,818)
2027	(\$1,266,117)
Total Thereafter	<u>(\$4,882,034)</u>
	<u>(\$17,127,667)</u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 9: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero. There is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources in the financial statements.

State Health Benefit Local Education Retired Employee Plan Information

The New Jersey Division of Pension and Benefits issues publicly available reports on the OPEB plan. Those reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295 or on their website at:

<http://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>

NOTE 10: LITIGATION

The Board attorneys' letters advise that the District is a defendant in several complaints served on the District. The plaintiffs in two of the cases demand in excess of fifty (50) million dollars each, exclusive of prejudgment interest, costs and damages for pre-judgment delay, attorneys' fees, punitive damages, and such other and further legal and equitable relief as the Court deems appropriate. The attorney anticipates, based on prior experience, that the exposure to the District is expected to be between \$100,000 to \$750,000 for each of these two cases. If there's any evidence that the District had knowledge of the abuse at the time, then that would dramatically shift the exposure upwards and potentially into the seven-figure range per case. In a third case, the attorneys estimate the potential loss to be \$150,000 per year for 2 years for private school tuition and transportation. In a fourth case, the attorneys estimate the potential loss to be approximately \$50,000 to \$100,000 in damages and approximately \$300,000 to \$400,000 in attorneys fees, all of which should be covered by the liability insurer.

In addition, the Board attorney's letter advises the District that there are several actions pending against the District which are either in the discovery stage or where the final outcome cannot be reasonably determined at this time or are not covered by the District's insurance carrier.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 11: CONTINGENCIES

The District receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2021-2022 fiscal year were subject to the Federal Uniform Guidance and New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the District's annual audit if expenditures for federal or state programs exceed \$750,000.00. Findings and questioned costs, if any, relative to federal and state financial assistance programs are discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. The District's management does not believe any such audit would result in material amounts of disallowed costs.

NOTE 12: RISK MANAGEMENT

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

Property and Liability Insurance The District maintains insurance coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Claims have not exceeded the insurance coverage in any of the past three fiscal years.

New Jersey Unemployment Compensation Insurance The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the 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 District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's fiduciary trust fund for the current and previous two years:

<u>Year Ended</u> <u>June 30,</u>	<u>Interest</u> <u>Earned</u>	<u>Board</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2023	\$ 101.73	\$ -	\$ 38,601.78	\$100,595.57	\$ 87,913.30
2022	109.83	-	36,309.90	675.00	149,805.36
2021	103.20	-	34,000.36	19,451.20	114,060.63

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 13: COMPENSATED ABSENCES

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

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

The liability for vested compensated absences of the governmental fund types are recorded in the district - wide statement of net position. As of June 30, 2023, a liability existed for compensated absences for governmental fund-types in the district- wide Statement of Net Position of \$2,283,527.88.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2023, no liability existed for compensated absences in the proprietary funds.

For additional descriptive information see Note 1, Summary of Significant Accounting Policies.

NOTE 14: FUND BALANCE APPROPRIATED - GAAP BASIS

General Fund Of the \$11,424,719.89 in General Fund Balance at June 30, 2023, \$562,505.23 has been assigned for encumbrances; \$5,955,980.66 has been restricted in the Capital Reserve account; \$1,076,131.57 has been restricted for maintenance reserve; \$1,520,465.00 has been assigned and included as anticipated revenue for the year ended June 30, 2023; \$939.74 has been assigned for FFCRA/SEMI and is designated for subsequent year's expenditures; \$87,913.30 has been restricted for unemployment compensation; \$1,294,033.00 has been restricted for excess surplus and \$1,120,901.39 is unassigned.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 15: CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

Calculation of Excess Surplus In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the Restricted Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund 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 \$1,294,033.00 as calculated below:

General Fund Expenditures	
For the Fiscal Year Ended June 30, 2023	\$50,330,060.12
Less:	
On-behalf TPAF Pension and Social Security Reimbursement	(9,035,329.00)
Assets Acquired Under Installment Purchase Contracts	(221,078.40)
Assets Acquired Under Right to Use Leases	<u>(9,583.08)</u>
Adjusted General Fund Expenditures	\$41,064,069.64
Excess Surplus Percentage	<u>2.00%</u>
2% of Adjusted 2022-2023 General Fund Expenditures	821,281.39
Add: Allowable Adjustments	<u>491,263.00</u>
Maximum Unassigned Fund Balance	1,312,544.39
Actual Unassigned Fund Balance (Budgetary)	2,606,577.39
Excess Surplus	<u><u>\$1,294,033.00</u></u>

Based on the above calculation as of June 30, 2023, \$1,294,033.00 is reported as Restricted Fund Balance-Excess Surplus

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 16: INTERFUND RECEIVABLES AND PAYABLES

There were interfund balances remaining on the District's balance sheet at June 30, 2023 as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 417,904.01	
Special Revenue Fund		\$ 363,426.30
Enterprise Funds		54,477.71
	\$ 417,904.01	\$ 417,904.01

All interfund balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received. All interfund balances are to be liquidated within one year.

NOTE 17: CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long-Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line item appropriations, or both. A 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 election dates authorized by 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.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 17: CAPITAL RESERVE ACCOUNT (CONTINUED)

The activity of the capital reserve during the year ended June 30, 2023, is as follows:

Balance, July 1, 2022	\$ 5,086,451.34
Interest Earnings	3,033.49
Deposits:	
By Board Resolution	1,619,282.83
	<u>6,708,767.66</u>
Withdrawals:	
Budgeted	<u>752,787.00</u>
Balance, June 30, 2023	<u>\$ 5,955,980.66</u>

NOTE 18: MAINTENANCE RESERVE ACCOUNT

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

The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with EFCFA (N.J.S.A. 18A:7G-9). The passage of S1701 also impacts deposits into maintenance reserve. EFCFA requires that upon the district completion of school facilities project, the district must submit a plan for the maintenance of that facility. The activity of the maintenance reserve during the year ended June 30, 2023 is as follows:

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 18: MAINTENANCE RESERVE ACCOUNT (CONTINUED)

Balance, July 1, 2022	\$	903,459.00
Deposits:		
Return of Unused Withdrawal		55.75
By Board Resolution		200,000.00
		1,103,514.75
Withdrawals:		
By Board Resolution		227,383.18
Balance, June 30, 2023	\$	876,131.57

NOTE 19: INVENTORY

Inventory in the Food Service Fund at June 30, 2023 consisted of the following:

Food	\$	21,436.85
Supplies		11,000.44
Total Inventory	\$	32,437.29

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

NOTE 20: SUBSEQUENT EVENTS

The District has evaluated material subsequent events occurring after the financial statement date through January 17, 2024 which is the date the financial statements were available to be issued. The District has determined that there are no material subsequent events needed to be disclosed.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 21: PRIOR PERIOD ADJUSTMENTS/RESTATEMENTS

The District had a restatement of their prior year net position due to a change in capital assets from a new asset appraisal performed in fiscal year 2023. The District restated their net position as indicated below to appropriately reflect the June 30, 2022 balances:

		<u>Governmental Activities</u>
Beginning Net Position June 30. 2022	\$	38,653,550.95
Adjustments:		
Capital Assets, Net of Accumulated		
Depreciation		68,200.00
Installment Purchase Contract Liability		834,785.17
Right to Use Lease Asset		1,149,070.86
Right to Use Lease Liability		(1,167,267.77)
Intangible SBITA Asset		157,006.71
Intangible SBITA Liability		(157,006.71)
Lease Accrued Interest Payable		(384.51)
Beginning Net Position 06/30/22 (As restated)	\$	<u><u>39,537,954.70</u></u>

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES					
Local sources:					
Local tax levy	\$ 33,938,702.00		\$ 33,938,702.00	\$ 33,938,702.00	
Tuition from individuals				23,250.00	23,250.00
Tuition from LEAs within state	4,585,000.00		4,585,000.00	4,782,860.70	197,860.70
Transportation fees from individuals	70,000.00		70,000.00	63,250.00	(6,750.00)
Transportation fees from other LEAs				45,735.98	45,735.98
Rents and royalties	3,395.00		3,395.00	23,750.00	20,355.00
Unrestricted miscellaneous revenues	80,000.00		80,000.00	305,866.93	225,866.93
Interest earned on Maintenance Reserve	750.00		750.00		(750.00)
Interest earned on capital reserve funds	750.00		750.00	3,033.49	2,283.49
Other Restricted Miscellaneous Revenues				101.73	101.73
Total revenues-local sources	38,678,597.00		38,678,597.00	39,186,550.83	507,953.83
State sources:					
Categorical Transportation Aid	517,812.00		517,812.00	517,812.00	
Extraordinary Aid				396,727.00	396,727.00
Categorical Special Education Aid	1,418,586.00		1,418,586.00	1,418,586.00	
Categorical Security Aid	130,156.00		130,156.00	130,156.00	
Other State Aids				132,036.00	132,036.00
Reimbursed TPAF social security contributions (non-budgeted)				1,238,204.00	1,238,204.00
On-behalf TPAF pension (non-budgeted)				6,088,918.00	6,088,918.00
On-behalf TPAF non-contributory insurance (non-budgeted)				84,477.00	84,477.00
On-behalf TPAF long-term disability insurance (non-budgeted)				1,994.00	1,994.00
On-behalf TPAF post retirement medical (non-budgeted)				1,621,736.00	1,621,736.00
Total - state sources	2,066,554.00		2,066,554.00	11,630,646.00	9,564,092.00
Federal sources:					
Medicaid Reimbursement (SEMI)	25,105.00		25,105.00	10,428.30	(14,676.70)
Medicaid Reimbursement (FFCRA-SEMI)				939.74	939.74
Total federal sources	25,105.00		25,105.00	11,368.04	(13,736.96)
Total revenues	40,770,256.00		40,770,256.00	50,828,564.87	10,058,308.87
EXPENDITURES					
CURRENT EXPENSE:					
Instruction - regular programs:					
Salaries of teachers:					
Kindergarten	621,940.00	(16,228.17)	605,711.83	468,811.54	136,900.29
Grades 1-5	2,648,491.00	72,516.78	2,721,007.78	2,691,395.97	29,611.81
Grades 6-8	3,020,950.00	(135,910.71)	2,885,039.29	2,601,317.58	283,721.71
Grades 9-12	5,369,517.00	(76,568.61)	5,292,948.39	5,151,664.74	141,283.65
Regular programs - home instruction:					
Salaries of teachers	10,000.00		10,000.00		10,000.00
Purchased professional educational services	9,750.00		9,750.00	9,727.98	22.02

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Regular programs - undistributed instruction:					
Other salaries for instruction	\$ 83,133.00	\$ (2,787.57)	\$ 80,345.43	\$ 80,345.43	
Purchased professional educational services		12,924.99	12,924.99	12,924.99	
Purchased Technical Services	5,000.00	(4,099.19)	900.81	900.00	0.81
Other purchased services (400-500 series)	275,056.50	7,656.60	282,713.10	279,949.17	2,763.93
General supplies	580,228.15	17,961.45	598,189.60	507,268.30	90,921.30
Textbooks	128,598.00	(15,792.93)	112,805.07	86,511.24	26,293.83
Other objects	25,298.00	(601.00)	24,697.00	20,263.42	4,433.58
Total regular programs	12,777,961.65	(140,928.36)	12,637,033.29	11,911,080.36	725,952.93
Special education - instruction:					
Special Education- Behavioral Disabilities					
Salaries of teachers	148,716.00	87,920.18	236,636.18	236,636.18	
General supplies	1,500.00	(1,500.00)			
Total behavioral disabilities	150,216.00	86,420.18	236,636.18	236,636.18	
Special education - multiple disabilities:					
Salaries of teachers	213,867.00	(54,528.17)	159,338.83	146,418.24	12,920.59
Other salaries for instruction	124,112.00	(27,917.68)	96,194.32	58,661.45	37,532.87
Other Purchased Services (400-500 series)	300.00		300.00		300.00
General supplies	20,655.00	(2,294.64)	18,360.36	12,484.42	5,875.94
Total multiple disabilities	358,934.00	(84,740.49)	274,193.51	217,564.11	56,629.40
Resource room/resource center:					
Salaries of teachers	1,683,213.00	44,554.58	1,727,767.58	1,655,212.53	72,555.05
Other salaries for instruction	221,771.00	(33,900.69)	187,870.31	99,826.08	88,044.23
Purchased professional-education services	50,000.00	(14,298.50)	35,701.50	12,069.44	23,632.06
General supplies	12,017.00		12,017.00	4,046.64	7,970.36
Total resource room/resource center	1,967,001.00	(3,644.61)	1,963,356.39	1,771,154.69	192,201.70
Preschool disabilities - part time:					
Salaries of teachers	104,488.00	1,319.50	105,807.50	105,807.50	
Other salaries for instruction	23,455.00	(1,319.55)	22,135.45		22,135.45
Purchased professional - education services	2,000.00		2,000.00		2,000.00
General supplies	1,000.00		1,000.00		1,000.00
Total preschool disabilities - part time	130,943.00	(0.05)	130,942.95	105,807.50	25,135.45

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Preschool disabilities - full time:					
Other salaries for instruction	\$ 47,195.00	\$ (0.33)	\$ 47,194.67	\$ 12,361.30	\$ 34,833.37
Purchased professional-education services	2,000.00		2,000.00	1,000.00	1,000.00
General supplies	1,000.00		1,000.00		1,000.00
<u>Total preschool disabilities - full time</u>	<u>50,195.00</u>	<u>(0.33)</u>	<u>50,194.67</u>	<u>13,361.30</u>	<u>36,833.37</u>
Special education instruction - home instruction					
Salaries of teachers	120,000.00	(16,717.24)	103,282.76	23,762.22	79,520.54
Purchased professional-education services	35,479.05	(2,000.00)	33,479.05	28,006.21	5,472.84
General supplies	100.00		100.00		100.00
<u>Total home instruction</u>	<u>155,579.05</u>	<u>(18,717.24)</u>	<u>136,861.81</u>	<u>51,768.43</u>	<u>85,093.38</u>
<u>Total special education - instruction</u>	<u>2,812,868.05</u>	<u>(20,682.54)</u>	<u>2,792,185.51</u>	<u>2,396,292.21</u>	<u>395,893.30</u>
Basic skills/remedial - instruction					
Salaries of teachers	392,141.00	0.27	392,141.27	365,623.26	26,518.01
<u>Total basic skills/remedial - instruction</u>	<u>392,141.00</u>	<u>0.27</u>	<u>392,141.27</u>	<u>365,623.26</u>	<u>26,518.01</u>
Bilingual education - instruction:					
Salaries of teachers	344,629.00	7,546.79	352,175.79	347,060.48	5,115.31
Other salaries for instruction	10,000.00	14,015.94	24,015.94	24,015.94	
Purchased professional-education services	4,000.00	(1,500.00)	2,500.00	2,147.86	352.14
General supplies	1,000.00	623.15	1,623.15	1,623.15	
<u>Total bilingual education - instruction</u>	<u>359,629.00</u>	<u>20,685.88</u>	<u>380,314.88</u>	<u>374,847.43</u>	<u>5,467.45</u>
School sponsored cocurricular activities - instruction:					
Salaries	257,000.00		257,000.00	198,689.38	58,310.62
Other purchased services (400-500 series)	13,000.00	(10,712.93)	2,287.07	2,287.07	
Supplies and materials	20,998.18	(8,854.08)	12,144.10	10,930.57	1,213.53
Other objects	12,400.00	(3,269.00)	9,131.00	9,131.00	
<u>Total school sponsored cocurricular activities - instruction</u>	<u>303,398.18</u>	<u>(22,836.01)</u>	<u>280,562.17</u>	<u>221,038.02</u>	<u>59,524.15</u>
School sponsored athletics - instruction:					
Salaries	709,385.00	29,850.92	739,235.92	716,330.85	22,905.07
Purchased services (300-500 series)	218,107.05	57,458.39	275,565.44	275,152.13	413.31
Supplies and materials	88,026.40	(8,233.22)	79,793.18	78,185.57	1,607.61
Other objects	5,000.00	4,685.00	9,685.00	9,685.00	
<u>Total school sponsored athletics - instruction</u>	<u>1,020,518.45</u>	<u>83,761.09</u>	<u>1,104,279.54</u>	<u>1,079,353.55</u>	<u>24,925.99</u>
<u>Total instruction</u>	<u>17,666,516.33</u>	<u>(79,999.67)</u>	<u>17,586,516.66</u>	<u>16,348,234.83</u>	<u>1,238,281.83</u>

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Undistributed expenditures - instruction:					
Tuition to other LEAs within the state - regular	\$	\$ 750.00	\$ 750.00	\$	\$ 750.00
Tuition to other LEAs within the state - special	155,831.59	(750.00)	155,081.59	47,868.65	107,212.94
Tuition to county vocational school district - special	3,710.00		3,710.00	3,562.50	147.50
Tuition to private schools for the disabled within state	2,657,059.94	(244,225.00)	2,412,834.94	2,035,243.02	377,591.92
Tuition - state facilities	49,270.00		49,270.00	29,270.00	20,000.00
Total undistributed expenditures - instruction	2,865,871.53	(244,225.00)	2,621,646.53	2,115,944.17	505,702.36
Undistributed expenditures - health services:					
Salaries	414,712.00	12,770.86	427,482.86	425,219.34	2,263.52
Purchased professional and technical services	37,500.00	(10,772.00)	26,728.00	26,728.00	
Other Purchased Services	8,000.00	200.00	8,200.00	8,104.83	95.17
Supplies and materials	12,438.08	(1,749.18)	10,688.90	9,612.00	1,076.90
Total undistributed expenditures - health services	472,650.08	449.68	473,099.76	469,664.17	3,435.59
Undistributed expenditures - speech, OT, PT and related services					
Salaries	384,869.00	0.24	384,869.24	293,045.57	91,823.67
Purchased professional - educational services	212,000.00	(1,678.85)	210,321.15	149,451.17	60,869.98
Total undistributed expenditures - speech, OT, PT and related service	596,869.00	(1,678.61)	595,190.39	442,496.74	152,693.65
Undistributed expenditures - other support services - students - extraordinary services:					
Salaries	615,258.00	(0.49)	615,257.51	421,056.61	194,200.90
Purchased professional - educational services	226,500.00	230,238.09	456,738.09	365,153.58	91,584.51
Total undistributed expenditures - other support services - students - extraordinary services	841,758.00	230,237.60	1,071,995.60	786,210.19	285,785.41
Undistributed expenditures - guidance					
Salaries of other professional staff	938,700.00	21,674.70	960,374.70	959,954.99	419.71
Salaries of secretarial and clerical assistants	121,751.00	(419.50)	121,331.50	120,871.72	459.78
Purchased professional - educational services	34,500.00	(10,136.97)	24,363.03	21,163.03	3,200.00
Supplies and materials	7,403.84	(500.00)	6,903.84	5,831.34	1,072.50
Other objects	3,000.00	1,268.51	4,268.51	2,186.00	2,082.51
Total undistributed expenditures - guidance	1,105,354.84	11,886.74	1,117,241.58	1,110,007.08	7,234.50

