

**SOMERVILLE BOROUGH SCHOOL DISTRICT**

**Somerville Board of Education  
Somerville, New Jersey**

**Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2023**

**Annual Comprehensive  
Financial Report**

**of the**

**Somerville Borough School District**

**Somerville, New Jersey**

**For the Fiscal Year Ended June 30, 2023**

**Prepared by**

**Somerville Board of Education**

SOMERVILLE BOROUGH SCHOOL DISTRICT  
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INTRODUCTORY SECTION  
(UNAUDITED)

# Somerville Board of Education

Administrative Headquarters

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November 17, 2023

The Honorable President and Members of  
the Board of Education  
Somerville Borough School District  
County of Somerset, New Jersey

Dear Board Members:

The annual comprehensive financial report of the Somerville Borough School District (the "District") for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations 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, a roster of officials and a list of consultants and advisors. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

## 1) REPORTING ENTITY AND ITS SERVICES:

The Somerville Borough School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Somerville Borough Board of Education and all its schools constitute the District's reporting entity.

1) REPORTING ENTITY AND ITS SERVICES (Cont'd):

The District provides a full range of educational services appropriate to grade levels Preschool through Grade 12 for the students residing in Somerville Borough, and 9 through 12 for students residing in Branchburg Township. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2022-2023 fiscal year with an average daily enrollment of 2,138 students, which is a increase of 14 students from the previous year's enrollment.

2) ECONOMIC CONDITION AND OUTLOOK:

Because of the location and ambiance of the area, along with a notably good school system, Somerville is looked upon as a desirable place to live in New Jersey. Somerville will continue to show some growth as a residential area as a result of redevelopment. The overall picture is that the Somerville area will continue to prosper.

3) MAJOR INITIATIVES:

District-Wide

Somerville was named a Lighthouse District in 2019. This was due to our work in providing social and emotional learning supports and our work increasing the academic performance of students who have traditionally seen less academic growth. We have taken pointed steps to continue to close the gap and address the growth with a multifaceted approach addressing teacher growth, academic growth, and social-emotional needs. We know part of this growth could be impacted by access outside of school so we have invested in a number of online learning platforms and technological supports. We have invested district-wide in access to hot spots for students with connectivity issues. We have ensured we are 1:1 with all technology in K-12. We have purchased electronic programs, such as Learning Ally and myOn, so kids can increase their access to books while outside of school. We continue to use the Google Learning Suite so that necessary instructional materials are able to be efficiently accessed both synchronously and asynchronously.

The Somerville school district has continuously looked at addressing equity. We are in year five of our six-year equity work and the efforts so far have had a great impact on students and staff. We continue to partner with Temple University and Dr. Eddie Fergus as we use an iterative approach of collecting data, analyzing data, and creating actions to address areas of need. Our district-level equity team is working with our building-level equity teams on concrete action items that will directly impact areas such as discipline, learning acceleration, and supporting academic performance. We are also partnering with additional equity providers as we continue to improve the equity literacy of our staff and students.

As we look towards improved academic outcomes for our students, we know one of the most important factors in that improvement is teacher support. We are utilizing three full-time librarians and we are enhancing our use of interventionists to assist with the core academic performance. We are also investing in embedded professional development where the professional development provider partners with the classroom teacher to give support in the authentic learning environment.



The Honorable President and Members of  
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### 3) MAJOR INITIATIVES: (Cont'd)

#### District-Wide (Cont'd)

To increase parental access and our communication, we continue to use Real-Time, our student information system. This platform has allowed us to streamline our report card delivery and other communications that are sent on a regular basis. We also are continuing to use Real-Time to store assessment data, which allows us to quickly access the learning needs of each individual student. We will continue to look for opportunities to use Real-Time to address areas of need in the district.

Somerville has remained consistent in focusing on the social-emotional and academic needs of our students both before and during the pandemic. We are letting the quantitative and qualitative data guide our instructional priorities while continuing to focus on creating students who are future-ready.

#### Somerville High School

The partnership with Raritan Valley Community College (RVCC) continues with the Somerville Academy of Liberal Arts (SALA). Students enrolled in this Academy have the opportunity to receive an Associate's Degree in Liberal Arts and a High School Diploma upon completion of their high school experience. Additionally, we have added a Tomorrow's Teacher course pathway - a nationally recognized program with associated college credit - that gives students an opportunity to plan and deliver lessons in the classroom along with a certified teacher.

The district also utilizes Robert Wood Johnson University Hospital in Somerset for the Somerville Medical Sciences Academy (SMSA). Students enrolled in the Somerville Medical Sciences Academy learn firsthand about the many health careers available and gain valuable knowledge, skills, and experiences by shadowing medical professionals in the hospital. The learning in this setting cannot be duplicated in a traditional high school classroom. The goal of the program is to challenge students academically while stimulating interest in health-related professions. This environment motivates students with an aptitude for math and science to pursue post-secondary education in this or a related field. This program is further supported by a new Medical Sciences Club that has over 90 students.

The Somerville Guidance Department is working to help all students find the right classes and the right path forward. In the High School, they use Naviance to allow students to make individualized learning plans. We have a college and career counselor dedicated to our specialty programs, and we have specific counselors assigned to students who may need additional community supports. The High School Guidance Department is also working with the Middle School Guidance Department to do interest and career surveying through NJCAN (New Jersey Career Assistance Navigator). Guidance and other related staff are regularly visiting the middle schools in Branchburg and Somerville to support students with their future choices.

This past year we adopted a benchmark assessment at Somerville High School to allow our teachers to participate in data-driven professional learning communities that continue to focus on student achievement. Each student had a standards informed profile generated that informed the teachers about students' longitudinal growth and success in the standards. This year, they were encouraged to use the LinkIt data and those profiles for their student growth objectives.

The Honorable President and Members of  
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### 3) MAJOR INITIATIVES: (Cont'd)

#### Somerville High School (Cont'd)

As part of the equity and performance initiative, Somerville High School has invested heavily in restorative practices. The disciplinary team meets monthly and looks at student data in order to inform future needs. Staff at the High School will get trained and then will utilize a train-the-trainer model to continue the restorative practices. This model will allow us to continue the practice in a practical and cost-efficient manner.

During the 2022-2023 year, the Somerville High School staff and administration completed final preparations and training for the implementation of block scheduling for the 2023-2024 school year. Block scheduling will provide more quality instructional time and more opportunities for individualized instruction and assessment, additional elective courses, and promotes cooperative learning and student engagement.

#### Somerville Middle School

Somerville Middle School continues to provide students access to options that will enrich their learning experience. The Middle School has created elective programs in areas such as the Arts, Language, Physical Education, and STEM. Students select the options that are of interest and schedules are arranged so students have access to at least one of their priority choices. Some of the newer choices include Media Literacy and coding. This reflects the belief that Middle School years should be a time to explore students' interests and passions. SMS rounds out the extracurricular experience by offering a model Middle School Band Program along with a variety of clubs and afterschool athletic programs.