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Undistributed expenditures - child study teams					
Salaries of other professional staff	\$ 851,475.00	\$ 0.23	\$ 851,475.23	\$ 765,398.64	\$ 86,076.59
Salaries of secretarial and clerical assistants	142,738.00	(0.50)	142,737.50	141,035.84	1,701.66
Purchased professional - educational services		6,020.82	6,020.82	6,020.82	
Other purchased professional and technical services	79,655.00	(30,104.48)	49,550.52	8,836.50	40,714.02
Misc. purchased services (400-500 series other than resid. cost)	5,655.00	(500.00)	5,155.00	798.03	4,356.97
Supplies and materials	11,753.09		11,753.09	7,777.47	3,975.62
Other objects	43,202.86		43,202.86	36,304.36	6,898.50
Total undistributed expenditures - child study teams	1,134,478.95	(24,583.93)	1,109,895.02	966,171.66	143,723.36
Undistributed expenditures - improvement of instruction:					
Salaries of supervisors of instruction	443,083.00	1,028.57	444,111.57	444,111.57	
Salaries of other professional staff	30,000.00	(3,292.61)	26,707.39	22,200.00	4,507.39
Salaries of secretarial and clerical assistants	63,529.00	0.50	63,529.50	36,000.00	27,529.50
Other purchased services (400-500 series)	35,000.00	(11,900.00)	23,100.00	21,873.00	1,227.00
Supplies and materials	1,000.00		1,000.00	74.67	925.33
Other objects	15,000.00	364.00	15,364.00	12,189.39	3,174.61
Total undistributed expenditures - improvement of instruction	587,612.00	(13,799.54)	573,812.46	536,448.63	37,363.83
Undistributed expenditures - educational media services/ school library:					
Salaries	266,988.00	3,508.68	270,496.68	266,942.93	3,553.75
Other purchased services (400-500 series)	29,150.80	(3,000.00)	26,150.80	25,504.48	646.32
Supplies and materials	38,614.60	(5,628.67)	32,985.93	31,644.28	1,341.65
Total educational media services/school library	334,753.40	(5,119.99)	329,633.41	324,091.69	5,541.72
Instructional staff training services:					
Other Salaries	80,000.00	(8,574.79)	71,425.21	26,440.00	44,985.21
Purchased professional-educational services	25,000.00	(21,189.69)	3,810.31	1,881.00	1,929.31
Other purchased services (400-500 series)	30,500.00	(13,940.50)	16,559.50	13,941.83	2,617.67
Total instructional staff training services	135,500.00	(43,704.98)	91,795.02	42,262.83	49,532.19
Support services general administration:					
Salaries	417,702.00	27,863.02	445,565.02	438,565.02	7,000.00
Unused vacation payment to terminated/retired staff		33,067.76	33,067.76	33,067.76	
Legal services	66,000.00	55,274.83	121,274.83	121,274.83	
Audit fees	25,486.00	(4,086.00)	21,400.00	21,400.00	
Other purchased professional services	29,000.00	19,139.27	48,139.27	48,139.27	
Communications/telephone	89,648.00	(7,209.24)	82,438.76	82,438.76	
BOE other purchased services	4,064.00	(1,100.80)	2,963.20	2,963.20	
Other purchased services (400-500 series)	48,077.54	34,738.60	82,816.14	82,288.60	527.54
General supplies	5,329.74	(158.68)	5,171.06	5,121.00	50.06
BOE in-house training/meeting supplies	5,840.13	(3,466.31)	2,373.82	2,373.82	
Miscellaneous expenditures	20,000.00	(437.78)	19,562.22	19,527.32	34.90
BOE membership dues and fees	16,000.00	(371.55)	15,628.45	15,628.45	
Total support services general administration	727,147.41	153,253.12	880,400.53	872,788.03	7,612.50

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Support services school administration:					
Salaries of principals/assistant principals	\$ 977,873.00	\$ (35,697.10)	\$ 942,175.90	\$ 942,133.90	\$ 42.00
Salaries of secretarial and clerical assistants	448,939.00	5,021.23	453,960.23	453,960.23	
Unused vacation payment to terminated/retired staff		22,410.99	22,410.99	22,410.99	
Supplies and materials	25,545.15	(1,864.16)	23,680.99	19,757.98	3,923.01
Other objects	36,500.00	(8,219.00)	28,281.00	25,815.76	2,465.24
Total support services school administration	1,488,857.15	(18,348.04)	1,470,509.11	1,464,078.86	6,430.25
Central services:					
Salaries	296,324.00	(131.86)	296,192.14	296,192.14	
Purchased technical services	31,285.00	39,528.70	70,813.70	70,813.70	
Miscellaneous purchased services (400-500 series)	1,200.00	(931.80)	268.20	268.20	
Supplies and materials	8,000.00	621.04	8,621.04	8,621.04	
Miscellaneous expenditures	3,750.00	328.86	4,078.86	4,078.86	
Total central services	340,559.00	39,414.94	379,973.94	379,973.94	
Administrative information technology:					
Salaries	423,772.00	9,540.91	433,312.91	431,279.91	2,033.00
Purchased technical services		21,201.00	21,201.00	21,201.00	
Other purchased services (400-500 series)	500.00	(4.17)	495.83	495.83	
Supplies and materials	500.00	(500.00)			
Other objects	3,500.00	271.50	3,771.50	3,771.50	
Total administrative information technology	428,272.00	30,509.24	458,781.24	456,748.24	2,033.00
Required maintenance for school facilities:					
Salaries	552,651.00	(15,376.20)	537,274.80	535,953.33	1,321.47
Cleaning, repair and maintenance services	427,923.53	73,792.03	501,715.56	419,133.98	82,581.58
General supplies	78,202.87	(6,744.00)	71,458.87	59,342.96	12,115.91
Other objects	2,000.00	168.80	2,168.80	2,021.40	147.40
Total required maintenance for school facilities	1,060,777.40	51,840.63	1,112,618.03	1,016,451.67	96,166.36

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Custodial Services					
Salaries	\$ 1,162,101.00	\$ 143,417.37	\$ 1,305,518.37	\$ 1,290,902.39	\$ 14,615.98
Unused vacation payment to terminated/retired staff		5,992.63	5,992.63	5,992.63	
Purchased professional and technical services	10,300.00	(10,299.98)	0.02		0.02
Cleaning, repair, and maintenance services	49,560.00	(6,851.04)	42,708.96	42,455.40	253.56
Other purchased property services	56,100.00	(4,363.74)	51,736.26	51,688.22	48.04
Insurance	132,000.00	29,190.00	161,190.00	161,140.00	50.00
Miscellaneous purchased services	200.00	213.60	413.60		413.60
General supplies	112,498.53	33,945.61	146,444.14	144,868.75	1,575.39
Energy (natural gas)	195,450.00	26,819.07	222,269.07	222,269.07	
Energy (electricity)	710,397.00	(87,803.42)	622,593.58	622,354.67	238.91
Other objects	1,700.00	2,267.00	3,967.00	3,966.46	0.54
Total custodial services	<u>2,430,306.53</u>	<u>132,527.10</u>	<u>2,562,833.63</u>	<u>2,545,637.59</u>	<u>17,196.04</u>
Care and upkeep of grounds					
Salaries	69,509.00	(1,004.64)	68,504.36	68,503.96	0.40
Grounds purchasing services	36,123.00	(24,582.10)	11,540.90	11,460.90	80.00
General supplies	23,433.17	9,503.77	32,936.94	32,935.89	1.05
Total care and upkeep of grounds	<u>129,065.17</u>	<u>(16,082.97)</u>	<u>112,982.20</u>	<u>112,900.75</u>	<u>81.45</u>
Security					
Purchased professional and technical services	115,000.00	17,854.14	132,854.14	111,339.98	21,514.16
General Supplies	25,867.54	22,893.54	48,761.08	10,153.14	38,607.94
Total security	<u>140,867.54</u>	<u>40,747.68</u>	<u>181,615.22</u>	<u>121,493.12</u>	<u>60,122.10</u>
Student transportation services:					
Salaries for noninstructional aides	113,421.00	5,758.84	119,179.84	119,179.84	
Salaries for pupil transportation (bet. home and school)-reg	218,800.00	127,819.92	346,619.92	344,251.92	2,368.00
Salaries for pupil transportation (bet. home and school)-sp. Ed.	385,580.00	(167,924.81)	217,655.19	217,150.48	504.71
Management fee - ESC and CTSA transportation programs	77,100.00	(23,006.03)	54,093.97	54,089.69	4.28
Other purchased professional and technical services	15,000.00	(887.20)	14,112.80	14,112.80	
Cleaning, repair, and maintenance services	45,000.00	7,490.35	52,490.35	52,490.35	
Installment purchase contract payments- school buses	90,905.00	(1,419.66)	89,485.34	89,485.34	
Contracted services (between home and school) - vendors	862,833.00	(257,885.66)	604,947.34	600,878.67	4,068.67
Contracted services (sp. ed. stds.) - joint agreements	707,000.00	415,565.58	1,122,565.58	1,119,627.58	2,938.00
Contracted services - aid in lieu of payments - nonpublic	324,000.00	(57,368.00)	266,632.00	266,632.00	
Miscellaneous purchased services - transportation	20,000.00	(2,629.00)	17,371.00	17,371.00	
Transportation Supplies	33,872.65	39,959.04	73,831.69	73,723.35	108.34
Other objects	6,000.00	1,328.07	7,328.07	7,328.07	
Total student transportation services	<u>2,899,511.65</u>	<u>86,801.44</u>	<u>2,986,313.09</u>	<u>2,976,321.09</u>	<u>9,992.00</u>

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Unallocated benefits - employee benefits:					
Social security contributions	\$ 587,149.00	\$ (40,313.35)	\$ 546,835.65	\$ 546,835.13	\$ 0.52
Other retirement contributions - PERS	651,527.00	27,812.48	679,339.48	679,339.48	
Other retirement contributions - Regular	20,000.00	(9,812.00)	10,188.00	10,187.35	0.65
Unemployment Compensation	10,000.00	(10,000.00)			
Workers' compensation	286,399.00	11,665.17	298,064.17	298,064.17	
Health benefits	5,347,073.00	(92,524.87)	5,254,548.13	5,241,858.83	12,689.30
Tuition reimbursement	190,000.00	(56,809.64)	133,190.36	133,190.36	
Other employee benefits	125,000.00	(45,636.61)	79,363.39	33,152.97	46,210.42
Unused Sick Payment to Terminated/Retired Staff	120,000.00	112,180.19	232,180.19	232,180.19	
Total unallocated benefits - employee benefits	7,337,148.00	(103,438.63)	7,233,709.37	7,174,808.48	58,900.89
Reimbursed TPAF social security contributions (non-budgeted)				1,238,204.00	(1,238,204.00)
On-behalf TPAF pension (non-budgeted)				6,088,918.00	(6,088,918.00)
On-behalf TPAF non-contributory insurance (non-budgeted)				84,477.00	(84,477.00)
On-behalf TPAF long-term disability insurance (non-budgeted)				1,994.00	(1,994.00)
On-behalf TPAF post retirement medical (non-budgeted)				1,621,736.00	(1,621,736.00)
Total on-behalf TPAF contributions				9,035,329.00	(9,035,329.00)
Total undistributed expenditures	25,057,359.65	306,686.48	25,364,046.13	32,949,827.93	(7,585,781.80)
Total expenditures - current expense	42,723,875.98	226,686.81	42,950,562.79	49,298,062.76	(6,347,499.97)
CAPITAL OUTLAY:					
Equipment:					
Regular programs - instruction:					
Grades 9-12	63,367.00	(5,850.00)	57,517.00	55,899.85	1,617.15
School-Sponsored		5,850.00	5,850.00	5,850.00	
Undistributed expenditures:					
Administrative information technology	95,953.18	200,000.00	295,953.18	165,727.82	130,225.36
Required maintenance for school facilities	56,400.00		56,400.00	45,162.00	11,238.00
Custodial services	7,500.00		7,500.00	7,343.20	156.80
Student transportation-non-instructional equipment	5,500.00		5,500.00	5,500.00	
Total equipment	228,720.18	200,000.00	428,720.18	279,982.87	148,737.31
Facilities acquisition and construction services:					
Other purchased professional and technical services		37,500.00	37,500.00	37,500.00	
Construction services	137,500.00	515,287.00	652,787.00	394,007.01	258,779.99
Assessment for debt service on SDA funding	89,846.00		89,846.00	89,846.00	
Capital reserve transfer to capital projects	752,787.00	(752,787.00)			
Total facilities acquisition and construction services	980,133.00	(200,000.00)	780,133.00	521,353.01	258,779.99
Assets acquired under right to use leases (non-budgeted)					
Mail equipment				9,583.08	(9,583.08)
Assets acquired under Installment purchase contracts (non-budgeted)					
Telephone system				221,078.40	(221,078.40)
TOTAL CAPITAL OUTLAY	1,208,853.18		1,208,853.18	1,031,997.36	176,855.82
TOTAL EXPENDITURES	43,932,729.16	226,686.81	44,159,415.97	50,330,060.12	(6,170,644.15)

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Excess (deficiency) of revenues over (under) expenditures	\$ (3,162,473.16)	\$ (226,686.81)	\$ (3,389,159.97)	\$ 498,504.75	\$ 3,887,664.72
Other financing sources (uses):					
Unemployment trust fund restricted fund balance decrease				(11,809.73)	(11,809.73)
Right to Use Leases (non-budgeted)				9,583.08	9,583.08
Installment purchase contracts (non-budgeted)				221,078.40	221,078.40
Total other financing sources (uses)				218,851.75	218,851.75
Excess (deficiency) of revenues and Other financing sources over (under) Expenditures and other financing (uses)	<u>(3,162,473.16)</u>	<u>(226,686.81)</u>	<u>(3,389,159.97)</u>	<u>717,356.50</u>	<u>4,106,516.47</u>
Fund Balances, July 1,	<u>10,893,156.39</u>		<u>10,893,156.39</u>	<u>10,893,156.39</u>	
Fund Balances, June 30	<u>\$ 7,730,683.23</u>	<u>\$ (226,686.81)</u>	<u>\$ 7,503,996.42</u>	<u>11,610,512.89</u>	<u>\$ 4,106,516.47</u>
Recapitulation of fund balance:					
Restricted:					
Excess surplus				1,294,033.00	
Maintenance reserve				876,131.57	
Capital reserve				5,955,980.66	
Unemployment Compensation				87,913.30	
Assigned:					
Encumbrances				562,505.23	
Designated for subsequent year's expenditures				1,520,465.00	
FFCRA/SEMI-Designated for subsequent year's expenditures				939.74	
Unassigned fund balance				<u>1,312,544.39</u>	
				11,610,512.89	
Reconciliation to governmental funds statements (GAAP):					
Deferred state aid payments not recognized on GAAP basis				(191,643.00)	
Fund balance per governmental funds (GAAP)				<u>\$ 11,418,869.89</u>	

SOMERSET HILLS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
State sources	\$	\$ 293,103.00	\$ 293,103.00	\$ 269,702.00	\$ (23,401.00)
Federal sources	461,086.85	1,133,406.30	1,594,493.15	1,415,492.64	(179,000.51)
Other sources	<u>9,933.70</u>	<u>1,124,056.84</u>	<u>1,133,990.54</u>	<u>673,443.15</u>	<u>(460,547.39)</u>
Total revenues	<u>471,020.55</u>	<u>2,550,566.14</u>	<u>3,021,586.69</u>	<u>2,358,637.79</u>	<u>(662,948.90)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	431.49	151,855.73	152,287.22	110,448.32	41,838.90
Purchased professional - Educational Services		120,105.00	120,105.00	104,082.00	16,023.00
Tuition	375,695.00	131,797.00	507,492.00	507,492.00	
General Supplies	13,171.06	26,833.94	40,005.00	19,637.00	20,368.00
Textbooks		26,598.00	26,598.00	25,387.00	1,211.00
Other objects		<u>14,214.00</u>	<u>14,214.00</u>	<u>14,164.00</u>	<u>50.00</u>
Total instruction	<u>389,297.55</u>	<u>471,403.67</u>	<u>860,701.22</u>	<u>781,210.32</u>	<u>79,490.90</u>
Support services:					
Salaries		1,020.00	1,020.00	1,020.00	
Professional tech services	74,723.00	415,054.00	489,777.00	365,642.37	124,134.63
Other purchased services	3,000.00	69,069.00	72,069.00	50,681.50	21,387.50
Supplies & Materials	4,000.00	28,246.00	32,246.00	32,024.10	221.90
Scholarships awarded		122,469.67	122,469.67	8,000.00	114,469.67
Student Activities		<u>966,185.80</u>	<u>966,185.80</u>	<u>652,564.20</u>	<u>313,621.60</u>
Total support services	<u>81,723.00</u>	<u>1,602,044.47</u>	<u>1,683,767.47</u>	<u>1,109,932.17</u>	<u>573,835.30</u>
Facilities acquisition and construction services:					
Construction services		<u>477,118.00</u>	<u>477,118.00</u>	<u>477,118.00</u>	
Total facilities acquisition and construction serv.		<u>477,118.00</u>	<u>477,118.00</u>	<u>477,118.00</u>	
Total expenditures	<u>\$ 471,020.55</u>	<u>\$ 2,550,566.14</u>	<u>\$ 3,021,586.69</u>	<u>\$ 2,368,260.49</u>	<u>\$ 653,326.20</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				<u>(9,622.70)</u>	<u>(9,622.70)</u>
Fund Balance, July 1				<u>437,713.97</u>	
Fund Balance, June 30				<u>\$ 428,091.27</u>	

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Explanation of difference 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) "revenue" from the budgetary comparison schedule	\$ 50,828,564.87	\$ 2,358,637.79
Difference - budget to GAAP:		
The deferred State aid payments are recognized as revenue for budgetary purposes and differs from GAAP which does not recognize the revenue until the subsequent year when the State recognizes the related expense (GASB 33).	(191,643.00)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	163,921.00	
Adjust for encumbrances:		
Add prior year encumbrances		28,409.97
Less prior year encumbrances canceled		(5,868.42)
Less current year encumbrances		(261,430.60)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 50,800,842.87</u>	<u>\$ 2,119,748.74</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 50,330,060.12	\$ 2,368,260.49
Difference - budget to GAAP:		
Adjust for encumbrances:		
Add prior year encumbrances		28,409.97
Less prior year encumbrances canceled		(5,868.42)
Less current year encumbrances		(261,430.60)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$ 50,330,060.12</u>	<u>\$ 2,129,371.44</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Measurement Date Ending June 30	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.0450460784%	\$ 8,609,201	\$ 3,017,655.00	285.29%	48.72%
2014	0.0462549334%	8,660,189	3,189,349.00	271.53%	52.08%
2015	0.0465312552%	10,445,334	3,138,013.00	332.86%	47.92%
2016	0.0458652128%	13,583,961	3,000,955.00	452.65%	40.14%
2017	0.0439164493%	10,223,047	3,051,348.00	335.03%	48.10%
2018	0.0451675304%	8,893,262	3,354,474.00	265.12%	53.60%
2019	0.0487885625%	8,790,959	3,481,008.00	252.54%	56.27%
2020	0.0522369604%	8,518,482	3,868,848.00	220.18%	58.32%
2021	0.0541317750%	6,412,720	3,889,574.00	164.87%	70.33%
2022	0.0538369664%	8,124,739	4,002,195.00	203.01%	62.91%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Contractually</u> <u>Required</u> <u>Contribution</u>	<u>Contributions in</u> <u>Relation to the</u> <u>Contractually</u> <u>Required</u> <u>Contributions</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>District's</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>	<u>Contributions as</u> <u>a Percentage of</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>
2014	\$ 381,319	\$ 381,319	\$ -0-	\$ 3,189,349.00	11.96%
2015	400,044	400,044	-0-	3,138,013.00	12.75%
2016	407,460	407,460	-0-	3,000,955.00	13.58%
2017	406,839	406,839	-0-	3,051,348.00	13.33%
2018	449,271	449,271	-0-	3,354,474.00	13.39%
2019	474,572	474,572	-0-	3,481,008.00	13.63%
2020	571,447	571,447	-0-	3,868,848.00	14.77%
2021	633,946	633,946	-0-	3,889,574.00	16.30%
2022	678,910	678,910	-0-	4,002,195.00	16.96%
2023	754,554	754,554	-0-	4,067,961.00	18.55%

Note: Schedule is intended to show ten-year trend.

Additional years will be reported as they become available.

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS PENSION AND ANNUITY FUND
LAST TEN YEARS

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	District's Covered-Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	State's Proportionate Share of the Total Net Pension Liability associated with the District as a percentage of the District's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.1628803006%	\$ -0-	\$ 82,318,423	15,029,227.00	-0-	547.72%	33.76%
2014	0.1529963162%	-0-	81,771,552	15,488,199.00	-0-	527.96%	33.64%
2015	0.1553602551%	-0-	98,194,502	15,152,689.00	-0-	648.03%	28.71%
2016	0.1523812979%	-0-	119,872,631	15,755,075.00	-0-	760.65%	22.33%
2017	0.1502021496%	-0-	101,271,705	16,527,482.00	-0-	612.75%	25.41%
2018	0.1504063261%	-0-	95,685,274	16,527,482.00	-0-	578.96%	26.49%
2019	0.1506207251%	-0-	92,437,361	16,124,957.00	-0-	573.26%	26.95%
2020	0.1534171646%	-0-	101,023,357	16,840,108.00	-0-	599.90%	24.60%
2021	0.1477043547%	-0-	71,009,147	17,044,531.00	-0-	416.61%	35.52%
2022	0.1520018838%	-0-	78,424,484	17,014,890.00	-0-	460.92%	32.29%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

SOMERSET HILLS SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2022	7.00%	7.00%	07/01/18-06/30/21
2021	7.00%	7.00%	07/01/14-06/30/18
2020	7.00%	7.00%	07/01/14-06/30/18
2019	6.28%	7.00%	07/01/14-06/30/18
2018	5.66%	7.00%	07/01/11-06/30/14
2017	5.00%	7.00%	07/01/11-06/30/14
2016	3.98%	7.65%	07/01/11-06/30/14
2015	4.90%	7.90%	07/01/08-06/30/11
2014	5.39%	7.90%	07/01/08-06/30/11
2013	5.55%	7.90%	07/01/08-06/30/11

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2022	7.00%	7.00%	07/01/18-06/30/21
2021	7.00%	7.00%	07/01/15-06/30/18
2020	5.40%	7.00%	07/01/15-06/30/18
2019	5.60%	7.00%	07/01/15-06/30/18
2018	4.86%	7.00%	07/01/12-06/30/15
2017	4.25%	7.00%	07/01/12-06/30/15
2016	3.22%	7.65%	07/01/12-06/30/15
2015	4.13%	7.90%	07/01/09-06/30/12
2014	4.68%	7.90%	07/01/09-06/30/12
2013	4.95%	7.90%	07/01/09-06/30/12

REQUIRED SUPPLEMENTARY INFORMATION - PART IV

SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (GASB 75)

SOMERSET HILLS SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN THE DISTRICT'S
 TOTAL OPEB LIABILITY AND RELATED RATIOS
 LAST TEN YEARS

	Measurement Date Ended June 30,					
	2022	2021	2020	2019	2018	2017
Total Non-Employer OPEB Liability - State's Proportionate Share of Total OPEB Liability Associated with the School District						
Balance at 6/30, Prior year	\$ 73,361,903.00	\$ 82,786,509.00	\$ 51,965,806.00	\$ 56,807,974.00	\$ 65,037,199.00	\$ 70,076,647.00
Changes for the year:						
Service cost	3,623,912.00	4,169,354.00	2,314,172.00	2,066,523.00	2,352,810.00	2,840,160.00
Interest	1,671,002.00	1,903,085.00	1,875,552.00	2,248,775.00	2,386,542.00	2,057,598.00
Changes of benefit terms and actual experience	-	(78,085.00)				
Differences between expected and actual experience	2,914,143.00	(14,040,892.00)	12,906,290.00	(8,384,371.00)	(4,983,053.00)	-
Changes in assumptions or other inputs	(16,914,818.00)	72,377.00	15,122,250.00	774,814.00	(6,518,999.00)	(8,486,275.00)
Membership Contributions	53,099.00	48,653.00	43,684.00	47,286.00	52,500.00	55,469.00
Benefit payments - Net	(1,655,177.00)	(1,499,098.00)	(1,441,245.00)	(1,595,195.00)	(1,519,025.00)	(1,506,400.00)
Net changes	(10,307,839.00)	(9,424,606.00)	30,820,703.00	(4,842,168.00)	(8,229,225.00)	(5,039,448.00)
Balance at 6/30, Current year	\$ 63,054,064.00	\$ 73,361,903.00	\$ 82,786,509.00	\$ 51,965,806.00	\$ 56,807,974.00	\$ 65,037,199.00
Covered Employee Payroll	\$ 21,017,085.00	\$ 20,934,105.00	\$ 20,708,956.00	\$ 19,605,965.00	\$ 19,881,956.00	\$ 19,578,830.00
District's Proportionate Share of the Total Non-Employer OPEB Liability as a percentage of the District's Covered Employee Payroll	-0-	-0-	-0-	-0-	-0-	-0-
Total OPEB Liability as a percentage of Covered Employee Payroll	300.01%	350.44%	399.76%	265.05%	285.73%	332.18%

Note: Schedule is intended to show ten-year trend. Additional years will be reported as they become available.

SOMERSET HILLS SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART IV
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Change in benefit terms: None

Change in assumptions:

The following assumptions were used in calculating the net OPEB liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>
2022	3.54%
2021	2.16%
2020	2.21%
2019	3.50%
2018	3.87%

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

SOMERSET HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	IDEA PART B BASIC	ESEA TITLE I PART A	ESEA TITLE III	ESEA TITLE IIA	IDEA PART B PRESCHOOL
REVENUES:					
State sources	\$ 414,434.03	\$ 65,906.87	\$ 27,434.00	\$ 33,924.00	\$ 19,160.00
Federal sources					
Local sources					
Total revenues	\$ 414,434.03	\$ 65,906.87	\$ 27,434.00	\$ 33,924.00	\$ 19,160.00
EXPENDITURES:					
Instruction:					
Salaries - instruction - Sal. of teachers	\$	\$ 63,731.37	\$ 2,000.00	\$	\$
Purchased services - instruction					
Tuition	375,695.00				
Instructional supplies - instruction			8,000.00	110.00	
Textbooks					
Other Objects - instruction			14,164.00		
Total instruction	375,695.00	63,731.37	24,164.00	110.00	
Support services:					
Salaries - support			1,020.00		
Professional tech services - support	38,739.03		2,250.00	33,814.00	15,160.00
Other purchased services - support		2,175.50			4,000.00
Supplies and materials - support					
Scholarships awarded					
Student Activities					
Total support services	38,739.03	2,175.50	3,270.00	33,814.00	19,160.00
Facilities acquisition and construction serv:					
Construction Services					
Total facilities acquisition and construction serv.					
Total expenditures	\$ 414,434.03	\$ 65,906.87	\$ 27,434.00	\$ 33,924.00	\$ 19,160.00
Excess (Deficiency) of Revenues Over (Under) Expenditures					
Fund Balance, July 1					
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

SOMERSET HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

		ESEA TITLE IV	ARP IDEA BASIC	ARP ESSER III BUILDING	CRRSA ESSER II LEARNING ACCEL	CRRSA ESSER II MENTAL HEALTH	ACRSERS ARP SLFRF
REVENUES:							
State sources		\$ 9,383.10	\$ 2,080.00	\$ 477,118.00	\$ 10,997.11	\$ 43,350.00	\$ 177,116.00
Federal sources							
Local sources							
Total revenues		<u>\$ 9,383.10</u>	<u>\$ 2,080.00</u>	<u>\$ 477,118.00</u>	<u>\$ 10,997.11</u>	<u>\$ 43,350.00</u>	<u>\$ 177,116.00</u>
EXPENDITURES:							
Instruction:							
Salaries - instruction - Sal. of teachers					\$ 59.11		
Purchased services - instruction					4,688.00		
Tuition							131,797.00
Instructional supplies - instruction		5,675.00					
Textbooks							
Other Objects - instruction							
Total instruction		<u>5,675.00</u>			<u>4,747.11</u>		<u>131,797.00</u>
Support services:							
Salaries - support							
Professional tech services - support		1,904.00	2,080.00		6,250.00	43,350.00	42,381.00
Other purchased services - support							2,938.00
Supplies and materials - support		1,804.10					
Scholarships awarded							
Student Activities							
Total support services		<u>3,708.10</u>	<u>2,080.00</u>		<u>6,250.00</u>	<u>43,350.00</u>	<u>45,319.00</u>
Facilities acquisition and construction serv:							
Construction Services				477,118.00			
Total facilities acquisition and construction serv.				<u>477,118.00</u>			
Total expenditures		<u>\$ 9,383.10</u>	<u>\$ 2,080.00</u>	<u>\$ 477,118.00</u>	<u>\$ 10,997.11</u>	<u>\$ 43,350.00</u>	<u>\$ 177,116.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures							
Fund Balance, July 1							-
Fund Balance, June 30							-

SOMERSET HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ARP ESSER III EVID BAS SMR LRNG	ARP ESSER III EVID BAS COMP BYSD	ARP ESSER III NJTSS MENT HLTH	SDA EMERG/CAPITAL	ARP ESSER III ACC LRNG COACH
REVENUES:					
State sources	\$ 32,185.61	\$ 25,142.58	\$ 16,871.95	\$ 45,568.00	\$ 60,389.39
Federal sources					
Local sources					
Total revenues	\$ 32,185.61	\$ 25,142.58	\$ 16,871.95	\$ 45,568.00	\$ 60,389.39
EXPENDITURES:					
Instruction:					
Salaries - instruction - Sal. of teachers	\$ 32,185.61	\$ 5,142.58	\$	\$	\$
Purchased services - instruction					
Tuition					
Instructional supplies - instruction					
Textbooks					
Other Objects - instruction					
Total instruction	32,185.61	5,142.58			
Support services:					
Salaries - support					60,389.39
Professional tech services - support		20,000.00	16,871.95	45,568.00	
Other purchased services - support					
Supplies and materials - support					
Scholarships awarded					
Student Activities					
Total support services		20,000.00	16,871.95	45,568.00	60,389.39
Facilities acquisition and construction serv:					
Construction Services					
Total facilities acquisition and construction serv.					
Total expenditures	\$ 32,185.61	\$ 25,142.58	\$ 16,871.95	\$ 45,568.00	\$ 60,389.39
Excess (Deficiency) of Revenues Over (Under) Expenditures					
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

SOMERSET HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	LOCAL GRANTS	SCHOLARSHIP FUND	STUDENT ACTIVITY FUND	NON-PUBLIC SECURITY	NON-PUBLIC TRANSPORTATION	NON-PUBLIC TECHNOLOGY	NON-PUBLIC EXAMINATION/CLASSIFICATION
REVENUES:							
State sources	\$ 22,501.65	\$ 957.66	\$ 649,983.84	\$ 82,453.00	\$	\$ 16,900.00	\$ 15,169.00
Federal sources							
Local sources	\$ 22,501.65	\$ 957.66	\$ 649,983.84	\$ 82,453.00	\$	\$ 16,900.00	\$ 15,169.00
Total revenues							
EXPENDITURES:							
Instruction:	\$ 7,329.65	\$	\$	\$	\$	\$	\$ 15,169.00
Salaries - instruction - Sal. of teachers							
Purchased services - instruction							
Tuition							
Instructional supplies - instruction	5,852.00						
Textbooks							
Other Objects - instruction							
Total instruction	13,181.65						15,169.00
Support services:							
Salaries - support				82,453.00			
Professional tech services - support							
Other purchased services - support						16,900.00	
Supplies and materials - support	9,320.00	8,000.00	652,564.20				
Scholarships awarded							
Student Activities							
Total support services	9,320.00	8,000.00	652,564.20	82,453.00		16,900.00	
Facilities acquisition and construction serv:							
Construction Services							
Total facilities acquisition and construction serv.							
Total Expenditures	\$ 22,501.65	\$ 8,000.00	\$ 652,564.20	\$ 82,453.00	\$	\$ 16,900.00	\$ 15,169.00
Excess (Deficiency) of Revenues Over (Under) Expenditures		(7,042.34)	(2,580.36)	\$	\$	\$	\$
Fund Balance, July 1	-	121,512.01	316,201.96	-	-	-	-
Fund Balance, June 30	\$ -	\$ 114,459.67	\$ 313,621.60	\$ -	\$ -	\$ -	\$ -

SOMERSET HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	NON-PUBLIC TEXTBOOKS	NON-PUBLIC COMPENSATORY EDUCATION	NON-PUBLIC SUPPLEMENTAL INSTRUCTION	NON-PUBLIC CORRECTIVE SPEECH	NON-PUBLIC NURSING SERVICES	NON-PUBLIC HOME INSTRUCTION	TOTALS
REVENUES:							
State sources	\$ 25,387.00	\$ 11,373.00	\$ 8,838.00	\$ 19,530.00	\$ 44,398.00	\$ 86.00	\$ 269,702.00
Federal sources							1,415,492.64
Local sources							673,443.15
Total revenues	\$ 25,387.00	\$ 11,373.00	\$ 8,838.00	\$ 19,530.00	\$ 44,398.00	\$ 86.00	\$ 2,358,637.79
EXPENDITURES:							
Instruction:							
Salaries - instruction - Sal. of teachers	\$	\$	\$	\$	\$	\$	\$ 110,448.32
Purchased services - instruction			8,838.00	19,530.00	44,398.00	86.00	104,082.00
Tuition							507,492.00
Instructional supplies - instruction	25,387.00						19,637.00
Textbooks							25,387.00
Other Objects - instruction							14,164.00
Total instruction	25,387.00	11,373.00	8,838.00	19,530.00	44,398.00	86.00	781,210.32
Support services:							
Salaries - support							1,020.00
Professional tech services - support							365,642.37
Other purchased services - support							50,681.50
Supplies and materials - support							32,024.10
Scholarships awarded							8,000.00
Student Activities							652,564.20
Total support services							1,109,932.17
Facilities acquisition and construction serv:							
Construction Services							477,118.00
Total facilities acquisition and construction serv.							477,118.00
Total expenditures	\$ 25,387.00	\$ 11,373.00	\$ 8,838.00	\$ 19,530.00	\$ 44,398.00	\$ 86.00	\$ 2,368,260.49
Excess (Deficiency) of Revenues Over (Under) Expenditures							(9,622.70)
Fund Balance, July 1							437,713.97
Fund Balance, June 30							\$ 428,091.27