Somerville Middle School continues to incorporate current 21st century learning resources to expand the learning opportunities that are provided throughout the course of the school day. Somerville Middle School is a "1-to-1 device" learning environment. Each student is assigned a Chromebook that is utilized throughout the school day. At the end of instruction, they take home the Chromebooks so they can access additional learning.

The school's focus on developing the talents of the whole child includes maximizing their academic potential to increase students' future success. As part of this work, there is a current focus on three curricular initiatives. SMS has adopted a highly rated 6-8 Mathematics program. The program is accompanied by the I-Ready diagnostic program that gives responsive learning experiences to help students remediate any misunderstandings. This program provides an adaptive learning program tailored to each individual student. In English Language Arts, the writer's workshop model has been adopted in grades 6-8. This builds on the implementation of the writer's workshop model implemented in grades Kindergarten - 5th. To support both the math and writing program, coaching and professional development opportunities have been added. The third curricular initiative increased the amount of Spanish instruction received in grades 6-8. Students get Spanish daily based on the understanding that to best master a language one must practice it regularly.

#### Van Derveer Elementary School

Van Derveer Elementary School has demonstrated growth on the school performance report and reading levels school-wide. In an effort to maintain this growth, Van Derveer Elementary School teachers will continue to use various core resources and intervention services to assist in the differentiation of instruction for all students.

### 3) MAJOR INITIATIVES: (Cont'd)

#### Van Derveer Elementary School (Cont'd)

Qualifying at-risk students have the opportunity to work with our two certified Title One funded academic interventionists. We are utilizing an interventions and referral services coordinator to help provide students necessary intervention services. Additionally, this coordinator is providing needed math interventions. Our gifted and talented teacher is serving as a math interventionist in addition to the gifted and talented responsibilities to deepen our support. We will continue to monitor data across the grade levels and provide support as needed.

Van Derveer Elementary School adopted an online, evidenced-based reading and phonics program to help support all learners. American Reading Company, which was previously used as an intervention, has a strong on-line component and allows for more frequent assessments and data reporting. The program clearly delineates skills students need in order to advance more quickly in reading and gives students “Power Goals” to aid in reading advancement. The Foundations program is being utilized in grades Kindergarten - 3rd and coaching support has been provided throughout the school year.

The instructional coach in Van Derveer Elementary School is working on maximizing the literacy block and supporting math instruction. Van Derveer adopted a new math program that connects to the previously selected middle school math program. The instructional coach helps teachers plan with the new materials and helps support the delivery of effective instruction.

#### Technology Programs

The students of Somerville Public Schools engage daily in connected learning experiences. With technology, they have opportunities to explore, communicate, and design. Somerville students learn how to become responsible technology users, contributors, and creators. The rigorous curricula and transformative practices give them the opportunities necessary to communicate, create, and thrive as connected citizens. Throughout the pandemic, we found universal platforms that aid in student learning regardless of the subject matter, and we have subscribed to these programs as a district. We will monitor the usage of all subscriptions through our single sign-on provider. We also aim to increase computer science course offerings at Somerville High School, building off the increased computer science offerings we delivered in the past.

Van Derveer Elementary School students enjoy connected learning experiences and true STEM education. Teachers and students utilize Chromebooks to connect wirelessly with the district's network and interact with 21st Century curricula such as iReady Classroom Mathematics, myOn, American Reading Company, and other developmentally appropriate applications. Each classroom is also currently equipped with an interactive display that is updated on a regular refresh cycle. The STEM/Coding program for kindergarten through grade five students in Van Derveer Elementary School has fostered an interest in computer science for our youngest learners. Students in the elementary school are each provided a Chromebook and are permitted to bring the device back and forth between school and home.

Somerville Middle School has access to a personalized Chromebook to use in every classroom throughout the school day and at home. Google Applications for Education accounts provide students with the opportunity to collaborate with their teachers and classmates. In addition, educational applications and programs provide students with the curricula support they need to achieve successful academic growth outside of school. Students create videos, podcasts, multi-media presentations, and use technology to clearly synthesize and present information.

3) MAJOR INITIATIVES: (Cont'd)

Technology Programs (Cont'd)

A 1:1 Chromebook initiative continues to be supported at Somerville High School. Students use Chromebooks and their Google Applications for Education accounts to engage in collaborative 21<sup>st</sup>. Century learning activities. Somerville High School has interactive displays available for students to use in all classrooms. High School students explore their creativity through 3D printing facilities, a music production computer lab, and an engineering lab. We celebrate these accomplishments with an annual student engineering fair. These course offerings are supported with additional courses in Cyber Security, Computer Science, and Programming.

4) INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system 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 awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

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

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 a vote of the Board of Education. 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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments, and/or assignments 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 GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

The Honorable President and Members of  
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Somerville Borough School District  
County of Somerset, New Jersey  
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7) CASH MANAGEMENT:

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

8) RISK MANAGEMENT:

The Board carries various forms of insurance, including, but not limited to, general liability, excess 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 Nisivoccia LLP, CPAs, was selected by the Board of Education at its last organization meeting. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

10) ACKNOWLEDGMENTS:

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

Respectfully submitted,

*Dr. Richard J. Brockel*

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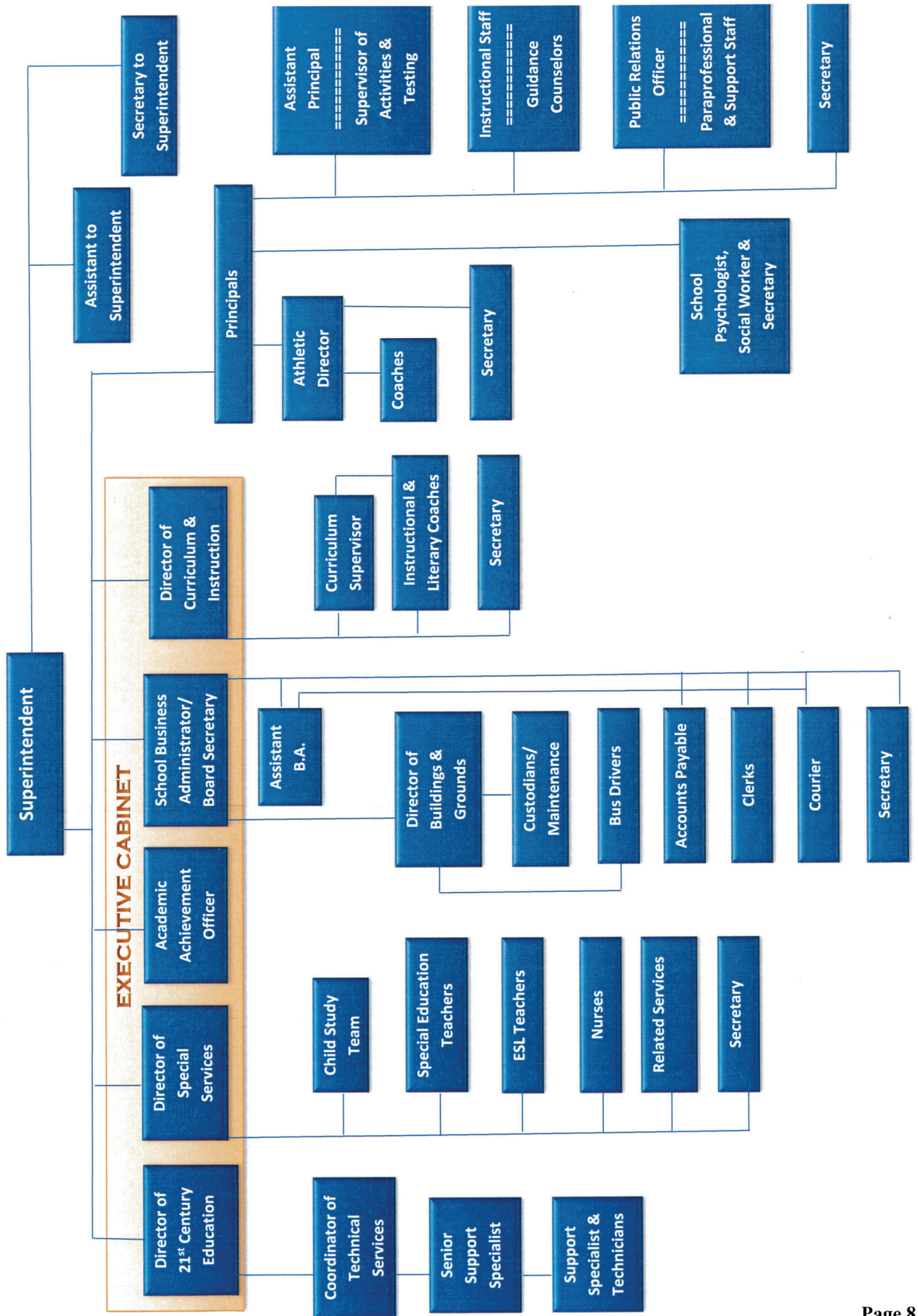
Dr. Richard J. Brockel  
Interim Superintendent of Schools

*Bryan P. Boyce*

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Bryan P. Boyce  
Business Administrator/Board Secretary

SOMERVILLE PUBLIC SCHOOLS — ORGANIZATIONAL CHART



**SOMERVILLE BOROUGH SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2023**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Derek J. Jess, President	2023
Denise Van Horn, Vice President	2023
Dan Carlson	2025
Stephanie Dale	2024
Kristen Fabriczi *	2023
Mateo Garcia	2025
Jamie Kraska	2024
Daniel J. Puntillo, Jr.	2024
Lucien Sergile, Jr	2025
Amanda Sherwin	2023

Other Officers

Dr. Richard J. Brockel, Interim Superintendent of Schools

Bryan P. Boyce, School Business Administrator/Board Secretary

\* Branchburg Board of Education Member

**SOMERVILLE BOROUGH SCHOOL DISTRICT**  
**Consultants and Advisors**

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Bridgewater, New Jersey 08807

**Official Depositories**

TD Bank  
50 West Main Street  
Somerville, NJ 08876

State of NJ Cash Management  
P.O Box 290  
Trenton, NJ 08625



FINANCIAL SECTION

## Independent Auditors' Report

The Honorable President and Members  
of the Board of Education  
Somerville Borough School District  
County of Somerset, New Jersey

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Somerville Borough School District (the "District"), in the County of Somerset, as of and for the fiscal 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position, and, where applicable cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office") 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 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.

#### ***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 GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office 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 GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, 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.
- 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, which follows this report, the pension and post-retirement schedules in Exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, are 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 the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, 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 accompanying supplementary information schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 District’s internal control over financial reporting and compliance.

November 17, 2023  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Valerie A Dolan*  
\_\_\_\_\_  
Valerie A. Dolan  
Licensed Public School Accountant #2526  
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

## SOMERVILLE BOROUGH SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

This discussion and analysis of the Somerville Borough School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2023. The intent of this is to look at the 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.

### 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 that the reader can understand the District 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 entire District, presenting both an aggregate view of the 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 show how services were financed in the short-term as well as what remains for future spending. The fund financial statements present all funds of the District. The General Fund is by far the most significant fund.

### Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the district:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the district's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the district, reporting the district's operations in *more* detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the district operates like a business, such as food services.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the district's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

### Reporting the School District as a Whole

#### District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred inflows and outflows, and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

**SOMERVILLE BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Statement of Net Position and the Statement of Activities**

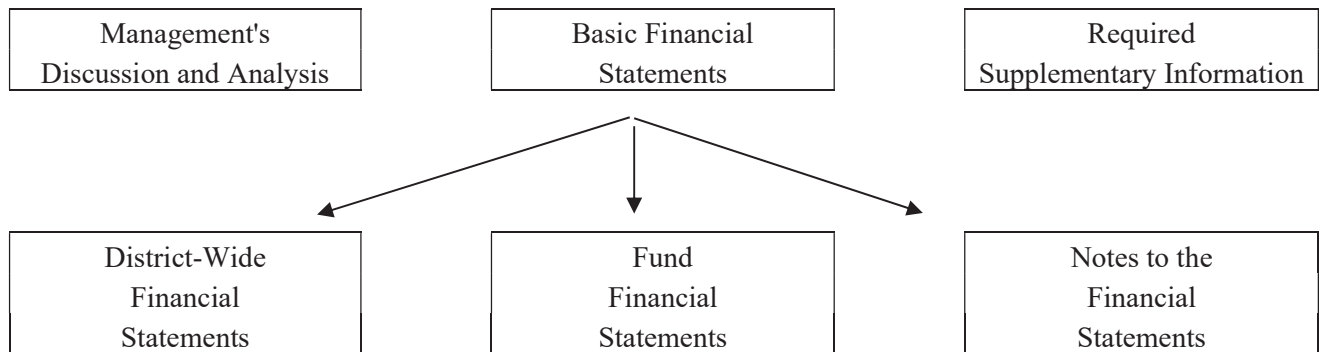
The two statements report the School District's net position and changes in the net position. This change is important because it tells the reader that, for the School District as a whole, whether its financial position improved or diminished. The causes of this change may be the result of many factors. Non-financial factors include the 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 District is divided into two distinct types of activities:

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by certain required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1  
Organization of Somerville Borough School District's Financial Report**



**SOMERVILLE BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

**Figure A-2**

**Major Features of the District-Wide and Fund Financial Statements**

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses, food services
Required Financial Statements	Statement of Net Position Statement of activities	Balance sheet Statement of revenue, expenditures, and changes in fund balances	Statement of Net Position Statement of revenue, expenses, and changes in net position Statement of cash flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets, lease assets, subscription assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid



**SOMERVILLE BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Fund Financial Statements**

Fund financial reports provide detailed information about the District's funds. The District's governmental funds include the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

**Governmental Funds**

The District's activities are reported in governmental funds. 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.

**Proprietary Fund**

Services for which the District charges a fee for are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's enterprise fund (one type of proprietary fund) is the same as its business-type activities, but provide more detail and additional information, such as cash flows.