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

EXHIBIT "F-1"

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
AS OF JUNE 30, 2023

<u>ISSUE/PROJECT TITLE</u>	<u>APPROPRIATIONS</u>	<u>EXPENDITURES TO DATE</u>		<u>UNEXPENDED PROJECT BALANCE</u>
		<u>PRIOR YEAR</u>	<u>CURRENT YEAR</u>	
Improvements to High School Student Access	\$ 143,061.08	\$ 48,681.20	\$ 7,708.73	\$ 86,671.15
Improvements to Bernardsville Middle School Walkway	142,767.78	127,767.78		15,000.00
Bernardsville High School Library	3,155,814.51	3,138,612.79		17,201.72
Improvements to Bernardsville High School S/E Wing	1,063,226.42	974,812.79		88,413.63
Improvements to Bernardsville High School Parking & Ramp	869,693.49	835,811.74		33,881.75
Improvements to Auditorium	1,387,555.00	1,265,240.73	122,314.27	
Totals	\$ 6,762,118.28	\$ 6,390,927.03	\$ 130,023.00	\$ 241,168.25

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>REVISED</u> <u>AUTHORIZED</u> <u>COST</u>
Expenditures and Other Financing Uses:	
Transfer to Debt Service Fund	\$ <u>130,023.00</u>
Total expenditures	<u>130,023.00</u>
Excess (deficiency) of revenues over (under) expenditures	(130,023.00)
Fund balance - beginning - budgetary basis	\$ <u>371,191.25</u>
Fund balance - ending - budgetary basis	\$ <u><u>241,168.25</u></u>
<u>Reconciliation to GAAP Financial Statements:</u>	
Fund Balance- Budgetary Basis (Exhibit F-2)	\$ <u>241,168.25</u>
Fund Balance- GAAP Basis (Exhibit B-1)	\$ <u><u>241,168.25</u></u>
Restricted for Capital Projects	\$ <u>241,168.25</u>
	\$ <u><u>241,168.25</u></u>

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS
IMPROVEMENTS TO BERNARDS HIGH SCHOOL STUDENT ACCESS AND ENTRANCE FIELD

	<u>For the Fiscal Year Ended June 30, 2023</u>			<u>Revised Authorized Cost</u>
	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	
Revenues and Other Financing Sources:				
Local Sources:				
Transfer from capital reserve	\$ 36,300.00	\$	\$ 36,300.00	\$ 36,300.00
Transfer within bond referendum projects	106,761.08		106,761.08	106,761.08
Total revenues	<u>143,061.08</u>		<u>143,061.08</u>	<u>143,061.08</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	29,966.20		29,966.20	29,966.20
Construction services	18,715.00		18,715.00	18,715.00
Transferred to Debt Service Fund		7,708.73	7,708.73	94,379.88
Total expenditures	<u>48,681.20</u>	<u>7,708.73</u>	<u>56,389.93</u>	<u>143,061.08</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 94,379.88</u>	<u>\$ (7,708.73)</u>	<u>\$ 86,671.15</u>	<u>\$</u>
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date				
Bonds Authorized				
Bonds Issued				
SCC Amount	N/A			
Local Share	N/A			
Original Authorized Cost	36,300.00			
Revised Authorized Cost	143,061.08			
Percentage Increase Over Original Authorized Cost				
Percentage completion	39%			
Original target completion date	6/30/2020			
Revised target completion date	6/30/2024			

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS
IMPROVEMENTS TO BERNARDS HIGH SCHOOL AUDITORIUM

	<u>For the Fiscal Year Ended June 30, 2023</u>			<u>Revised Authorized Cost</u>
	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	
Revenues and Other Financing Sources:				
Transfer from capital reserve	\$ 818,013.00	\$	\$ 818,013.00	\$ 818,013.00
NJ SDA Grant	569,542.00		569,542.00	569,542.00
Total revenues	<u>1,387,555.00</u>		<u>1,387,555.00</u>	<u>1,387,555.00</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	127,901.45		127,901.45	127,901.45
Construction services	1,008,339.28		1,008,339.28	1,008,339.28
Transfer to Debt Service Fund	129,000.00	122,314.27	251,314.27	251,314.27
Total expenditures	<u>1,265,240.73</u>	<u>122,314.27</u>	<u>1,387,555.00</u>	<u>1,387,555.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 122,314.27</u>	<u>\$ (122,314.27)</u>	<u>\$</u>	<u>\$</u>
Additional project information:				
Project Number	4815-020-14-G3JZ			
Grant Date	5/2/2014			
Original Authorized Cost	1,423,855.00			
Additional Authorized Cost	N/A			
Revised Authorized Cost	1,387,555.00			
Percentage Increase Over Original Authorized Costs				
Percentage completion	100%			
Original target completion date	6/30/2016			
Revised target completion date	6/30/2024			

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS
IMPROVEMENTS TO BERNARDSVILLE MIDDLE SCHOOL WALKWAY AND TEACHER'S PARKING LOT

	<u>For the Fiscal Year Ended June 30, 2023</u>			<u>Revised Authorized Cost</u>
	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	
Revenues and Other Financing Sources:				
Bond Proceeds	\$ 108,291.20	\$	\$ 108,291.20	\$ 108,291.20
Transfer within bond referendum projects	34,476.58		34,476.58	34,476.58
Total revenues	<u>142,767.78</u>		<u>142,767.78</u>	<u>142,767.78</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	9,694.25		9,694.25	9,694.25
Construction services	118,073.53		118,073.53	133,073.53
Total expenditures	<u>127,767.78</u>		<u>127,767.78</u>	<u>142,767.78</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 15,000.00</u>	<u>\$</u>	<u>\$ 15,000.00</u>	<u>\$</u>
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	9/15/2015			
Bonds Authorized	108,291.20			
Bonds Issued	142,767.78			
SCC Amount	N/A			
Local Share	N/A			
Original Authorized Cost	108,291.20			
Revised Authorized Cost	142,767.78			
Percentage Increase Over Original				
Authorized Costs	N/A			
Percentage completion	89%			
Original target completion date	6/30/2017			
Revised target completion date	6/30/2024			

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS
BERNARDS HIGH SCHOOL LIBRARY/MEDIA CENTER

	<u>For the Fiscal Year Ended June 30, 2023</u>			Revised Authorized Cost
	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	
Revenues and Other Financing Sources:				
Bond proceeds	\$ 3,396,493.82	\$	\$ 3,396,493.82	\$ 3,396,493.82
Transfer within bond referendum projects	(240,679.31)		(240,679.31)	(240,679.31)
Total revenues	<u>3,155,814.51</u>		<u>3,155,814.51</u>	<u>3,155,814.51</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	75,713.56		75,713.56	75,713.56
Land and improvements	4,815.23		4,815.23	4,815.23
Construction services	3,058,084.00		3,058,084.00	3,075,285.72
Total expenditures	<u>3,138,612.79</u>		<u>3,138,612.79</u>	<u>3,155,814.51</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 17,201.72</u>	<u>\$</u>	<u>\$ 17,201.72</u>	<u>\$</u>
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	9/15/2015			
Bonds Authorized	\$3,299,643.53			
Bonds Issued	\$3,155,814.51			
SCC Amount	N/A			
Local Share	N/A			
Original Authorized Cost	2,921,175.00			
Revised Authorized Cost	3,155,814.51			
Percentage Increase Over Original Authorized Cost	NONE			
Percentage completion	99%			
Original target completion date	6/30/2017			
Revised target completion date	6/30/2024			

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS
IMPROVEMENTS TO BERNARDS HIGH SCHOOL S/E WING

	<u>For the Fiscal Year Ended June 30, 2023</u>			<u>Revised Authorized Cost</u>
	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	
Revenues and Other Financing Sources:				
Bond proceeds	\$ 1,100,600.00	\$	\$ 1,100,600.00	\$ 1,100,600.00
Prior year adjustment-debt authorized	(641.00)		(641.00)	(641.00)
Transfer within bond referendum projects	(36,732.58)		(36,732.58)	(36,732.58)
Total revenues	<u>1,063,226.42</u>		<u>1,063,226.42</u>	<u>1,063,226.42</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	27,383.23		27,383.23	27,383.23
Construction services	947,429.56		947,429.56	1,035,843.19
Total expenditures	<u>974,812.79</u>		<u>974,812.79</u>	<u>1,063,226.42</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 88,413.63</u>	<u>\$</u>	<u>\$ 88,413.63</u>	<u>\$</u>
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	9/15/2015			
Bonds Authorized	\$1,100,600.00			
Bonds Issued	\$1,063,867.42			
SDA Amount	N/A			
Local Share	N/A			
Original Authorized Cost	1,100,600.00			
Revised Authorized Cost	1,063,226.42			
Percentage Increase Over Original Authorized Cost	NONE			
Percentage completion	92%			
Original target completion date	6/30/2017			
Revised target completion date	6/30/2024			

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS
IMPROVEMENTS TO BERNARDS HIGH SCHOOL PARKING, RAMP AND ADA BLEACHERS

	<u>For the Fiscal Year Ended June 30, 2023</u>			<u>Revised Authorized Cost</u>
	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	
Revenues and Other Financing Sources:				
Bond proceeds	\$ 814,949.30	\$	\$ 814,949.30	\$ 814,949.30
Transfer within bond referendum projects	54,744.19		54,744.19	54,744.19
Total revenues	<u>869,693.49</u>		<u>869,693.49</u>	<u>869,693.49</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	53,029.87		53,029.87	53,029.87
Construction services	782,781.87		782,781.87	816,663.62
Total expenditures	<u>835,811.74</u>		<u>835,811.74</u>	<u>869,693.49</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 33,881.75</u>	<u>\$</u>	<u>\$ 33,881.75</u>	<u>\$</u>
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	9/15/2015			
Bonds Authorized	\$814,949.30			
Bonds Issued	\$869,693.49			
SCC Amount	N/A			
Local Share	N/A			
Original Authorized Cost	960,787.68			
Revised Authorized Cost	814,949.30			
Percentage Increase Over Original Authorized Cost	NONE			
Percentage completion	96%			
Original target completion date	6/30/2017			
Revised target completion date	6/30/2024			

LONG-TERM OBLIGATIONS SCHEDULES

The long-term obligation schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under serial bonds, installment purchases and leases.

SOMERSET HILLS SCHOOL DISTRICT
 LONG-TERM OBLIGATIONS
 SCHEDULE OF SERIAL BONDS
 JUNE 30, 2023

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JULY 1, 2022	RETIRED	BALANCE JUNE 30, 2023
			DATE	AMOUNT				
School Bonds, Series 2016	9/15/2015	\$ 5,829,000.00	9/15/23	\$ 425,000.00	2.000%	\$ 4,169,000.00	\$ 410,000.00	\$ 3,759,000.00
			9/15/24	440,000.00	2.000%			
			9/15/25	450,000.00	2.000%			
			9/15/26	465,000.00	2.000%			
			9/15/27	485,000.00	2.000%			
			9/15/28	500,000.00	2.000%			
	9/15/29	500,000.00	2.250%					
	9/15/30	494,000.00	3.000%					
Refunding School Bonds Series 2012	12/16/2021	11,775,000.00	3/15/2024	2,185,000.00	4.000%	11,775,000.00	2,005,000.00	9,770,000.00
			3/15/2025	2,155,000.00	4.000%			
			3/15/2026	2,530,000.00	4.000%			
			3/15/2027	935,000.00	4.000%			
			3/15/2028	960,000.00	4.000%			
	3/15/2029	1,005,000.00	4.000%					
					\$ 15,944,000.00	\$ 2,415,000.00	\$ 13,529,000.00	

EXHIBIT "I-2"

SOMERSET HILLS SCHOOL DISTRICT
 SCHEDULE OF OBLIGATIONS UNDER LEASES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SERIES	INTEREST RATE PAYABLE	AMOUNT OF ORIGINAL CONTRACT	BALANCE AS RESTATED JUNE 30, 2022	INCREASE	DECREASE	BALANCE JUNE 30, 2023
Energy savings improvement equip.	1.640%	1,070,192.85	\$ 834,785.10	\$	246,487.48	\$ 588,297.62
Konica Minolta Photocopiers/Printers	0.632%	370,505.81	327,708.22		73,399.26	254,308.96
Pitney Bowes mail equipment 1	3.305%	9,583.08	-	9,583.08	1,406.44	8,176.64
Pitney Bowes mail equipment 2	0.457%	6,674.26	4,774.45		1,903.24	2,871.21
			\$ 1,167,267.77	\$ 9,583.08	\$ 323,196.42	\$ 853,654.43

SOMERSET HILLS SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>ORIGINAL</u> <u>BUDGET</u>	<u>MODIFIED</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:				
Local sources:				
Local tax levy	\$ 2,789,429.00	\$ 2,789,429.00	\$ 2,789,429.00	\$
State sources:				
Debt service aid type II	168,460.00	168,460.00	168,460.00	
Total revenues	<u>2,957,889.00</u>	<u>2,957,889.00</u>	<u>2,957,889.00</u>	
EXPENDITURES:				
Regular debt service:				
Interest	672,912.00	672,912.00	672,911.65	0.35
Redemption of principal	2,415,000.00	2,415,000.00	2,415,000.00	
Total regular debt service-expenditures	<u>3,087,912.00</u>	<u>3,087,912.00</u>	<u>3,087,911.65</u>	0.35
Excess (deficiency) of revenues over (under) expenditures	(130,023.00)	(130,023.00)	(130,022.65)	0.35
Other financing sources (uses):				
Transfer in from capital projects fund	130,023.00	130,023.00	130,023.00	
Total other financing sources (uses)	<u>130,023.00</u>	<u>130,023.00</u>	<u>130,023.00</u>	
Excess (deficiency) of revenues and other financing sources over (under) expenditures			0.35	0.35
Fund balance, July 1				
Fund balance, June 30	<u>\$</u>	<u>\$</u>	<u>\$ 0.35</u>	<u>\$ 0.35</u>

SOMERSET HILLS SCHOOL DISTRICT
 SCHEDULE OF OBLIGATIONS UNDER INSTALLMENT PURCHASE CONTRACTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PURPOSE	DATE OF CONTRACT	TERM OF CONTRACT	AMOUNT OF ORIGINAL CONTRACT PRINCIPAL	BALANCE AS RESTATED JUNE 30, 2022	ISSUED	RETIRED	BALANCE JUNE 30, 2023
Buses- Regular and Special Educ.	7/1/2017	7	\$ 156,740.89	\$ 47,705.66	\$	\$ 23,545.31	\$ 24,160.35
Bus - 54 Passenger	10/1/2018	5	105,418.75	45,079.48		22,024.37	23,055.11
Bus - 24 Passenger	12/1/2018	5	64,711.32	27,622.71		13,467.26	14,155.45
Chromebooks (1025)	8/1/2019	4	249,075.00	62,988.22		62,988.22	
Bus - 54 Passenger	6/13/2022	5	118,950.59	118,950.59		24,617.68	94,332.91
Avaya Phone System	7/1/2022	5	221,078.40		221,078.40	40,531.04	180,547.36
				\$ 302,346.66	\$ 221,078.40	\$ 187,173.88	\$ 336,251.18