**Notes to the Basic Financial Statements**

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

**Financial Analysis of the District as a Whole**

The Statement of Net Position provides one perspective of the District as a whole. Figure A-3 provides a summary of the District's net position as of June 30, 2023. The District's combined net position was \$47,502,636 on June 30, 2023, \$4,858,367 or 11.39% more than it was the year before. Net Investment in capital assets increased due to the acquisitions of district capital assets combined with the continued pay down of the school debt offset by depreciation expense. The increase in restricted net position is attributable to the increases in the capital reserve and excess surplus. The decrease in unrestricted net position was primarily attributable to the changes in the net pension liability and pension related deferred inflows and outflows and the increase in compensated absences.

**SOMERVILLE BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Figure A-3**

**Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	
Current and Other Assets	\$ 22,128,788	\$ 19,772,531	\$ 455,223	\$ 286,677	\$ 22,584,011	\$ 20,059,208	
Capital Assets, Net	46,051,729	46,099,804	245,374	261,499	46,297,103	46,361,303	
Total Assets	68,180,517	65,872,335	700,597	548,176	68,881,114	66,420,511	3.70%
Deferred Outflows of Resources	2,103,512	1,997,258			2,103,512	1,997,258	5.32%
Other Liabilities	3,739,117	2,836,441	13,881	19,219	3,752,998	2,855,660	
Long-Term Liabilities	17,566,240	18,027,286			17,566,240	18,027,286	
Total Liabilities	21,305,357	20,863,727	13,881	19,219	21,319,238	20,882,946	2.09%
Deferred Inflows of Resources	2,162,752	4,890,555			2,162,752	4,890,555	-55.78%
Net Position							
Net Investment in Capital Assets	38,474,496	36,748,298	245,374	261,499	38,719,870	37,009,797	
Restricted	17,357,709	13,968,575			17,357,709	13,968,575	
Unrestricted/(Deficit)	(9,016,285)	(8,601,562)	441,342	267,458	(8,574,943)	(8,334,104)	
Total Net Position	\$ 46,815,920	\$ 42,115,311	\$ 686,716	\$ 528,957	\$ 47,502,636	\$ 42,644,268	11.39%

**Changes in Net Position**

The Changes in Net Position shows the cost of program services and the revenues of the District on a comparative schedule (Figure A-4).

**Figure A-4**

**Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	
Revenue:							
Program Revenue:							
Charges for Services	\$ 12,450,805	\$ 12,384,398	\$ 434,256	\$ 73,923	\$ 12,885,061	\$ 12,458,321	
Operating Grants & Contributions	13,639,069	15,214,839	647,675	950,955	14,286,744	16,165,794	
Capital Grants & Contributions		135,539				135,539	
General Revenue:							
Property Taxes	25,536,966	25,122,554			25,536,966	25,122,554	
Unrestricted Federal and State Aid	7,889,387	7,312,313			7,889,387	7,312,313	
Other	1,115,249	415,912			1,115,249	415,912	
Total Revenue	60,631,476	60,585,555	1,081,931	1,024,878	61,713,407	61,610,433	0.17%
Expenses:							
Instruction	33,843,079	33,910,905			33,843,079	33,910,905	
Pupil and Instruction Services	8,647,983	8,190,999			8,647,983	8,190,999	
Administrative and Business	5,440,784	5,535,300			5,440,784	5,535,300	
Maintenance and Operations	3,997,591	3,654,533			3,997,591	3,654,533	
Transportation	1,257,673	937,241			1,257,673	937,241	
Other	2,743,757	2,224,901	924,173	823,574	3,667,930	3,048,475	
Total Expenses	55,930,867	54,453,879	924,173	823,574	56,855,040	55,277,453	2.85%
Increase/(Decrease) in Net Position	\$ 4,700,609	\$ 6,131,676	\$ 157,758	\$ 201,304	\$ 4,858,367	\$ 6,332,980	-23.28%

**SOMERVILLE BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Governmental Activities**

As discussed elsewhere in this commentary, the financial position of the District remains strong. However; maintaining financial and programmatic stability has become increasingly difficult due to state aid not keeping pace with the District's enrollment.

Careful management of expenses remains essential for the District to sustain its financial health. Additional areas of shared services will be explored to minimize financial impact to the taxpayer. Among the many significant cost savings actions implemented/continued during the year were:

- Shared services with other area school districts and the Somerset County Educational Services Commission to provide coordinated transportation routes to out-of-district special education schools and athletic events, maintenance of school buses, speech services, child study team evaluations and non-public grant administration
- Participating in consortiums made up of several hundred school districts for the bulk purchase of heat and electricity
- Purchasing Agreement for Commodity Resale System with the County of Somerset to complete various public works projects
- In-District Special Education Programs
- Parental Contracts for student transportation
- Waiver of benefits option for employees
- Purchase of fuel for District vehicles through the Somerset County Purchasing Cooperative Agreement
- Aggressive pursuit of federal, state and local grants
- Completing maintenance projects with expertise of in-house maintenance staff
- Securing grant funding through the New Jersey Schools Development Authority for multiple capital projects
- Cooperative Pricing System Agreements with Educational Services Commissions of Hunterdon and Middlesex for school, office, technology, custodial and athletic supplies
- Shared Service Agreement with the Borough of Somerville for snow removal, fiber wide area network connection and call manager/phone support services
- Workers Compensation Insurance through New Jersey Schools Insurance Group

It is crucial that the District examine its expenses carefully. Figure A-5 presents the cost of six major District activities; instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**SOMERVILLE BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Figure A-5  
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2022/2023	2021/2022	2022/2023	2021/2022
Instruction	\$ 33,843,079	\$ 33,910,905	\$ 10,330,142	\$ 9,618,263
Pupil and Instruction Services	8,647,983	8,190,999	6,991,351	6,193,369
Administrative and Business	5,440,784	5,535,300	4,798,051	4,636,533
Maintenance and Operations	3,997,591	3,654,533	3,948,443	3,357,404
Transportation	1,257,673	937,241	1,029,249	688,633
Other	2,743,757	2,224,901	2,743,757	2,224,901
	<u>\$ 55,930,867</u>	<u>\$ 54,453,879</u>	<u>\$ 29,840,993</u>	<u>\$ 26,719,103</u>

**Business-Type Activities**

Net position of the District's business-type activity increased by \$157,758 mainly due to the increase in lunch sales net of increased costs of good sold.

**Financial Analysis of the District's Funds**

The District's financial position improved despite continuous changes in budgeting laws and the volatility of state aid both of which tend to change often and significantly without sufficient notice to plan for their impact on financial and programmatic plans. Despite these challenges, the District continues to spend less than average on a budgetary per pupil basis compared to districts of like size and configuration as reflected in the *Taxpayer's Guide to Education Spending*.

The current economy has had a direct impact upon the District's revenue sources. Although the Borough of Somerville has several development/redevelopment projects in the execution phase, taxable property in the Borough has decreased 6.35% since 2011 which has a direct negative impact on school property taxes. The District will remain sensitive to the taxpayer's ability to pay property taxes as they build annual budgets.

**General Fund Budgetary Highlights**

The 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 budgetary fund is the General Fund.

Over the course of the year, the District revised the annual operating budget monthly. Revisions in the budget were made to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- Salary accounts were adjusted to reflect: changes in staff assignments; retirements, resignations and resulting new hires; settlement of collective bargaining agreement; program adjustments necessitated by student population changes.

**SOMERVILLE BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- Tuition for special education students is budgeted based on the existing and known incoming students at the time the budget is submitted. Students move into and out of the District during the summer as well as the school year which necessitates transferring funds to the appropriate account to pay these special education costs.

Based on a community-wide needs assessment, the Board of Education developed a five-year strategic plan (#Vision2025) that focuses efforts around four strategic themes: Supporting Social-Emotional and Mental Health Needs, Building Cultural Competence and Equity, Providing Student-Centered Counseling Services, Supports, Guidance and Programs, and Improving Student Academic Achievement. Annual goals are established each year at the Board of Education Summer Workshop and approved by Board resolution. Any funds necessary to carry out the goals are included in the general fund appropriations.

**Capital Assets**

**Figure A-6  
Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	
Land	\$ 20,079	\$ 20,079			\$ 20,079	\$ 20,079	
Construction in Progress	7,854,506	6,221,795			7,854,506	6,221,795	
Buildings and Building Improvements	36,303,137	38,049,895			36,303,137	38,049,895	
Machinery and Equipment	1,874,007	1,808,035	\$ 245,374	\$ 261,499	2,119,381	2,069,534	
Total Capital Assets (Net of Depreciation)	<u>\$ 46,051,729</u>	<u>\$ 46,099,804</u>	<u>\$ 245,374</u>	<u>\$ 261,499</u>	<u>\$ 46,297,103</u>	<u>\$ 46,361,303</u>	-0.14%

During the 2022/2023 school year the District continued work on the District's facilities related to various projects in the District.

**Long-term Liabilities**

**Figure A-7  
Long-Term Liabilities**

	Total School District		Percentage Change
	2022/2023	2021/2022	
General Obligation Bonds	\$ 7,595,000	\$ 9,265,000	
Financed Purchases Payable	165,074	328,981	
Net Pension Liability	8,017,009	6,631,348	
Unamortized Bond Premiums	565,892	699,862	
Compensated Absences Payable	1,223,265	1,102,095	
	<u>\$ 17,566,240</u>	<u>\$ 18,027,286</u>	-2.56%

**SOMERVILLE BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Factor's Bearing on the District's Future**

Everyone associated with the Somerville Borough Board of Education is grateful for the community support of the schools. However, due to the instability of the state's financial position, changes in budgeting laws without sufficient notice to plan for the long term impact of those changes and unfunded state mandates, the school district faces an ever-increasing reliance on local property taxes to fund district operations. Chapter 67 – Laws of 2018 (S2) was signed into legislation in June 2018 and has partially shifted school state aid from adjustment aid districts to underfunded districts and now Somerville School District receives 96% of state aid pursuant to the School Funding Reform Act of 2008.

Future finances will be challenged even further with the continued effect of legislation that impacts the financial operation of the School District. S1701, adopted by the State of New Jersey on June 17, 2004, forced the District to cut its allowable unassigned general fund balance in half (from 6% to 3%), which was reduced to 2% at the end of the 2004/2005 school year and then increased to 4% at the end of the 2020/2021 school year for 2 years returning to the 2% at the end of the 2022/2023 school year. This leaves the District with very little protection in the event of costly emergencies. Furthermore, inflation, increased enrollment of multi-language learners, increased number of students with social and emotional needs, collective bargain agreement settlement rate increases and the cost of transportation are all increasing far more than 2%. In addition, current budget laws do not provide relief to the 2% levy CAP for capital projects. As a result, the District has adopted a strategy to fund facility improvements on an ongoing annual basis to achieve a goal of providing adequate space for instruction, keeping the buildings safe, systems functioning and operating efficiently, and appearances of the facilities presentable so that students are not distracted from learning. The District engaged a professional demographer to perform an enrollment projection which was finalized in June 2023. The purpose of the projection was to determine if the District's current facilities are adequate to accommodate future enrollment attributed to several planned redevelopment projects in both Branchburg and Somerville. The report concluded that enrollment will increase by 39 students or 1.8% by 2027-2028. The District will continue to closely monitor enrollment as the redevelopment projects are completed. Perhaps the most significant factor bearing on the district's future is the decline in Branchburg student enrollment in Somerville High School. The percentage of Branchburg students enrolled in Somerville High School has dropped from 66% in 2013-2014 to under 57% in 2022-2023.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator at the Somerville Borough Board of Education, 51 West Cliff Street, Somerville, NJ 08876.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS



SOMERVILLE BOROUGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 5,659,974	\$ 393,950	\$ 6,053,924
Receivables from Federal Government	1,054,674	20,735	1,075,409
Receivables from State Government	432,454	884	433,338
Receivables from Other Governments	799,171		799,171
Other Receivables	14,248	7,168	21,416
Inventory		32,486	32,486
Restricted Cash and Cash Equivalents	14,168,267		14,168,267
Capital Assets, Net			
Site (Land) and Construction in Progress	7,874,585		7,874,585
Depreciable Buildings and Buildings Improvements & Machinery and Equipment	38,177,144	245,374	38,422,518
Total Assets	<u>68,180,517</u>	<u>700,597</u>	<u>68,881,114</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Outflows Related to Pensions	1,920,671		1,920,671
Deferred Amount on the Refunding	182,841		182,841
Total Deferred Outflows of Resources	<u>2,103,512</u>		<u>2,103,512</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	3,235,008		3,235,008
Accrued Interest Payable	114,320		114,320
Payable to State Government	75,435		75,435
Payable to Federal Government	162		162
Unearned Revenue	314,192	13,881	328,073
<b>Noncurrent Liabilities:</b>			
Due Within One Year	2,044,044		2,044,044
Due Beyond one Year	15,522,196		15,522,196
Total Liabilities	<u>21,305,357</u>	<u>13,881</u>	<u>21,319,238</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	2,162,752		2,162,752
Total Deferred Inflows of Resources	<u>2,162,752</u>		<u>2,162,752</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
NET POSITION			
Net Investment in Capital Assets	\$ 38,474,496	\$ 245,374	\$ 38,719,870
Restricted for:			
Capital Projects	10,765,219		10,765,219
Maintenance Reserve	362,523		362,523
Tuition Reserve	2,339,277		2,339,277
Unemployment Compensation	347,829		347,829
Student Activities	353,419		353,419
Debt Service	9,604		9,604
Excess Surplus	3,179,838		3,179,838
Unrestricted/(Deficit)	<u>(9,016,285)</u>	<u>441,342</u>	<u>(8,574,943)</u>
Total Net Position	<u>\$ 46,815,920</u>	<u>\$ 686,716</u>	<u>\$ 47,502,636</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