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SERIES	INTEREST RATE PAYABLE	AMOUNT OF ORIGINAL CONTRACT	BALANCE AS RESTATED JUNE 30, 2022	INCREASE	DECREASE	BALANCE JUNE 30, 2023
Software:						
Amplified IT / Google Workspace for Education Plus	3.144%	\$ 21,286.78	\$ -	\$ 21,286.78	\$ 6,744.00	\$ 14,542.78
Multiple Performance English Opti Software	1.710%	17,684.71	-	17,684.71	8,831.14	8,853.57
Curriculum Associates / Ellevation Platform	1.710%	6,250.00	-	6,250.00	6,250.00	-
Curriculum Associates / ESL Strategies	2.894%	17,459.28	-	17,459.28	8,854.17	8,605.11
Curriculum Associates / i-Ready Assessment Math	3.144%	2,200.00	-	2,200.00	2,200.00	-
CDW-G / GoGuardian Ste Starter	1.710%	36,043.69	-	36,043.69	16,380.00	19,663.69
Educator Software Solutions / T-Eval Evaluation Software	3.144%	600.00	-	600.00	600.00	-
Follett / Hosted Service	1.710%	6,086.49	-	6,086.49	2,940.30	3,146.19
Frontline Technologies / 504 Program Management	1.710%	16,244.04	16,244.04	-	16,244.04	-
Frontline / Applicant Tracking	1.710%	19,664.09	19,664.09	-	19,664.09	-
Intrado Interactive Services Corp / SchoolMessenger	1.710%	15,121.55	-	15,121.55	7,551.03	7,570.52
Jamf Software / Pro iOS	1.710%	4,913.60	-	4,913.60	2,259.00	2,654.60
Learning A-Z / ScienceA-Z.com	1.710%	1,277.34	1,277.34	-	640.23	637.11
Padlet / Padlet Backpack Schoolwide	1.710%	5,000.00	-	5,000.00	5,000.00	-
Pear Deck / Pear Deck Subscription	2.894%	13,006.72	-	13,006.72	7,089.00	5,917.72
Raptor Technologies / Raptor Visitor Management Access	2.894%	1,875.00	-	1,875.00	1,875.00	-
SHI International Corp / ViVi Signage Subscription	2.184%	704.72	-	704.72	240.00	464.72
SHI International Corporation / Vmware vSphere Host	2.656%	1,192.63	-	1,192.63	408.01	784.62
White Rock Security Group / Adobe Creative Cloud	2.024%	4,794.06	4,794.06	-	4,794.06	-
SysCloud / Google Workspace	1.710%	4,000.00	4,000.00	-	4,000.00	-
Siteimprove Inc. / Siteimprove - Software Service	1.710%	10,848.45	-	10,848.45	5,470.43	5,378.02
TurnItIn / Feedback Studio	2.184%	18,884.30	-	18,884.30	6,245.00	12,639.30
World Book Inc / O15XS - Online	1.710%	4,365.16	4,365.16	-	2,153.00	2,212.16
Capstone / PebbleGo Health Educator	3.238%	5,229.50	-	5,229.50	1,799.00	3,430.50
CommonLit / CommonLit Essentials Pro	1.710%	3,000.00	-	3,000.00	3,000.00	-
Infobase / African-American History	1.710%	3,910.13	3,910.13	-	1,943.76	1,966.37
Learn By Doing / Albert	1.710%	3,655.00	-	3,655.00	3,655.00	-
Learning A-Z / Raz-Plus.com	2.024%	25,482.76	25,482.76	-	25,482.76	-
Port53 / KnowBe4 - Security Awareness	2.184%	15,214.69	15,214.69	-	7,538.86	7,675.83
Vocabulary.com / Vocabulary.com - License	3.144%	3,713.00	-	3,713.00	3,713.00	-
WeVideo Inc. / WeVideo - School Subscription	2.894%	953.44	-	953.44	953.44	-
Ocean Computer Group / Kace W/300 Managed Education	1.710%	4,500.84	-	4,500.84	4,500.84	-
Big Teams / SIS + Integration	2.024%	2,163.40	2,163.40	-	2,163.40	-
Curriculum Associates / i-Ready Assessment Reading	2.024%	6,887.00	6,887.00	-	6,887.00	-
Curriculum Associates / i-Ready Online Educator Platform	2.024%	12,405.73	12,405.73	-	12,405.73	-
Computer Logic Group / Logical Attendance Tracker	2.024%	354.72	354.72	-	354.72	-
EdPuzzle / Pro School	2.024%	2,168.31	2,168.31	-	2,168.31	-
IDrive / RemotePC Enterprise	2.024%	122.51	122.51	-	122.51	-
Instructional Empowerment / IE Observation	2.024%	6,573.15	6,573.15	-	6,573.15	-
Marco / Papercut Software	2.024%	526.96	526.96	-	526.96	-
MTS Intelligent Surveillance / SecurOS Video System	2.024%	4,724.57	4,724.57	-	4,724.57	-
Project Lead the Way / BHS Engineering Class	2.024%	3,143.63	3,143.63	-	3,143.63	-
ScreenCastify / Screen Recorder	1.710%	2,672.76	2,672.76	-	2,672.76	-
Texthelp / Read & Write Subscription	2.024%	1,767.80	1,767.80	-	1,767.80	-
White Rock Security/M365 A3 - Plus Intune for Education	2.024%	18,543.90	18,543.90	-	18,543.90	-
			<u>\$ 157,006.71</u>	<u>\$ 200,209.70</u>	<u>\$ 251,073.60</u>	<u>\$ 106,142.81</u>

STATISTICAL SECTION
(UNAUDITED)

SOMERSET HILLS SCHOOL DISTRICT
STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
Financial Trends:	
These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	J-1 to J-5
Revenue Capacity:	
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-6 to J-9
Debt Capacity:	
These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information:	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14 to J-15
Operating Information:	
These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20

Sources

Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports (ACFR) for the relevant year.

SOMERSET HILLS SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities										
Net Investment in capital assets	\$ 42,543,319.92	\$ 40,506,702.00	\$ 38,162,890.59	\$ 37,210,225.92	\$ 36,352,689.52	\$ 33,556,231.62	\$ 32,786,890.83	\$ 27,150,568.40	\$ 30,895,137.50	\$ 29,162,587.15
Restricted	7,370,108.89	6,573,886.32	3,386,537.23	2,055,681.20	1,728,514.54	1,832,696.60	1,866,600.47	6,029,773.91	1,366,346.98	610,272.96
Unrestricted (deficit)	(7,286,791.55)	(9,220,490.37)	(7,870,537.09)	(9,354,518.85)	(9,325,891.05)	(9,070,828.40)	-9,250,513.00	(9,033,982.50)	(8,440,639.13)	876,988.66
Total governmental activities net position	\$ 42,626,637.26	\$ 37,860,097.95	\$ 33,678,890.73	\$ 29,931,388.27	\$ 28,755,313.01	\$ 26,318,099.82	\$ 25,402,978.30	\$ 24,146,379.71	\$ 23,820,845.35	\$ 30,649,848.77
Business-type activities										
Net Investment in capital assets	\$ 1,360.00	\$ 3,319.00	\$ 15,301.70	\$ 20,237.50	\$ 23,703.67	\$ 20,703.53	\$ 24,102.60	\$ 33,205.28	\$ 43,126.16	\$ 50,196.49
Unrestricted (deficit)	200,109.34	200,768.09	134,596.38	34,118.50	21,572.31	(379.19)	-23,583.00	1,267.96	1,706.67	26,450.44
Total business-type activities net position	\$ 201,469.34	\$ 204,087.09	\$ 149,898.08	\$ 54,356.00	\$ 45,275.98	\$ 20,324.34	\$ 519.60	\$ 34,473.24	\$ 44,832.83	\$ 76,646.93
District-wide										
Net Investment in capital assets	\$ 42,544,679.92	\$ 40,510,021.00	\$ 38,178,192.29	\$ 37,230,463.42	\$ 36,376,383.19	\$ 33,576,935.15	\$ 32,810,983.43	\$ 27,183,793.68	\$ 30,938,263.66	\$ 29,212,783.64
Restricted	7,370,108.89	6,573,886.32	3,386,537.23	2,055,681.20	1,728,514.54	1,832,696.60	1,866,600.47	6,029,773.91	1,366,346.98	610,272.96
Unrestricted (deficit)	(7,086,682.21)	(9,019,722.28)	(7,735,940.71)	(9,300,400.35)	(9,304,318.74)	(9,071,207.59)	(9,274,096.00)	(9,032,714.54)	(8,438,932.46)	903,439.10
Total district net position	\$ 42,828,106.60	\$ 38,064,185.04	\$ 33,828,788.81	\$ 29,985,744.27	\$ 28,800,588.99	\$ 26,338,424.16	\$ 25,403,487.90	\$ 24,180,852.95	\$ 23,865,678.18	\$ 30,726,495.70

Source: ACFR Schedule A-1

SOMERSET HILLS SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
EXPENSES										
Governmental activities										
Instruction										
Regular	\$ 18,199,866.47	\$ 18,762,452.03	\$ 20,827,734.37	\$ 19,856,787.68	\$ 20,962,550.16	\$ 21,491,688.33	\$ 22,091,922.57	\$ 20,183,503.83	\$ 19,337,481.98	\$ 16,096,884.83
Special education	4,082,151.80	4,341,933.13	4,951,758.78	4,506,408.75	4,415,209.99	3,982,948.01	4,603,335.55	4,080,388.97	3,577,794.17	2,934,607.06
Other instruction	3,038,055.03	3,067,868.36	3,167,933.91	3,154,871.53	3,198,360.63	2,654,266.48	2,739,555.93	2,482,599.85	2,358,343.69	1,807,011.25
Support Services:										
Tuition	2,115,944.17	2,198,710.90	1,856,287.36	1,662,076.43	1,568,333.22	1,471,689.09	1,539,878.03	1,533,571.15	1,400,904.85	2,607,100.16
Student & instruction related services	7,991,828.79	7,661,412.86	8,402,158.04	7,544,467.50	7,537,743.69	7,579,742.76	6,932,795.92	6,715,853.37	6,098,451.70	4,672,405.30
General administrative services	850,030.37	858,394.72	793,162.53	786,137.87	765,020.11	766,480.70	871,884.92	989,394.98	836,728.43	1,009,668.70
School administrative services	2,299,780.95	2,375,211.75	2,635,220.32	2,365,862.05	2,306,956.74	2,286,214.33	2,487,548.63	2,377,868.77	2,114,649.15	1,831,799.64
Plant operations and maintenance	4,072,044.85	3,554,975.44	3,659,823.50	3,434,688.62	2,836,355.23	4,040,783.96	3,756,210.23	3,458,503.78	3,103,470.85	3,139,646.69
Student transportation services	3,022,832.85	2,856,243.33	2,191,747.99	2,187,192.15	2,203,585.99	2,315,106.25	2,385,195.39	2,267,672.63	2,038,265.46	2,129,382.93
Central services & information Technology	959,655.85	864,551.29	1,032,118.20	941,824.19	1,036,411.45	944,789.15	1,133,608.27	923,863.59	886,516.77	684,448.84
Transfer to Charter Schools	-	13,403.00	25,542.00	55,951.00	55,951.00	978,695.47	1,074,394.49	1,074,394.49	1,099,099.88	1,484,329.31
Interest on long-term debt	683,486.99	1,687,963.97	856,053.43	923,887.19	1,001,635.71	1,926,588.71	1,912,878.03	1,830,972.28	1,809,529.31	1,820,151.83
Unallocated depreciation/amortization/SUI trust decrease	2,165,174.93	1,169,283.48	2,042,121.51	2,189,086.28	2,033,152.06	1,926,588.71	1,912,878.03	1,830,972.28	1,809,529.31	1,820,151.83
Total governmental activities expenses	49,490,853.05	49,378,901.26	52,429,538.94	49,591,732.24	49,939,265.96	50,458,943.25	51,818,962.52	47,928,567.69	44,961,236.04	40,117,434.54
Business-type activities:										
Food Service	780,492.72	707,677.70	340,403.86	446,488.66	563,492.04	565,343.81	623,102.47	602,108.62	650,409.20	648,818.00
Total business-type activities expense	780,492.72	707,677.70	340,403.86	446,488.66	563,492.04	565,343.81	623,102.47	602,108.62	650,409.20	648,818.00
Total district expenses	\$ 50,271,345.77	\$ 50,086,578.96	\$ 52,769,942.80	\$ 50,038,220.90	\$ 50,522,758.02	\$ 51,024,287.06	\$ 52,442,084.99	\$ 48,530,676.31	\$ 45,311,645.24	\$ 40,766,252.54
PROGRAM REVENUES										
Governmental activities:										
Operating grants and contributions	\$ 10,305,264.78	\$ 11,827,722.18	\$ 15,205,954.72	\$ 10,886,606.92	\$ 12,207,747.58	\$ 12,040,944.37	\$ 13,828,150.39	\$ 10,255,933.04	\$ 8,865,869.63	\$ 4,954,393.62
Charges for services	4,915,096.68	4,981,380.92	4,613,594.96	4,104,033.98	4,697,969.33	4,909,908.99	4,926,276.87	4,914,295.88	4,988,852.57	4,419,158.70
Capital grants and contributions	-	-	-	115,045.71	-	2,503.69	451,982.60	-	10,445.00	726.40
Total governmental activities program revenues	15,220,361.46	16,809,103.10	19,819,549.68	15,105,686.61	16,905,716.91	16,953,357.05	19,206,419.86	15,170,228.92	13,875,167.20	9,374,278.72
Business-type activities:										
Charges for services	461,020.27	122,122.16	4,387.48	303,336.30	441,617.43	411,314.50	425,261.92	432,320.31	466,385.96	457,756.19
Food Service	316,477.51	693,623.96	383,729.51	151,461.65	166,627.05	173,733.47	163,711.32	159,196.15	151,984.59	135,101.74
Operating grants and contributions	777,497.78	815,748.12	388,118.99	454,797.95	608,244.48	585,047.97	588,973.24	581,516.46	618,370.55	592,857.93
Total business-type activities program revenues	15,997,889.24	17,624,849.22	20,207,466.87	15,560,484.56	17,513,661.39	17,538,405.02	19,795,393.10	15,761,745.38	14,493,537.75	9,967,136.65
NET (EXPENSE)/REVENUE	\$ (34,273,486.53)	\$ (32,461,729.74)	\$ (32,562,476.13)	\$ (34,477,736.34)	\$ (33,008,796.63)	\$ (33,485,882.04)	\$ (32,646,691.89)	\$ (32,768,930.93)	\$ (30,818,107.49)	\$ (30,799,115.89)
Governmental activities	\$ (34,270,491.59)	\$ (32,569,798.16)	\$ (32,610,189.26)	\$ (34,486,045.63)	\$ (33,033,549.07)	\$ (33,505,586.20)	\$ (32,612,562.66)	\$ (32,758,338.77)	\$ (30,786,068.84)	\$ (30,743,155.82)
Business-type activities	(2,994.94)	108,068.42	47,713.13	8,308.29	24,752.44	19,704.16	(34,129.23)	(10,592.16)	(32,038.65)	(55,960.07)
Total district-wide net expense	\$ (34,273,486.53)	\$ (32,461,729.74)	\$ (32,562,476.13)	\$ (34,477,736.34)	\$ (33,008,796.63)	\$ (33,485,882.04)	\$ (32,646,691.89)	\$ (32,768,930.93)	\$ (30,818,107.49)	\$ (30,799,115.89)

SOMERSET HILLS SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 33,938,702.00	\$ 33,277,116.00	\$ 32,624,624.00	\$ 31,984,826.61	\$ 31,357,770.00	\$ 30,742,912.00	\$ 30,140,110.00	\$ 29,549,127.00	\$ 28,969,733.00	\$ 28,163,596.00
Taxes levied for debt service	2,789,429.00	3,125,022.96	2,995,763.04	3,164,292.21	3,403,663.00	3,054,087.00	3,247,712.00	3,184,619.00	3,240,188.00	3,163,654.00
Grants and contributions	298,291.00	296,337.00	294,808.00	290,612.00	341,318.00	421,637.00	259,077.00	240,599.00	292,977.85	196,160.00
Miscellaneous income	332,752.15	250,361.16	81,458.47	222,289.87	368,011.26	202,071.72	222,262.27	109,528.14	63,367.77	151,296.22
Total governmental activities	37,359,174.15	36,948,837.12	35,996,653.51	35,662,120.69	35,470,762.26	34,420,707.72	33,869,161.27	33,083,873.14	32,566,266.42	31,749,906.22
Business-type activities:										
Miscellaneous income	377.19	5,883.23	57.91	770.73	169.20	100.58	175.59	232.57	224.55	220.75
Total business-type activities	377.19	5,883.23	57.91	770.73	169.20	100.58	175.59	232.57	224.55	220.75
Total district-wide	\$ 37,359,551.34	\$ 36,954,720.35	\$ 35,996,711.42	\$ 35,662,891.62	\$ 35,470,961.46	\$ 34,420,808.30	\$ 33,869,336.86	\$ 33,084,105.71	\$ 32,566,490.97	\$ 31,750,126.97
CHANGE IN NET POSITION										
Governmental activities	\$ 3,088,682.66	\$ 4,379,038.96	\$ 3,386,464.25	\$ 1,176,075.26	\$ 2,437,213.19	\$ 915,121.52	\$ 1,256,598.61	\$ 325,534.37	\$ 1,780,197.58	\$ 1,006,750.40
Business-type activities	(2,617.75)	113,951.65	47,771.04	9,080.02	24,951.64	19,804.74	(63,933.64)	(10,359.69)	(31,814.10)	(55,739.32)
Total district	\$ 3,086,064.81	\$ 4,492,990.61	\$ 3,434,235.29	\$ 1,185,155.28	\$ 2,462,164.83	\$ 934,926.26	\$ 1,222,644.97	\$ 315,174.78	\$ 1,748,383.48	\$ 951,011.08

SOMERSET HILLS SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 UNAUDITED

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Restricted	\$ 8,214,058.53	\$ 7,580,942.15	\$ 5,553,384.20	\$ 4,042,410.45	\$ 3,904,295.04	\$ 4,113,542.96	\$ 3,545,342.50	\$ 3,091,089.02	\$ 2,992,605.15	\$ 2,997,879.81
Assigned	2,083,909.97	920,540.16	1,147,566.55	1,188,117.12	955,366.51	726,481.57	511,519.42	185,632.47	417,775.06	316,788.81
Unassigned	1,120,901.39	2,227,753.08	2,126,613.18	1,336,770.49	1,436,093.42	1,250,644.86	1,308,028.36	902,608.87	788,994.57	768,899.18
Total general fund	\$ 11,418,869.89	\$ 10,729,235.39	\$ 8,827,563.93	\$ 6,567,298.06	\$ 6,295,754.97	\$ 6,090,669.39	\$ 5,364,890.28	\$ 4,179,330.36	\$ 4,199,374.78	\$ 4,083,567.80
All Other Governmental Funds										
Restricted	\$ 669,259.52	\$ 808,905.22	\$ 791,956.12	\$ 500,191.25	\$ 385,145.54	\$ 657,531.31	\$ 1,077,008.65	\$ 5,518,116.68	\$ 636,904.07	\$ 744,310.91
Assigned	0.35	-	0.04	38.00	37.79	-	-	-	-	-
Total all other governmental funds	\$ 669,259.87	\$ 808,905.22	\$ 791,956.16	\$ 500,229.25	\$ 385,183.33	\$ 657,531.31	\$ 1,077,008.65	\$ 5,518,116.68	\$ 636,904.07	\$ 744,310.91

Source: ACFR Schedule B-1

SOMERSET HILLS SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Tax levy	\$ 36,728,131.00	\$ 36,402,138.96	\$ 35,620,387.04	\$ 35,149,219.02	\$ 34,761,433.00	\$ 33,795,999.00	\$ 33,387,822.00	\$ 32,733,746.00	\$ 32,209,921.00	\$ 31,327,450.00
Tuition charges	4,806,110.70	4,950,030.92	4,596,049.96	4,028,988.88	4,494,289.84	4,755,392.46	4,761,665.71	4,635,910.88	4,908,964.57	4,318,976.70
Transportation charges	108,985.98	31,350.00	57,345.00	75,075.00	184,611.16	184,611.16	184,611.16	78,385.00	89,888.00	100,182.00
Miscellaneous	997,104.20	779,863.49	365,088.02	251,491.28	304,284.08	354,516.53	288,872.14	133,606.72	188,107.07	245,561.87
State sources	12,045,386.00	12,166,302.03	9,643,374.55	8,582,752.56	8,071,094.91	7,023,287.21	6,570,149.90	5,371,886.30	4,952,921.53	4,390,694.15
Federal sources	1,192,762.73	972,603.82	782,707.62	540,664.86	570,746.86	595,687.49	588,642.20	600,199.61	531,490.45	604,646.42
Total revenue	55,878,460.61	55,302,289.22	51,024,952.19	48,628,161.90	48,538,698.17	46,630,166.77	45,761,763.11	43,753,634.51	42,881,292.62	40,887,511.14
Expenditures										
Instruction:										
Regular instruction	12,154,615.76	11,911,066.99	11,803,316.84	12,345,764.39	12,543,628.07	12,875,963.15	12,495,057.63	12,443,373.11	12,195,486.89	11,947,000.86
Special education instruction	2,898,334.21	2,942,332.62	2,919,036.09	2,896,207.52	2,753,655.24	2,557,404.22	2,897,910.79	2,665,739.75	2,496,253.16	2,211,614.96
Other instruction	2,104,593.63	2,027,465.45	1,855,510.91	2,004,660.86	1,971,870.28	1,646,483.41	1,619,372.26	1,619,522.31	1,529,797.18	1,389,788.79
Support services:										
Tuition	2,115,944.17	2,198,710.90	1,856,287.36	1,662,076.43	1,568,333.22	1,471,689.09	1,539,878.03	1,533,571.15	1,400,904.85	1,378,171.26
Student and instruction related services	5,783,753.44	5,153,697.62	5,133,819.06	4,855,609.36	4,805,171.69	4,739,379.82	4,076,171.03	4,379,286.24	4,330,190.79	4,593,340.30
General administrative services	868,738.03	835,126.74	632,891.67	682,595.03	669,277.68	697,215.98	769,258.19	796,453.65	628,415.62	861,880.05
School administrative services	1,464,078.86	1,480,429.90	1,450,281.33	1,415,119.27	1,358,283.73	1,312,128.14	1,370,981.38	1,359,921.72	1,419,874.65	1,377,312.43
Central services and information technology	636,722.18	805,206.33	784,603.99	742,541.41	770,436.41	767,822.11	736,521.38	687,272.61	733,502.90	535,202.64
Plant operations and maintenance	3,632,493.63	3,625,101.45	3,289,214.61	3,164,200.65	3,558,477.43	3,239,104.22	3,069,484.86	3,122,224.08	2,968,283.18	2,916,640.12
Student transportation services	2,976,321.09	2,825,173.18	2,078,918.42	2,092,217.18	2,073,106.31	2,201,807.33	2,197,490.44	2,168,796.46	1,977,190.85	2,164,063.95
Unallocated employee benefits	16,210,137.48	15,685,497.92	13,369,111.93	12,597,364.17	11,989,050.03	10,734,409.42	9,661,174.05	9,072,073.60	8,593,308.62	7,900,546.01
Transfer of funds to charter schools	-	13,403.00	25,542.00	25,542.00	55,951.00	-	-	-	-	-
Capital outlay	1,122,853.08	761,180.89	426,163.63	591,723.22	965,101.57	941,839.25	5,346,926.31	1,628,960.76	1,349,152.29	865,946.42
Debt service:										
Principal	2,415,000.00	2,545,000.00	2,435,000.00	2,415,000.00	2,605,000.00	2,215,000.00	2,210,000.00	2,140,000.00	2,070,000.00	2,000,000.00
Interest and other charges	762,757.65	835,966.00	944,341.00	1,000,016.00	1,088,547.88	1,078,349.75	1,170,563.86	1,121,721.42	1,190,531.50	1,254,954.00
Total expenditures	55,547,343.21	53,631,945.99	49,012,199.84	48,480,647.49	48,176,090.64	46,460,605.98	48,160,790.22	44,736,876.86	42,872,892.48	41,389,482.99
Excess (deficiency) of revenues over (under) expenditures	331,137.40	1,670,343.23	2,012,752.35	137,514.01	(237,392.47)	149,560.88	(3,399,027.11)	(863,242.35)	8,400.14	(400,971.85)
Other financing sources (uses)										
Installment purchase contracts (non-budgeted)	221,078.40	118,950.59		249,075.00	170,130.07	156,740.89	143,479.00	5,829,000.00		100,000.00
Right to use leases(non-budgeted)	9,583.08									
Bond proceeds		11,775,000.00								
Payment to refunded bond escrow		(13,065,000.00)								
Premium on bond issue		1,419,326.70								
Unemployment trust fund fund balance decrease	(11,809.73)									
Prior year accounts payable canceled		248,277.29		249,075.00	170,130.07	156,740.89	143,479.00	15,410.54		61,673.80
Total other financing sources (uses)	218,851.75	1,419,326.70		249,075.00	170,130.07	156,740.89	143,479.00	15,410.54		161,673.80
Net change in fund balances	\$ 549,589.15	\$ 1,918,620.52	\$ 2,012,752.35	\$ 386,589.01	\$ (67,262.40)	\$ 306,301.77	\$ (3,255,548.11)	\$ 4,861,168.19	\$ 8,400.14	\$ (239,298.05)
Debt service as a percentage of noncapital expenditures	5.84%	6.39%	6.96%	7.13%	7.73%	7.23%	7.72%	7.57%	7.85%	8.03%

Source: ACFR Schedule B-2

EXHIBIT "J-5"

SOMERSET HILLS SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Tuition</u>	<u>Transportation</u>	<u>Interest on</u> <u>Investments</u>	<u>Use of</u> <u>Facilities</u>	<u>Miscellaneous</u>	<u>Total</u>
2023	\$ 4,806,110.70	\$ 108,985.98	\$ 46,324.00	\$ 23,750.00	\$ 262,678.15	\$ 5,247,848.83
2022	4,950,030.92	31,350.00	12,736.54	4,700.00	232,924.62	5,231,742.08
2021	4,556,049.96	57,345.00	11,589.14		69,869.33	4,694,853.43
2020	4,028,958.98	75,075.00	81,608.50	51,614.37	89,067.00	4,326,323.85
2019	4,494,269.84	203,699.49	22,090.01	99,112.63	246,808.62	5,065,980.59
2018	4,755,392.46	154,516.53	8,711.66	65,841.00	127,519.06	5,111,980.71
2017	4,761,665.71	164,611.16	9,819.52	67,515.00	144,927.75	5,148,539.14
2016	4,835,910.88	78,385.00	9,667.13	28,422.00	56,028.47	5,008,413.48
2015	4,908,964.57	89,888.00	7,100.03	22,285.87	33,981.87	5,062,220.34
2014	4,318,976.70	100,182.00	8,802.64	28,090.00	52,729.78	4,508,781.12

Source: District Records

SOMERSET HILLS SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY - BOROUGH OF BERNARDSVILLE
 LAST TEN FISCAL YEARS
 UNAUDITED

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Q-Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (a)	Net Valuation Taxable	Est. Actual (County Equalized Value)	Total Direct School Tax Rate (b)
2023	\$ 21,036,600	\$ 2,035,664,500	\$ 179,112,700	\$ 813,600	\$ 173,872,000	\$ 17,631,200	\$ 9,083,700	\$ 2,437,214,300	\$ 5,444,700	\$ 2,442,659,000	\$ 2,415,902,914	\$ 1,159
2022	20,093,400	1,950,084,400	165,138,600	423,400	167,636,900	21,295,900	8,549,200	2,333,221,800	5,174,570	2,338,396,370	2,311,413,376	1,194
2021	20,139,700	1,874,956,100	156,119,900	402,600	163,777,900	20,845,500	8,252,400	2,244,596,100	5,219,267	2,249,815,367	2,296,343,628	1,222
2020	19,388,900	1,826,760,400	141,868,400	404,600	171,206,800	19,171,500	8,223,700	2,187,024,300	4,877,208	2,191,901,508	2,230,856,139	1,225
2019	21,352,300	1,864,595,800	149,322,600	425,800	173,846,000	19,117,800	3,560,000	2,232,240,300	4,761,539	2,237,001,839	2,252,058,730	1,179
2018	24,627,200	1,876,573,500	145,447,100	412,100	168,935,300	19,128,600	3,560,700	2,238,684,500	4,483,157	2,243,167,657	2,278,095,653	1,148
2017	25,711,000	1,904,889,700	148,849,900	412,100	167,754,500	18,927,600	3,529,300	2,270,074,100	4,483,157	2,274,557,257	2,302,928,097	1,102
2016	26,497,400	1,930,542,200	140,920,600	417,300	166,303,300	19,404,400	3,484,100	2,287,569,300	4,480,834	2,292,050,134	2,304,973,550	1,070
2015	27,932,300	1,947,237,300	137,060,600	410,900	167,902,200	20,104,500	3,779,000	2,304,426,800	4,281,431	2,308,708,231	2,337,146,856	1,046
2014	30,005,100	1,129,944,200	133,765,500	407,000	166,017,800	19,881,600	3,807,400	2,261,741,200	4,310,168	2,266,051,368	2,318,046,841	1,040

Source: District records Tax list summary and Municipal Tax Assessor
 Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.
 Reassessment occurs when ordered by the County Board of Taxation
 (a): Taxable Value of Machinery, implements and Equipment of Telephone, Telegraph and Messenger System Companies
 (b): Tax rates are per \$100

SOMERSET HILLS SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY - BOROUGH OF PEAPACK AND GLADSTONE
 LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Q-Farm	Commercial	Industrial	Apartment	Total Assessed Value	Net Valuation Taxable	Est. Actual (County Equalized Value)	Total Direct School Tax Rate (b)
2023	\$ 18,463,600	\$ 567,433,900	\$ 94,689,200	\$ 550,400	\$ 127,889,400	\$ 6,370,000	\$ 7,709,900	\$ 823,106,400	\$ 823,106,400	\$ 817,384,707	\$ 0.826
2022	17,387,100	537,159,500	91,093,900	551,700	125,367,900	6,280,000	7,280,000	785,120,100	785,120,100	781,369,526	0.860
2021	14,536,100	513,949,400	87,938,500	551,270	123,120,400	6,240,000	7,036,400	753,372,070	753,372,070	746,430,269	0.885
2020	8,775,100	504,569,900	87,783,900	534,770	122,495,500	6,240,000	6,918,400	737,337,570	737,337,570	745,689,290	0.898
2019	8,993,200	507,084,600	88,830,200	533,835	122,599,200	6,200,000	6,435,700	740,676,735	740,676,735	739,419,721	0.888
2018	9,678,400	496,158,200	89,227,498	501,137	123,025,100	6,200,000	5,948,500	730,738,835	730,738,835	732,643,709	0.897
2017	11,124,300	490,976,400	91,599,500	501,137	122,755,800	6,200,000	5,948,500	729,105,637	729,105,637	729,974,456	0.910
2016	12,488,500	483,078,900	89,067,000	487,687	119,877,800	6,200,000	5,861,400	717,071,287	717,071,287	729,974,456	0.925
2015	12,672,200	470,962,100	87,476,200	488,577	120,940,500	6,200,000	5,781,000	704,520,577	704,520,577	717,254,747	0.916
2014	13,109,600	452,536,600	84,478,600	489,887	123,126,700	6,200,000	5,610,700	685,552,087	685,552,087	705,290,742	0.931

Source: District records Tax list summary and Municipal Tax Assessor
 Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.
 Reassessment occurs when ordered by the County Board of Taxation
 (a): Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
 (b): Tax rates are per \$100

SOMERSET HILLS SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY - BOROUGH OF FAR HILLS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Q-Farm	Commercial	Apartment	Total Assessed Value	Public Utilities (a)	Net Valuation Taxable	Est. Actual (County Equalized Value)	Total Direct School Tax Rate (b)
2023	\$ 2,785,400	\$ 268,941,500	\$ 140,299,100	\$ 481,300	\$ 31,943,800	\$ 358,000	\$ 444,809,100	\$ 452,400	\$ 445,261,500	\$ 441,293,926	\$ 0.438
2022	2,624,000	259,813,900	134,986,900	479,200	31,247,000	2,881,000	432,012,000	442,500	432,454,500	427,965,508	0.438
2021	2,543,000	252,800,700	130,903,800	477,420	28,427,400	2,719,200	417,871,520	424,228	418,295,748	417,586,572	0.442
2020	2,531,200	253,782,600	130,899,100	478,320	28,933,300	2,657,800	419,282,320	421,317	419,703,637	423,725,022	0.455
2019	2,700,400	262,353,200	136,301,800	473,720	28,632,499	2,652,400	433,114,019	415,140	433,529,159	432,233,703	0.464
2018	3,302,500	273,550,100	128,663,380	420,140	28,610,400	3,068,400	437,614,920	415,140	438,030,060	447,502,900	0.454
2017	5,067,500	278,901,700	134,195,200	420,140	28,742,900	3,099,700	450,427,140	415,140	450,842,280	447,502,900	0.425
2016	5,294,300	281,403,400	130,496,000	419,040	28,365,300	3,069,900	449,047,940	409,346	449,457,286	442,435,593	0.422
2015	6,190,800	276,938,100	129,868,000	415,900	28,053,000	3,171,000	444,636,800	406,763	445,043,563	440,234,691	0.423
2014	6,536,700	272,925,600	123,564,500	413,100	27,895,100	3,137,900	434,472,900	406,763	434,879,663	437,866,821	0.422

Source: District records Tax list summary and Municipal Tax Assessor
 Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.
 Reassessment occurs when ordered by the County Board of Taxation
 (a): Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
 (b): Tax rates are per \$100

SOMERSET HILLS SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
UNAUDITED

Borough of Bernardsville

Fiscal Year Ended <u>December 31,</u>	Direct School Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	<u>Basic Rate (a)</u>	<u>General Obligation Debt Service (b)</u>	<u>Total Direct School Tax Rate</u>	<u>Borough of Bernardsville</u>	<u>Somerset County</u>	
2023	1.071	0.088	1.159	0.522	0.328	2.009
2022	1.091	0.103	1.194	0.526	0.336	2.056
2021	1.119	0.103	1.222	0.526	0.350	2.098
2020	1.115	0.110	1.225	0.524	0.355	2.104
2019	1.064	0.115	1.179	0.503	0.356	2.038
2018	1.044	0.104	1.148	0.488	0.355	1.991
2017	0.995	0.107	1.102	0.469	0.356	1.927
2016	0.966	0.104	1.070	0.453	0.353	1.876
2015	0.941	0.105	1.046	0.437	0.354	1.837
2014	0.935	0.105	1.040	0.433	0.356	1.829

Source: District Records and Municipal Tax Collector
(Rates are per \$100 of assessed value)

(a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable

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

SOMERSET HILLS SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
UNAUDITED

Borough of Peapack & Gladstone

Fiscal Year Ended December 31,	Direct School Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct School Tax Rate	Borough of Peapack & Gladstone	Somerset County	
2023	0.763	0.063	0.826	0.580	0.371	1.777
2022	0.786	0.074	0.860	0.596	0.382	1.838
2021	0.811	0.074	0.885	0.595	0.393	1.873
2020	0.817	0.081	0.898	0.580	0.401	1.879
2019	0.801	0.087	0.888	0.581	0.401	1.870
2018	0.816	0.081	0.897	0.584	0.397	1.878
2017	0.821	0.089	0.910	0.588	0.404	1.902
2016	0.835	0.090	0.925	0.588	0.406	1.919
2015	0.824	0.092	0.916	0.567	0.402	1.885
2014	0.837	0.094	0.931	0.566	0.403	1.900

Source: District Records and Municipal Tax Collector
(Rates are per \$100 of assessed value)

(a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable

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

*Information not available

SOMERSET HILLS SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
UNAUDITED

Borough of Far Hills

Fiscal Year Ended <u>December 31,</u>	Direct School Rate			Overlapping Rates		Total Direct and Overlapping <u>Tax Rate</u>
	<u>Basic Rate (a)</u>	General Obligation <u>Debt Service (b)</u>	Total Direct School <u>Tax Rate</u>	Borough of <u>Far Hills</u>	Somerset <u>County</u>	
2023	0.405	0.033	0.438	0.553	0.328	1.319
2022	0.400	0.038	0.438	0.553	0.336	1.327
2021	0.405	0.037	0.442	0.554	0.349	1.345
2020	0.414	0.041	0.455	0.549	0.353	1.357
2019	0.419	0.045	0.464	0.541	0.352	1.357
2018	0.413	0.041	0.454	0.529	0.361	1.344
2017	0.384	0.041	0.425	0.527	0.356	1.308
2016	0.381	0.041	0.422	0.529	0.349	1.300
2015	0.380	0.043	0.423	0.530	0.351	1.304
2014	0.379	0.043	0.422	0.529	0.352	1.303

Source: District Records and Municipal Tax Collector
(Rates are per \$100 of assessed value)

(a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable

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

*Information not available

SOMERSET HILLS SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS - CURRENT YEAR AND NINE YEARS AGO
BOROUGH OF BERNARDSVILLE
UNAUDITED

Taxpayer	2023		2014	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Bernardsville Centre LLC	\$17,385,000.00	0.71%	\$15,104,300.00	0.67%
Mine Mount Land Co.	11,864,000.00	0.49%	10,070,000.00	0.44%
Falcon Crest 21 LLC	8,606,700.00	0.35%	8,500,000.00	0.38%
Individual Taxpayer	7,409,800.00	0.30%	7,858,200.00	0.35%
Upton Pynes Real Estate LLC	7,366,600.00	0.30%		
150 Morristown Rd LLC	6,975,000.00	0.29%		
B'Ville Storage, LLC	6,840,000.00	0.28%		
Individual Taxpayer	6,494,300.00	0.27%	7,850,600.00	0.35%
Palm Family Farm LLC	6,471,300.00	0.26%		
Isabella Jazz LLC	6,255,200.00	0.26%		
Individual Taxpayer			8,366,000.00	0.37%
Denholts DBA Thomson Reuters Tx Svc			6,732,300.00	0.30%
Individual Taxpayer			6,389,400.00	0.28%
Individual Taxpayer			6,308,300.00	0.28%
Individual Taxpayer			5,927,600.00	0.26%
Total	\$85,667,900.00	3.51%	\$83,106,700.00	3.67%