SOMERVILLE BOROUGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
Regular Instruction	\$ 23,602,139	\$ 12,056,716	\$ 7,370,783		\$ (4,174,640)	\$ (4,174,640)	
Special Education Instruction	8,200,782		3,773,406		(4,427,376)	(4,427,376)	
Other Special Instruction	1,525,915		220,987		(1,304,928)	(1,304,928)	
Other Instruction	514,243		91,045		(423,198)	(423,198)	
<b>Support services:</b>							
Tuition	1,050,090				(1,050,090)	(1,050,090)	
Student & Instruction Related Services	7,597,893	394,089	1,262,543		(5,941,261)	(5,941,261)	
General Administrative Services	1,062,874		13,054		(1,049,820)	(1,049,820)	
School Administrative Services	3,372,132		605,183		(2,766,949)	(2,766,949)	
Central Services	770,477		24,496		(745,981)	(745,981)	
Administration Information Technology	235,301				(235,301)	(235,301)	
Plant Operations and Maintenance	3,997,591		49,148		(3,948,443)	(3,948,443)	
Pupil Transportation	1,257,673		228,424		(1,029,249)	(1,029,249)	
Unallocated Depreciation	1,847,940				(1,847,940)	(1,847,940)	
Interest on Long-Term Debt	226,009				(226,009)	(226,009)	
Capital Outlay	669,808				(669,808)	(669,808)	
<b>Total Governmental Activities</b>	<b>55,930,867</b>	<b>12,450,805</b>	<b>13,639,069</b>		<b>(29,840,993)</b>	<b>(29,840,993)</b>	
<b>Business-Type Activities:</b>							
Food Service	924,173	434,256	647,675		\$ 157,758	\$ 157,758	
<b>Total Business-Type Activities</b>	<b>924,173</b>	<b>434,256</b>	<b>647,675</b>		<b>157,758</b>	<b>157,758</b>	
<b>Total Primary Government</b>	<b>\$ 56,855,040</b>	<b>\$ 12,885,061</b>	<b>\$ 14,286,744</b>	<b>\$ -0-</b>	<b>(29,840,993)</b>	<b>(29,683,235)</b>	

SOMERVILLE BOROUGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 23,760,851		\$ 23,760,851
Property Taxes Levied for Debt Service	1,776,115		1,776,115
Federal and State Aid not Restricted	7,889,387		7,889,387
Interest and Miscellaneous Income	1,115,249		1,115,249
Total General Revenues	34,541,602		34,541,602
Change in Net Position	4,700,609	\$ 157,758	4,858,367
Net Position - Beginning	42,115,311	528,958	42,644,269
Net Position - Ending	\$ 46,815,920	\$ 686,716	\$ 47,502,636

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE IN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

SOMERVILLE BOROUGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 5,069,177	\$ 88,638	\$ 501,361	\$ 798	\$ 5,659,974
Interfund Receivable				8,806	8,806
Receivables from Federal Government		1,054,674			1,054,674
Receivables from State Government	417,201	15,253			432,454
Receivables from Other Governments	799,171				799,171
Other Receivables	14,248				14,248
Restricted Cash and Cash Equivalents	13,814,848	353,419			14,168,267
Total Assets	<u>\$ 20,114,645</u>	<u>\$ 1,511,984</u>	<u>\$ 501,361</u>	<u>\$ 9,604</u>	<u>\$ 22,137,594</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 1,250,637	\$ 860,520	\$ 307,261		\$ 2,418,418
Interfund Payable			8,806		8,806
Payable to State Government		75,435			75,435
Payable to Federal Government		162			162
Unearned Revenue		314,192			314,192
Total Liabilities	<u>1,250,637</u>	<u>1,250,309</u>	<u>316,067</u>		<u>2,817,013</u>
Fund Balances:					
Restricted:					
Capital Reserve Account	10,765,219				10,765,219
Maintenance Reserve Account	362,523				362,523
Tuition Reserve Account -2024-2025	1,230,237				1,230,237
Tuition Reserve Account-2023-2024	1,109,040				1,109,040
Excess Surplus -2024-2025	1,357,616				1,357,616
Excess Surplus -2023-2024	1,822,222				1,822,222
Unemployment Compensation	347,829				347,829
Student Activities		353,419			353,419
Debt Service Fund				\$ 9,604	9,604
Committed:					
Capital Projects Fund			185,294		185,294
Assigned:					
Year-End Encumbrances	700,906				700,906
Subsequent Year's Expenditures	979,210				979,210
Unassigned:					
General Fund	189,206				189,206
Special Revenue Fund/(Deficit)		(91,744)			(91,744)
Total Fund Balances	<u>18,864,008</u>	<u>261,675</u>	<u>185,294</u>	<u>9,604</u>	<u>19,320,581</u>
Total Liabilities and Fund Balances	<u>\$ 20,114,645</u>	<u>\$ 1,511,984</u>	<u>\$ 501,361</u>	<u>\$ 9,604</u>	<u>\$ 22,137,594</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

Total Fund Balances From Previous Page	\$ 19,320,581
Capital assets used in governmental activities are not financial resources and therefore not reported in the Funds.	46,051,729
Long-Term Liabilities, including bonds payable, financed purchases and compensated absences payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(8,983,339)
The deferred amount on the refunding is not reported as an expenditure in the governmental funds in the year of the expenditure.	182,841
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(114,320)
Bond premiums are not reported as expenditures in the governmental funds in the year of the expenditure.	(565,892)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(8,017,009)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds.	
Deferred Outflows	1,104,081
Deferred Inflows	<u>(2,162,752)</u>
Net Position of Governmental Activities	<u>\$ 46,815,920</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE IN INTEGRAL PART OF THIS STATEMENT

SOMERVILLE BOROUGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 23,760,851			\$ 1,776,115	\$ 25,536,966
Tuition Charges - Individuals	142,158				142,158
Tuition Charges- Other LEA's Within the State	11,914,558				11,914,558
Transportation Fees From Other LEA's	286,310				286,310
Rents and Royalties	66,118				66,118
Interest on Capital Reserve	315,622				315,622
Interest on Maintenance Reserve	9,254				9,254
Interest on Tuition Reserve	77,378				77,378
Restricted Miscellaneous		\$ 438,901			438,901
Unrestricted Miscellaneous	351,761		\$ 8,806		360,567
Total - Local Sources	36,924,010		8,806	1,776,115	39,147,832
State Sources	20,059,489	1,786,742		208,695	22,054,926
Federal Sources	72,308	2,646,254			2,718,562
Total Revenues	57,055,807	4,871,897	8,806	1,984,810	63,921,320
<b>EXPENDITURES</b>					
Current:					
Regular Instruction	13,201,626	3,912,504			17,114,130
Special Education Instruction	4,973,017	627,458			5,600,475
School Sponsored Instruction	1,113,447				1,113,447
Other Special Instruction	344,310				344,310
Support Services and Undistributed Costs:					
Tuition	1,050,090				1,050,090
Student & Instruction Related Services	5,022,559	343,946			5,366,505
General Administrative Services	914,797				914,797
School Administrative Services	2,233,828				2,233,828