Source: Municipal Tax Assessor

SOMERSET HILLS SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS - CURRENT YEAR AND NINE YEARS AGO
BOROUGH OF PEAPACK & GLADSTONE
UNAUDITED

Taxpayer	2023		2014	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Pharmacia & Upjohn C/O Pfizer Inc. Tax	\$83,235,400.00	10.11%	\$89,121,712.00	13.00%
Natirar Residential Development Group	18,485,500.00	2.25%		
Komline - Sanderson Engineering Corp.	7,228,800.00	0.88%	6,689,400.00	0.98%
Vagelos, Dr P, R & D C/O Marks Paneth LLP	4,770,300.00	0.58%		
Dalness Peapack LLC	4,348,400.00	0.53%		
JJ Investments	4,175,200.00	0.51%		
Ellistan Hold C/O Quaterwatch LLC	4,145,900.00	0.50%	4,058,350.00	0.59%
219 Main PG, LLC	4,026,200.00	0.49%		
240 Main PG LLC	3,990,000.00	0.48%		
30 Blair PG LLC	3,905,700.00	0.47%		
Somerset County Improvement Authority				
Jessica Associates			11,733,800.00	1.71%
Ferris Corp.			8,778,700.00	1.28%
Individual Taxpayer			5,852,900.00	0.85%
Individual Taxpayer			5,785,750.00	0.84%
Pacesetter Hold C/O Homes Inc			4,785,420.00	0.70%
Individual Taxpayer			3,583,400.00	0.52%
			3,555,900.00	0.52%
Total	\$138,311,400.00	16.80%	\$143,945,332.00	21.00%

Source: Municipal Tax Assessor

SOMERSET HILLS SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS - CURRENT YEAR AND NINE YEARS AGO
BOROUGH OF FAR HILLS
UNAUDITED

<u>Taxpayer</u>	2023		2014	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Individual Taxpayer	\$6,226,500.00	1.40%		
M.E Far Hills Proper LLC	6,098,700.00	1.37%	\$7,411,000.00	1.71%
Farrendale Properties			5,914,400.00	1.36%
Individual Taxpayer	5,716,200.00		5,957,600.00	1.37%
Individual Taxpayer	5,709,000.00	1.28%	5,517,000.00	1.27%
Individual Taxpayer	5,387,400.00	1.21%	5,420,400.00	1.25%
Individual Taxpayer	5,111,600.00	1.15%	5,357,100.00	1.23%
Individual Taxpayer	4,941,500.00	1.11%		
Individual Taxpayer	4,819,400.00	1.08%		
Far Hills Preservation LLC	4,430,600.00	1.00%		
Ripplebrook, LLC	4,273,900.00	0.96%		
Individual Taxpayer			5,268,300.00	1.21%
Individual Taxpayer			5,161,600.00	1.19%
Individual Taxpayer			4,883,400.00	1.12%
Individual Taxpayer			4,505,900.00	1.04%
Total	\$52,714,800.00	10.56%	\$55,396,700.00	12.75%

Source: Municipal Tax Assessor

SOMERSET HILLS SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
BOROUGH OF BERNARDSVILLE
UNAUDITED

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (a)</u>		<u>Percentage</u> <u>of Levy</u>	<u>Collections in</u> <u>Subsequent Years</u>
		<u>Amount</u>			
2023	\$ 27,967,692.00	\$ 27,967,692.00		100.00%	-
2022	27,862,654.00	27,862,654.00		100.00%	-
2021	27,118,847.00	27,118,847.00		100.00%	-
2020	26,596,912.00	26,596,912.00		100.00%	-
2019	26,128,479.00	26,128,479.00		100.00%	-
2018	25,340,383.00	25,340,383.00		100.00%	-
2017	24,753,731.00	24,753,731.00		100.00%	-
2016	24,300,874.00	24,300,874.00		100.00%	-
2015	23,969,326.00	23,969,326.00		100.00%	-
2014	23,139,418.00	23,139,418.00		100.00%	-

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

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

SOMERSET HILLS SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
BOROUGH OF PEAPACK AND GLADSTONE
UNAUDITED

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (a)</u>		<u>Collections in</u> <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2023	\$ 6,837,373.00	\$ 6,837,373.00	100.00%	-
2022	6,670,614.96	6,670,614.96	100.00%	-
2021	6,670,057.04	6,670,057.04	100.00%	-
2020	6,566,914.00	6,566,914.00	100.00%	-
2019	6,593,300.00	6,593,300.00	100.00%	-
2018	6,518,731.00	6,518,731.00	100.00%	-
2017	6,742,946.00	6,742,946.00	100.00%	-
2016	6,530,970.00	6,530,970.00	100.00%	-
2015	6,386,069.00	6,386,069.00	100.00%	-
2014	6,377,595.00	6,377,595.00	100.00%	-

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

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

SOMERSET HILLS SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
BOROUGH OF FAR HILLS
UNAUDITED

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for the <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (a)</u>		<u>Percentage of Levy</u>	<u>Collections in Subsequent Years</u>
		<u>Amount</u>			
2023	\$ 1,923,066	\$ 1,923,066		100.00%	-
2022	1,868,870	1,868,870		100.00%	-
2021	1,831,483	1,831,483		100.00%	-
2020	1,985,393	1,985,393		100.00%	-
2019	2,039,654	2,039,654		100.00%	-
2018	1,937,885	1,937,885		100.00%	-
2017	1,891,145	1,891,145		100.00%	-
2016	1,901,902	1,901,902		100.00%	-
2015	1,854,526	1,854,526		100.00%	-
2014	1,810,438	1,810,438		100.00%	-

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

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

SOMERSET HILLS 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 (a)	Per Capita (a)
	General Obligation Bonds (b)	Installment Purchase Contracts	Right to Use Leases	SBITA Liability				
2023	\$13,529,000.00	\$336,251.18	\$853,654.43	\$106,142.81	\$14,825,048.42	0.77%	\$1,309.52	
2022	15,944,000.00	1,137,131.83			17,081,131.83	0.66%	1,509.47	
2021	19,779,000.00	1,371,414.09			21,150,414.09	0.53%	1,914.06	
2020	22,214,000.00	1,739,142.69			23,953,142.69	0.47%	2,159.11	
2019	24,629,000.00	1,849,195.30			26,478,195.30	0.42%	2,366.66	
2018	27,234,000.00	1,930,758.23			29,164,758.23	0.36%	2,569.13	
2017	29,449,000.00	2,037,297.31			31,486,297.31	0.32%	2,778.77	
2016	31,659,000.00	2,176,869.71			33,835,869.71	0.27%	2,985.61	
2015	27,970,000.00	2,459,421.36			30,429,421.36	0.29%	2,698.60	
2014	30,040,000.00	2,732,742.16			32,772,742.16	0.25%	3,025.27	

Source: District ACFR Schedule I-1, District records
 Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
 (a) See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

SOMERSET HILLS SCHOOL DISTRICT
RATIOS OF NET BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended <u>June 30,</u>	General Bonded Debt Outstanding		Net General Bonded Debt <u>Outstanding</u>	Percentage of Actual Taxable Value (a) of <u>Property</u>	<u>Per Capita (b)</u>
	General Obligation <u>Bonds</u>	<u>Deductions</u>			
2023	\$ 13,529,000.00		\$13,529,000.00	0.37%	\$1,195.04
2022	15,944,000.00		15,944,000.00	0.46%	1,408.98
2021	19,779,000.00		19,779,000.00	0.58%	1,789.95
2020	22,214,000.00		22,214,000.00	0.66%	2,002.34
2019	24,629,000.00		24,629,000.00	0.72%	2,201.38
2018	27,234,000.00		27,234,000.00	0.80%	2,399.05
2017	29,449,000.00		29,449,000.00	0.85%	2,598.98
2016	31,659,000.00		31,659,000.00	0.92%	2,793.52
2015	27,970,000.00		27,970,000.00	0.83%	2,480.49
2014	30,040,000.00		30,040,000.00	0.89%	2,773.01

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

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

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

SOMERSET HILLS SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2022
UNAUDITED

<u>Governmental Unit</u>	<u>Net Debt</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Bernardsville	\$21,546,000.00	100.00%	\$21,546,000.00
Borough of Peapack Gladstone	2,448,000.00	100.00%	2,448,000.00
Borough of Far Hills		100.00%	
Other debt			
Somerset County	265,237,860.00	5.09%	<u>13,509,234.58</u>
Subtotal, overlapping debt			\$37,503,234.58
Somerset Hills School District Direct Debt			<u>15,534,000.00</u>
Total direct and overlapping debt			<u><u>\$53,037,234.58</u></u>

Source: Municipal Chief Financial Officer, County Treasurer's Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District.

This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

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

SOMERSET HILLS SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 UNAUDITED

Calendar Year	2022	2021	2020	2019	2018	2017	2016	2015	2014
Average Equalized Valuation of Taxable Property	\$3,609,282,781.00	3,457,888,784.00	3,391,976,464.00	\$10,459,148,029.00	\$3,486,382,676.33				
Debt Limit (4% (a) of average equalization value)	\$139,455,307.05	139,455,307.05	13,529,000.00						
Total Net Debt Applicable to Limit	\$137,154,127.83	\$136,571,371.91	\$137,167,610.24	\$138,964,558.28	\$139,588,392.99	\$139,968,461.61	\$139,949,340.29	\$141,619,744.37	\$143,562,540.72
Legal Debt Margin	9.70%	11.62%	16.19%	17.72%	19.51%	21.04%	22.62%	22.36%	20.93%

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Debt Limit	\$139,455,307.05	\$137,154,127.83	\$136,571,371.91	\$137,167,610.24	\$138,964,558.28	\$139,588,392.99	\$139,968,461.61	\$139,949,340.29	\$141,619,744.37	\$143,562,540.72
Total Net Debt Applicable To Limit	13,529,000.00	15,944,000.00	19,779,000.00	22,214,000.00	24,629,000.00	27,234,641.00	29,449,641.00	31,659,641.00	31,659,641.00	30,040,641.00
Legal Debt Margin	\$125,926,307.05	\$121,210,127.83	\$116,792,371.91	\$114,953,610.24	\$114,335,558.28	\$112,353,751.99	\$110,518,820.61	\$108,289,699.29	\$109,960,103.37	\$113,521,899.72
Total Net Debt Applicable to the Limit as a % of Debt Limit	9.70%	11.62%	14.48%	16.19%	17.72%	19.51%	21.04%	22.62%	22.36%	20.93%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation
 (a) Limit set by N.J.S.A. 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

SOMERSET HILLS SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)		
				Bernardsville	Peapack-Gladstone	Far Hills
2023	11,321	\$1,290,310,975	\$113,975	2.50%	2.70%	3.70%
2022	11,316	1,276,727,700	113,975	4.00%	4.00%	4.90%
2021	11,050	1,246,716,250	113,975	5.50%	5.60%	7.50%
2020	11,094	1,178,116,236	112,825	2.30%	2.70%	2.60%
2019	11,188	1,080,179,024	110,466	2.60%	3.10%	2.80%
2018	11,352	1,187,646,240	104,620	3.30%	3.20%	3.80%
2017	11,331	968,437,908	99,189	3.10%	3.30%	3.20%
2016	11,333	948,923,423	92,514	3.40%	4.20%	4.00%
2015	11,276	875,976,060	88,447	4.00%	4.90%	4.40%
2014	10,833	821,823,879	83,429	5.40%	7.20%	3.50%

Source:

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

EXHIBIT "J-15"

SOMERSET HILLS SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

<u>Employer</u>	<u>2023</u>		<u>2014</u>	
	<u># of</u> <u>Employees</u>	<u>Percentage of Total</u> <u>Employment</u>	<u># of</u> <u>Employees</u>	<u>Percentage of Total</u> <u>Employment</u>
(1)				

Source: Municipal Records

(1) - Data not available

SOMERSET HILLS SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 UNAUDITED

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Instruction:										
Regular	138	144	145	146	146	146	146	147	168	166
Special education	34	32	30	30	27	27	27	30	30	29
Support Services:										
Student and instruction related services	43	40	67	67	75	74	73	60	32	31
General administrative services	6	6	6	5	5	5	5	8	8	8
School administrative services	15	15	15	15	15	15	15	15	15	15
Plant operations and maintenance	27	26	28	27	25	25	25	24	24	24
Pupil transportation	12	10	9	8	7	10	9	6	6	5
Central services	4	3	3	3	3	3	3	3	3	3
Administration information technology	4	4	4	5	5	5	5	3	3	1
Total	283	280	307	306	308	310	308	296	289	282

Source: District Personnel Records

SOMERSET HILLS SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures (a)</u>	<u>Cost Per Pupil</u>	<u>% Change</u>	<u>Teaching Staff (b)</u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (c)</u>	<u>Average Daily Attendance (c)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2023	1,715	\$ 51,246,732.48	\$ 29,881.48	3.31%	187	9.2	1,704	1,603	-2.08%	94.07%
2022	1,711	49,489,799.10	28,924.49	16.96%	191	9.0	1,740	1,644	-1.34%	94.48%
2021	1,828	45,206,695.21	24,730.14	6.18%	192	9.5	1,764	1,701	-6.14%	96.45%
2020	1,910	44,483,908.27	23,290.00	1.83%	201	9.5	1,879	1,819	-1.62%	96.81%
2019	1,929	44,117,441.09	22,870.63	6.43%	209	9.2	1,910	1,816	-1.34%	95.08%
2018	1,966	42,245,416.89	21,488.00	6.08%	208	9.5	1,936	1,841	-2.27%	95.09%
2017	1,996	40,433,300.05	20,257.16	3.61%	203	9.9	1,981	1,948	-1.54%	98.33%
2016	2,038	39,846,194.68	19,551.62	5.98%	196	10.4	2,012	1,948	-1.28%	96.82%
2015	2,074	38,263,208.69	18,448.99	1.58%	193	10.7	2,038	1,948	0.99%	95.58%
2014	2,052	37,267,580.57	18,161.59	2.81%	193	10.6	2,018	1,935	0.20%	95.89%

Sources: District records

Note: Enrollment based on annual October district count.

(a) Operating expenditures equal total expenditures less debt service and capital outlay.

(b) Teaching staff includes only full-time equivalents of certificated staff, obtained from NJ Certified Staff Report.

(c) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

SOMERSET HILLS SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>District Buildings</u>										
Elementary School(s):										
Bedwell (1960)	83,183	83,183	83,183	83,183	83,183	83,183	83,183	83,183	83,183	83,183
Square Feet	741	741	741	741	741	741	741	741	741	741
Capacity (students)	454	475	499	564	569	584	597	623	646	640
Enrollment										
Middle School(s):										
Bernardsville Middle School (1969)	81,746	81,746	81,746	81,746	81,746	81,746	81,746	81,746	81,746	81,746
Square Feet	526	526	526	526	524	524	524	524	524	524
Capacity (students)	459	446	487	526	520	525	542	551	585	585
Enrollment										
High School(s):										
Bernards High School (1930)	252,715	252,715	252,715	252,715	252,715	252,715	252,715	252,715	252,715	252,715
Square Feet	1,500	1,500	1,500	1,500	1,500	861	861	861	861	861
Capacity (students)	802	790	842	820	863	857	828	837	779	779
Enrollment										
Administration Building:										
Olcott Administration Building	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500
Square Feet										

Number of Buildings at June 30, 2022
 Elementary School = 1
 Middle School = 1
 High School = 1
 Administration = 1

Source: District records
 Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed expenditures - Required maintenance for school facilities - 11-000-261-XXX		Olcott		Bernards		Bedwell		Bernardsville	
School Facilities *		Administrative		High School	Elementary			Middle School	
Project #(s)	Total								
2023	\$ 1,016,451.67	\$	77,550.48	\$	522,923.14	\$	176,984.14	\$	238,993.91
2022	1,095,204.94		83,715.76		534,236.57		224,751.48		252,501.13
2021	944,284.82		46,734.40		509,021.71		155,955.15		232,573.56
2020	833,047.93		54,821.65		430,770.20		147,811.47		199,644.61
2019	981,736.64		34,494.30		483,741.81		140,053.98		323,446.55
2018	762,961.98		60,718.00		438,438.00		134,432.00		129,373.98
2017	699,908.68		41,043.87		398,456.59		135,029.69		125,378.53
2016	857,471.11		58,555.89		492,979.37		140,427.49		165,508.36
2015	810,475.27		102,407.58		459,337.06		116,332.46		132,398.17
2014	780,536.24		98,624.63		442,369.11		112,035.13		127,507.37

* - 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

SOMERSET HILLS SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2023
UNAUDITED

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
School Package Policy - Utica National Insurance Group		
Blanket Buildings and Contents	156,900,915	5,000
Comprehensive General Liability:		
Per Occurrence	1,000,000	
Aggregate	3,000,000	
Employee Benefits Liability:		
Per Occurrence	1,000,000	1,000
Aggregate	3,000,000	
Boiler and Machinery Insurance	Included	5,000
Employee Dishonesty	1,000,000	
Money and Securities	25,000	500
Data Processing Coverage	725,000	500
Comprehensive Automobile Liability - Utica National	1,000,000	
Physical Damage:		
Comprehensive		500
Collision		1,000
Commercial Umbrella Liability - Utica National	15,000,000	10,000
Public Employees' Performance Bonds- Hanover		
Treasurer of School Monies	300,000	
Business Administrator	240,000	
Student Accident Insurance - Zurich	5,000,000	
School Board Legal Liability - NJSIG	6,000,000	5,000
Workers Compensation - NJSIG	Statutory Limits	
Employer's Liability:		
Bodily Injury by Accident-Each Accident	3,000,000	
Bodily Injury by Disease-Each Employee	3,000,000	
Bodily Injury by Disease-Aggregate Limit	3,000,000	
Cyber- Coalition Insurance Solutions		
Network & Information Security Liability	1,000,000	50,000
Cyber Extortion	1,000,000	50,000

Source: District Records

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SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable President and Members
of the Board of Education
Somerset Hills School District
County of Somerset
Bernardsville, New Jersey 07924

We have audited, in accordance with the 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 in compliance with 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 Somerset Hills School District, County of Somerset, State of New Jersey (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 17, 2024.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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.

SUPLEE, CLOONEY & COMPANY LLC

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of This Report

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


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 962

January 17, 2024



SUPLEE, CLOONEY & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL AND STATE FINANCIAL ASSISTANCE PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members
of the Board of Education
Somerset Hills School District
County of Somerset
Bernardsville, New Jersey 07924

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Borough of Somerset Hills School District, County of Passaic, State of New Jersey (the "District") compliance with the types of compliance requirements identified as subject to audit in the Federal *OMB Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal and State Program

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

SUPLEE, CLOONEY & COMPANY LLC

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance and New Jersey OMB State Grant Compliance Supplement, we:

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

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

SUPLEE, CLOONEY & COMPANY LLC

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance 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 the Uniform Guidance and the New Jersey OMB State Grant Compliance Supplement. Accordingly, this report is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 962

January 17, 2024

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

FEDERAL AID NUMBER	FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FAIN NUMBER	GRANT OR STATE PROJECT NUMBER	PROGRAM OR AWARD NUMBER	GRANT PERIOD FROM TO	BALANCE AT JUNE 30, 2022	CARRYOVER/(WAIVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRINCIPAL BALANCES	(ACCOUNTS RECEIVABLE)	BALANCE AT JUNE 30, 2023	DUPLICATE TO GRANTEE
10.555	U.S. Department of Agriculture Passed-Through State Department of Education: National School Lunch Program Cluster: NSLP Non Cash Assistance (Commodities)	231NJ30AN1189	N/A	\$70,544.41	7/01/2022	6/30/2023	\$	70,544.41	(60,905.76)		\$	\$	9,638.65	\$
10.555	NSLP Non Cash Assistance (Commodities)	231NJ30AN1099	N/A	\$41,575.48	7/01/2021	6/30/2022	5,850.52		(5,850.52)					
10.555	National School Lunch Program	231NJ30AN1189	N/A	196,132.32	7/01/2022	6/30/2023		186,753.13	(196,132.32)			(9,379.19)		
10.555	National School Lunch Program	231NJ30AN1099	N/A	632,506.30	7/01/2021	6/30/2022	(37,480.94)	37,480.94						
10.555	Supply Chain Assistance Funding	231NJ34AN8903	N/A	90,788.44	7/01/2022	6/30/2023	(31,830.42)	385,566.92	(43,530.03)			(9,379.19)		47,258.41
	Total Child Nutrition Cluster								(306,416.63)					56,897.06
10.649	P-EBT Mini Grants: P-EBT Administrative Cost Total P-EBT Mini Grants	2022223900941	N/A	653.00	7/01/2022	6/30/2023			(653.00)			(653.00)		
	Total U.S. Department of Agriculture						(31,830.42)	385,566.92	(307,071.63)			(10,032.19)		56,897.06
	Special Revenue Funds													
	U.S. Department of Education Passed-Through State Department of Education: Special Education Cluster: ARP I.D.E.A. Part B, Basic (COVID-19)	84.027X	IDEA481523	2,080.00	7/01/2022	9/30/2023		800.00	(2,080.00)			(1,280.00)		
84.027X	ARP I.D.E.A. Part B, Basic (COVID-19)	H027A210100	IDEA481522	97,763.00	7/01/2021	9/30/2022	(91,372.00)							
84.027X	I.D.E.A. Part B, Basic	H027A210100	IDEA481522	429,361.00	7/01/2021	9/30/2022	(108,402.25)	108,402.00		(0.25)				
84.027A	I.D.E.A. Part B, Basic Carry-over	H027A210100	IDEA481522	33,429.00	7/01/2022	9/30/2023		33,429.00	(33,429.00)					
84.027A	I.D.E.A. Part B, Basic	H027A220114	IDEA481523	485,133.00	7/01/2022	9/30/2023		133,992.00	(381,005.03)			(247,013.03)		
84.173A	I.D.E.A. Part B-Pre-school	H173A200114	IDEA481523	19,285.00	7/01/2022	9/30/2023	(27.00)	13,665.00	(19,160.00)			(6,475.00)		
84.173A	I.D.E.A. Part B-Pre-school	H173A200114	IDEA481522	17,306.00	7/01/2021	9/30/2022	(217,109.25)	389,075.00	(435,674.03)	(0.25)		(253,788.03)		
84.010	Title I Carry-over	S010A200300	ESE481523	74,694.00	7/01/2022	9/30/2023		14,209.00	(45,686.87)			(31,477.87)		
84.010	Title I Carry-over	S010A200300	ESE481522	19,921.00	7/01/2022	9/30/2023	(30,825.00)	19,921.00	(19,921.00)					
84.010	Title I, Part A	S010A210030	ESE481522	54,917.00	7/01/2021	9/30/2022	(48,837.21)	34,996.00		(5,841.21)				
84.367A	Title II, Part A Carry-over	S367A210029	ESE481522	33,814.00	7/01/2022	9/30/2023			(33,773.00)			(33,773.00)		
84.367A	Title II, Part A	S367A210029	ESE481522	151.00	7/01/2022	9/30/2023			(151.00)			(151.00)		
84.365A	Title III Immigration	S365A210030	ESE481522	26,831.00	7/01/2021	9/30/2022	(8,183.79)	8,184.00		0.21				
84.365A	Title III Immigration Carry-over	S365A210030	ESE481522	23,367.00	7/01/2021	9/30/2022	(2,443.00)	24,052.00	(27,434.00)			(3,382.00)		
84.424A	Title IV Carry-over	S424A210031	ESE481522	8,256.00	7/01/2021	9/30/2022	(787.08)	787.00		(0.08)				
84.424A	Title IV Carry-over	S424A210031	ESE481521	3,456.00	7/01/2021	9/30/2022	(2,556.00)	2,556.00		0.50		(900.00)		
84.424A	Title IV Carry-over	S424A210031	ESE481522	10,000.00	7/01/2021	9/30/2022	(8,995.50)	8,096.00				(1,904.00)		
84.424A	Title IV	S424A220031	ESE481523	10,000.00	7/01/2022	9/30/2023	(84,627.95)	146,199.00	(136,647.97)	0.42		(7,479.10)		
	Total U.S. Department of Education									(5,840.41)		(1,004,738.64)		
84.425D	Educational Stabilization Fund (ESF), COVID - 19	S425D210027	21-5120-516	63,209.86	09/13/2020	09/30/2023	(11,401.00)	218,895.00	(54,347.11)	(0.20)		(54,347.11)		
84.425D	ARP ESSER II (COVID-19)	S425D210027	21-5120-523	686,442.35	03/12/2020	09/30/2024	(130,756.68)	25,077.00	(81,707.53)	0.35		(61,737.53)		
	Subtotal ESF Cluster													
	Total U.S. Department of Education									(5,840.41)		(1,004,738.64)		
21.027	U.S. Department of Treasury Coronavirus Relief Fund: Passed-Through State Department of Education: ARP CSLFRF (COVID-19)	SLEFRD0E1SES	N/A	177,116.00	03/30/2021	12/31/2024		98,490.00	(177,116.00)			(90,027.00)		
	Total U.S. Department of Treasury							98,490.00	(177,116.00)			(90,027.00)		
	Total Special Revenue Funds							98,490.00	(177,116.00)			(90,027.00)		
68.778	General Fund U.S. Department of Health & Human Services Passed-Through State Department of Education: Medical Assistance Prog. (SEM)	2008USMAP	N/A	10,428.30	7/01/2022	6/30/2023		10,428.30	(10,428.30)					
68.778	Medical Assistance Prog. (FCOR)- (SEM)	2008USMAP	N/A	695.74	1/01/2021	12/31/2021	(1,107.74)	1,107.74	(639.74)					
68.778	Medical Assistance Prog. (SEM)	2008USMAP	N/A	13,182.26	7/01/2021	6/30/2022	(1,107.74)	1,107.74						
	Total U.S. Department of Education							12,475.78	(11,368.04)					
	Total Federal Financial Assistance							1,265,706.70	(1,733,932.31)	(5,840.41)		(1,104,737.83)		56,897.06

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

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD FROM TO	BALANCE AT JUNE 30, 2022		DUE TO GRANTOR	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REFUNDED TO GRANTOR	BALANCE AT JUNE 30, 2023		MEMO BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
				(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE						(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE		
State Department of Education														
General Fund:														
State Aid Cluster														
Special Education Categorical Aid	23-495-034-5122-089	1,418,566.00	7/01/2022	6,900/2023			\$ 1,287,033.00	\$ (1,418,566.00)				\$ (191,533.00)	\$ 1,418,566.00	
Security Aid	23-495-034-5122-084	130,156.00	7/01/2022	6,900/2023			118,096.00	(130,156.00)				(12,070.00)	130,156.00	
Subtotal - State Aid Cluster							1,405,129.00	(1,548,722.00)				(143,623.00)	(143,623.00)	1,548,722.00
Transportation Aid	23-495-034-5122-014	517,812.00	7/01/2022	6,900/2023			469,792.00	(517,812.00)	(48,020.00)			(48,020.00)	517,812.00	
Special Children's Future Bond Act	22-586-034-5120-001-H390-0980	114,351.00	7/01/2020	6,900/2025			57,500.00	(57,500.00)			(105,700.00)		37,500.00	
Non-Public School Transportation Aid	23-495-034-5122-014	94,536.00	7/01/2022	6,900/2023			84,100.00	(94,536.00)			(84,536.00)		94,536.00	
Non-Public School Transportation Aid	22-495-034-5122-014	84,100.00	7/01/2021	6,900/2022			735,552.00	(735,552.00)					84,100.00	
Extraordinary Aid	23-495-034-5122-044	735,552.00	7/01/2021	6,900/2022									735,552.00	
Extraordinary Aid	23-495-034-5122-044	396,727.00	7/01/2022	6,900/2023			6,088,916.00	(396,727.00)			(396,727.00)		396,727.00	
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	6,088,916.00	7/01/2022	6,900/2023			84,477.00	(6,088,916.00)					6,088,916.00	
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-002	1,984.00	7/01/2022	6,900/2023			1,984.00	(1,984.00)					1,984.00	
On-Behalf TPAF Post-Retirement Medical	23-495-034-5094-001	1,621,736.00	7/01/2022	6,900/2023			1,621,736.00	(1,621,736.00)					1,621,736.00	
Reimbursed TPAF Social Security Contribution	23-495-034-5094-003	1,238,204.00	7/01/2022	6,900/2023			1,180,047.74	(1,238,204.00)	(58,156.26)				1,238,204.00	
Reimbursed TPAF Social Security Contribution	22-495-034-5094-003	1,234,724.99	7/01/2021	6,900/2022			60,317.38				(655,119.26)	(191,643.00)	1,234,724.99	
Total General Fund							11,732,053.12	(11,630,646.00)			(655,119.26)	(191,643.00)	(191,643.00)	13,685,022.98
Special Revenue Fund:														
SDA Emergent Needs & Capital Maintenance	23-100-034-5123-519	43,009.00	7/01/2021	6,900/2023			43,009.00	(45,566.00)					43,009.00	
N.J. Non-Public Aid:														
Handicapped Services Chapter 183:														
Corrective Speech	23-100-034-5122-066	22,320.00	7/01/2022	6,900/2023			22,320.00	(19,500.00)				2,790.00	19,500.00	
Examination and Classification	23-100-034-5122-066	26,156.00	7/01/2021	6,900/2022			26,156.00	(15,166.00)				10,990.00	15,166.00	
Supplemental Instruction	23-100-034-5122-066	1,632.00	7/01/2021	6,900/2022			379.00			379.00			1,632.00	
Auxiliary Services Chapter 192:														
Compensatory Education	23-100-034-5122-067	12,848.00	7/01/2022	6,900/2023			8,638.00	(8,638.00)					8,638.00	
Transportation	23-100-034-5122-067	18,274.00	7/01/2021	6,900/2022			12,848.00	(11,373.00)		2,257.00		1,475.00	11,373.00	
Non-Public Home Instruction	23-100-034-5122-067	6,009.00	7/01/2022	6,900/2023			6,009.00	(6,009.00)				6,009.00	6,009.00	
Non-Public Textbook Aid	23-100-034-5122-064	24,696.00	7/01/2021	6,900/2022			66.00	(66.00)					24,696.00	
Non-Public Technology Initiative	23-100-034-5122-064	26,596.00	7/01/2022	6,900/2023			26,596.00	(25,387.00)		66.00		1,211.00	25,387.00	
Non-Public Technology Initiative	23-100-034-5122-373	16,926.00	7/01/2022	6,900/2023			16,926.00	(16,900.00)				26.00	16,926.00	
Non-Public Security Aid	23-100-034-5122-509	82,615.00	7/01/2021	6,900/2022			82,615.00	(82,453.00)		923.00		162.00	82,453.00	
Non-Public Security Aid	22-100-034-5122-509	71,925.00	7/01/2021	6,900/2022			45,136.00	(44,968.00)		16,166.00		738.00	44,968.00	
Non-Public Nursing Services	23-100-034-5122-070	48,032.00	7/01/2021	6,900/2022			212.00			212.00			48,032.00	
Total Special Revenue Fund							290,458.00	(269,702.00)		23,655.00	(86.00)	23,401.00	475,890.00	
Debt Service Fund:														
Debt Service Aid - Type II	23-495-034-5122-017	168,460.00	7/01/2022	6,900/2023			168,460.00	(168,460.00)					168,460.00	
Enterprise Fund:														
State School Lunch Program	22-100-010-3350-023	14,842.29	7/01/2021	6,900/2022			6,953.57	(9,405.88)			(452.31)		14,842.29	
State School Lunch Program	23-100-010-3350-023	9,405.88	7/01/2022	6,900/2023			9,405.88	(9,405.88)			(452.31)		9,405.88	
Total Enterprise Fund							12,200,767.27	(12,078,213.88)			(656,657.57)	\$ 23,401.00	\$ (191,643.00)	24,246.17
Total State Financial Assistance							\$ 4,403,662.27	\$ (4,281,086.88)				\$ 23,401.00	\$ (191,643.00)	\$ 14,353,691.16

Less: On-Behalf amounts not utilized for determination of Major Programs:

On-Behalf TPAF Pension(non-budgeted)	7/01/2022	6,088,916.00
On-Behalf TPAF non-contributory insurance (non-budgeted)	7/01/2022	84,477.00
On-Behalf TPAF long-term disability insurance (non-budgeted)	7/01/2022	(1,544.00)
On-Behalf TPAF post retirement medical (non-budgeted)	7/01/2021	1,621,736.00
Total State Financial Assistance Subject to Single Audit		\$ 4,403,662.27

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

Somerset Hills School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2023

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 of the District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Federal Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: DE MINIMIS INDIRECT COST RATE

The District has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-regulated 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.

Somerset Hills School District
Somerset County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

- | | | |
|-----|--|------------|
| (1) | Type of Auditor’s Report Issued: | Unmodified |
| (2) | Internal Control Over Financial Reporting: | |
| | a) Material weakness(es) identified? | No |
| | b) Significant deficiencies that are not considered to be material weaknesses? | No |
| (3) | Noncompliance material to the basic financial statements noted during the audit? | No |

Federal Program(s)

- | (1) | Internal Control Over Major Federal Programs: | | | | | |
|--------------------------------------|--|----------------|--------------|--------------------------------------|--------|--|
| | (a) Material weaknesses identified? | No | | | | |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No | | | | |
| (2) | Type of Auditor’s Report issued on compliance for major federal program(s)? | Unmodified | | | | |
| (3) | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance? | No | | | | |
| (4) | Identification of Major Federal Program(s): | | | | | |
| | <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><u>Program</u></th> <th style="text-align: left;"><u>ALN #</u></th> </tr> </thead> <tbody> <tr> <td>Educational Stabilization Fund (ESF)</td> <td>84.425</td> </tr> </tbody> </table> | <u>Program</u> | <u>ALN #</u> | Educational Stabilization Fund (ESF) | 84.425 | |
| <u>Program</u> | <u>ALN #</u> | | | | | |
| Educational Stabilization Fund (ESF) | 84.425 | | | | | |
| (5) | Program Threshold Determination: | | | | | |
| | Type A Federal Program Threshold > \$750,000.00 | | | | | |
| | Type B Federal Program Threshold <= \$750,000.00 | | | | | |

Somerset Hills School District
Somerset County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

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

(6) Auditee qualified as a low-risk auditee under OMB Circular Uniform Guidance? Yes

State Program(s)

- (1) Internal Control Over Major State Programs:
- a) Material weakness(es) identified? No
 - b) Significant deficiencies that are not considered to be material weakness(es)? No
- (2) Type of Auditor’s Report issued on compliance for major state program(s)? Unmodified
- (3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08 and listed in Section III of this schedule? No
- (4) Identification of Major State Program(s):

<u>Program</u>	<u>Grant Number</u>
Transportation Aid	23-495-034-5122-014
Social Security Contribution	23-495-034-5094-003

- (5) Program Threshold Determination:
 Type A State Program Threshold > \$750,000.00
 Type B State Program Threshold <= \$750,000.00
- (6) Auditee qualified as a low-risk auditee under OMB Circular 15-08? Yes

Somerset Hills School District
Somerset County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section II – Financial Statement Audit – Reported Findings Under Government Auditing Standards

Internal Control Findings

None Reported

Compliance Findings

None Reported

Section III – Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Programs – None Reported

State Programs – None Reported

Somerset Hills School District
Somerset County, New Jersey

Schedule of Prior Year Audit Findings

Not Applicable