SOMERVILLE BOROUGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>EXPENDITURES</b>					
Support Services and Undistributed Costs (Cont'd):					
Central Services	\$ 601,964				\$ 601,964
Administration Information Technology	235,301				235,301
Plant Operations and Maintenance	3,634,553				3,634,553
Pupil Transportation	1,065,921				1,065,921
Unallocated Benefits	18,500,871				18,500,871
Debt Service:					
Principal				\$ 1,670,000	1,670,000
Interest and Other Charges				315,420	315,420
Capital Outlay	2,551,800		\$ 22,720		2,574,520
Transfer of Funds to Charter School					
Total Expenditures	<u>55,444,084</u>	<u>\$ 4,883,908</u>	<u>22,720</u>	<u>1,985,420</u>	<u>62,336,132</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>1,611,723</u>	<u>(12,011)</u>	<u>(13,914)</u>	<u>(610)</u>	<u>1,585,188</u>
<b>OTHER FINANCING SOURCES/(USES)</b>					
Transfers In		57,664		8,806	66,470
Transfers Out	(57,664)		(8,806)		(66,470)
Total Other Financing Sources/(Uses)	<u>(57,664)</u>	<u>57,664</u>	<u>(8,806)</u>	<u>8,806</u>	
Net Change in Fund Balances	1,554,059	45,653	(22,720)	8,196	1,585,188
Fund Balance - July 1	17,309,949	216,022	208,014	1,408	17,735,393
Fund Balance - June 30	<u>\$ 18,864,008</u>	<u>\$ 261,675</u>	<u>\$ 185,294</u>	<u>\$ 9,604</u>	<u>\$ 19,320,581</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

SOMERVILLE BOROUGH 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 Exhibit B-2) \$ 1,585,188

Amounts reported for governmental activities in the statement of activities (Exhibit 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 differ from depreciation and disposal of assets in the period.

Depreciation Expense	\$ (1,952,787)
Capital Outlays	<u>1,904,712</u>
	(48,075)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.

15,075

The governmental funds report the effect of the deferred amount on refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-)

(59,634)

The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (+)

133,970

Repayment of financed purchases 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.

163,907

In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

(121,170)

SOMERVILLE BOROUGH 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

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Changes in Net Pension Liability	\$ (1,385,661)
Change in Deferred Outflows	19,206
Change in Deferred Inflows	<u>2,727,803</u>
	<u>\$ 1,361,348</u>
Change in net position of governmental activities (Exhibit A-2)	<u>\$ 4,700,609</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2023

	<u>Business-Type Activities - Enterprise Funds</u> <u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 393,950
Accounts Receivable:	
Federal Government	20,735
State Government	884
Other	7,168
Inventories	<u>32,486</u>
Total Current Assets	<u>455,223</u>
Non-Current Assets:	
Capital Assets:	
Machinery and Equipment	533,060
Less: Accumulated Depreciation	<u>(287,686)</u>
Total Non-Current Assets	<u>245,374</u>
Total Assets	<u>700,597</u>
LIABILITIES:	
Unearned Revenue - Donated Commodities	<u>13,881</u>
Total Liabilities	<u>13,881</u>
NET POSITION:	
Investment in Capital Assets	245,374
Unrestricted	<u>441,342</u>
Total Net Position	<u><u>\$ 686,716</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

SOMERVILLE BOROUGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Business-Type Activities - Enterprise Funds Food Service</u>
Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 289,007
Daily Sales - Non Reimbursable Programs	145,249
Total Operating Revenue	<u>434,256</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	402,509
Cost of Sales - Non Reimbursable Programs	62,096
Management Fee	22,500
Salaries, Benefits & Payroll Taxes	384,787
Other	30,461
Depreciation Expense	21,820
Total Operating Expenses	<u>924,173</u>
Operating (Loss)	<u>(489,917)</u>
Non-Operating Revenue:	
State Sources:	
School Breakfast Program	3,509
State Lunch	14,122
Federal Sources:	
School Breakfast Program	66,752
National School Lunch Program	357,998
Food Distribution Program	87,027
COVID-19 Supply Chain Assistance	118,267
Total Non-Operating Revenue	<u>647,675</u>
Change in Net Position	157,758
Net Position - Beginning of Year	<u>528,958</u>
Net Position - End of Year	<u><u>\$ 686,716</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

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

	Business-Type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 412,300
Payments to Employees	(384,787)
Payments to Suppliers	(433,434)
Net Cash (Used for) Operating Activities	(405,921)
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Equipment	(5,695)
Net Cash (Used for) Capital and Related Financing Activities	(5,695)
Cash Flows from Noncapital Financing Activities:	
Cash Received from State Reimbursements	17,747
Cash Received from Federal Reimbursements	571,925
Net Cash Provided by Noncapital Financing Activities	589,672
Net Increase in Cash and Cash Equivalents	178,056
Cash and Cash Equivalents, July 1	215,894
Cash and Cash Equivalents, June 30	\$ 393,950
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (489,917)
Adjustment to Reconcile Operating Loss to Net Cash (Used for) Operating Activities:	
Depreciation	21,820
Federal Food Distribution Program	87,027
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	(12,345)
(Increase)/Decrease in Interfund Receivable	(7,168)
Increase/(Decrease) in Unearned Revenue - Donated Commodities	9,450
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	(14,788)
Net Cash (Used for) Operating Activities	\$ (405,921)

Non-Cash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$96,477 and used \$87,027 of those commodities during the fiscal year.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Somerville Borough School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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 Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate 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. 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.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall District in its entirety. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other non-exchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

Program revenue includes (a) 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 requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenue identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School 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. Separate statements for each fund category - *governmental*, and *proprietary* - are presented. 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 believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. 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 fixed 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 current expense by Board Resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. Thus the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.



SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, lease assets or subscription assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The food service fund is 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.

C. Measurement Focus and Basis of Accounting:

The District-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset, lease asset or subscription assets acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under financed purchases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting: (Cont'd)

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2023 was submitted to the County office and was approved by a vote of the Board of Education. 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. 6:20-2A.2(m)1. Budget amendments/transfers must be made by resolution. All budgeting 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).

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

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

The General Fund, Special Revenue Fund and Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of state aid. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District's General and Special Revenue Funds cannot recognize these payments on the GAAP financial statements. The Capital Projects Fund recognized the full amount of the SDA grants in the year awarded on a budgetary basis. On a GAAP basis SDA grant revenue is recognized based on when reimbursements are submitted on grant expenditures.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue"	\$ 57,103,455	\$ 4,638,872
Difference - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		
Current Year Encumbrances:		
Federal		(89,866)
State		(16,687)
Local		(5,771)
Prior Year Encumbrances:		
Federal		299,194
State		35,519
Local		21,891
Cancelled		(6,765)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	867,214	87,254
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(914,862)	(91,744)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 57,055,807	\$ 4,871,897
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 55,444,084	\$ 4,646,393
Difference - Budgetary to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for Financial Reporting Purposes.		237,515
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 55,444,084	\$ 4,883,908

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash, Cash Equivalents, and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

F. Interfund Transactions:

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

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed and/or 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 fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

H. Encumbrances: (Cont'd):

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.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	20 to 50 years
Site Improvements	10 to 20 years
Machinery, Equipment and Vehicles	5 to 15 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the governmental fund financial statements.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

L. Lease Assets:

Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

M. Subscription Assets

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets is determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

N. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond premium and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization in the fund financial statements. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

O. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2023.

P. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by (GASB). 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 full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

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

Q. Lease Payable

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Subscription Payable

In the district-wide financial statements, subscription payables are reported as liabilities in the Statement of Net Position. In the governmental Fund financial statements, the present value of subscription payments at the District's incremental borrowing rate over the subscription term is reported as other financing sources.

S. Unearned Revenue:

Unearned revenue in the Special Revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the Special Revenue Fund.

T. Fund Balance Appropriated:

General Fund: Of the \$18,864,008 General Fund fund balance at June 30, 2023, \$700,906 is assigned for year-end encumbrances; \$10,765,219 is restricted in the capital reserve account; \$347,829 is restricted for unemployment compensation; \$362,523 is restricted in the maintenance reserve account; \$1,109,040 is restricted in the tuition reserve account and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2024; \$1,230,237 is restricted in the tuition reserve account for fiscal year ending June 30, 2025; \$3,179,838 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701); \$1,822,222 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2024; current year excess surplus in the amount of \$1,357,616 will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2025; \$979,210 is assigned and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2024; and \$189,206 is unassigned which is \$914,862, less than the calculated maximum unassigned fund balance, on a Budgetary basis, due to the final two state aid payments which are not recognized until the fiscal year ending June 30, 2024 on a GAAP basis.

Special Revenue Fund: Of the \$261,675 Special Revenue Fund fund balance at June 30, 2023, \$353,419 is restricted for Student Activities and the deficit fund balance of \$91,744 is unassigned. This deficit is due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2024 on a GAAP basis.

Capital Projects Fund: The \$185,294 fund balance in the Capital Projects Fund at June 30, 2023 is committed.

Debt Service Fund: The District has \$9,604 of restricted fund balance in the Debt Service Fund at June 30, 2023.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for 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 restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus at June 30, 2023 as outlined above.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

T. Fund Balance Appropriated: (Cont'd)

P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last two state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

U. Deficit Net Position/ Fund Balance:

The District has a deficit in unrestricted net position of \$9,016,285 in governmental activities, which is primarily a result of accrued interest payable, compensated absences payable, net pension liability and the related deferred inflows and outflows. The District has a deficit in fund balance of \$91,744 in the Special Revenue Fund as of June 30, 2023 as a result of the last two state aid payments that are not recognized on a GAAP basis. These deficits do not mean that the District is facing financial difficulties and is a permitted practice by generally accepted accounting principles.

V. Net Position:

Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District has deferred outflows of resources at June 30, 2023 on the deferred amount on refunding of debt related to the District refunding bonds, and for pensions. The District has deferred inflows of resources at June 30, 2023 for pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, lease assets, net accumulated amortization and subscription assets, net of accumulated amortization reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.



SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

W. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, a capital reserve, a tuition reserve, a maintenance reserve, unemployment compensation, student activities and the debt service fund. The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the capital projects fund at June 30, 2023.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2023.

X. Revenue – Exchange and Nonexchange 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.

Nonexchange transactions, in which the School 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 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 School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Y. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

Z. Management Estimates:

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

AA. Pensions

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

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Interest Rate Risk – In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the Investment Section of this note.

Custodial Credit Risk – The District's policy with respect to custodial risk requires that the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposits:

New Jersey statutes require that school Districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School Districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit, and

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types 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;
- (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 school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools; or
- (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

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities; if
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.) ;
  - (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.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
  - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
  - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
  - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
  - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
  - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

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

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents</u>	<u>Total</u>
Checking and Savings Accounts	<u>\$ 6,053,924</u>	<u>\$ 14,168,267</u>	<u>\$ 20,222,191</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2023, was \$20,222,191 and the bank balance was \$22,244,857. The District did not hold any investments during the fiscal year ended June 30, 2023.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 4. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 20,079			\$ 20,079
Construction in Progress	6,221,795	\$ 1,632,711		7,854,506
Total Capital Assets not Being Depreciated	<u>6,241,874</u>	<u>1,632,711</u>		<u>7,874,585</u>
Capital Assets Being Depreciated:				
Site Improvements	412,800			412,800
Buildings and Building Improvements	61,520,850			61,520,850
Machinery, Equipment and Vehicles	5,909,131	272,001		6,181,132
Total Capital Assets Being Depreciated	<u>67,842,781</u>	<u>272,001</u>		<u>68,114,782</u>
Governmental Activities Capital Assets	<u>74,084,655</u>	<u>1,904,712</u>		<u>75,989,367</u>
Less Accumulated Depreciation for:				
Site Improvements	(412,800)			(412,800)
Buildings and Building Improvements	(23,470,955)	(1,746,758)		(25,217,713)
Machinery, Equipment and Vehicles	(4,101,096)	(206,029)		(4,307,125)
Total Accumulated Depreciation	<u>(27,984,851)</u>	<u>(1,952,787)</u>		<u>(29,937,638)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 46,099,804</u>	<u>\$ (48,075)</u>	<u>\$ -0-</u>	<u>\$ 46,051,729</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	527,365	5,695		533,060
Less Accumulated Depreciation	(265,866)	(21,820)		(287,686)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 261,499</u>	<u>\$ (16,125)</u>	<u>\$ -0-</u>	<u>\$ 245,374</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 4. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$	1,650
Student & Instruction Related Services		132
Support Services		273
General Administration		59,675
Plant Operations and Maintenance		9,310
Pupil Transportation		33,808
Unallocated		1,847,939
	<u>\$</u>	<u>1,952,787</u>

The District had active construction projects totaling \$3,098,540 as of June 30, 2023. These projects include roof replacements at the elementary and high schools. At year end, the District had \$11,643 in outstanding construction encumbrances.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2023, the District made transfers in various Capital Outlay accounts for equipment which do not require approval of the County Superintendent.

NOTE 6. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Somerville Borough School 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, 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 of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 6. CAPITAL RESERVE ACCOUNT (Cont'd)

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

Beginning Balance at June 30, 2022		\$ 8,490,403
Increased by:		
Interest Earnings	\$ 315,621	
Transferred by Board Resolution - June 13, 2023	2,000,000	
Budget Appropriation	125,000	
Unexpended Balance from Capital Outlay	1,381,317	
		3,821,938
		12,312,341
Decreased by:		
Budget Withdrawal	1,547,122	
		1,547,122
Ending Balance at June 30, 2023		\$ 10,765,219

The balance in the capital reserve account at June 30, 2023 does not exceed the LRFP balance of local support costs of uncompleted capital projects. The withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2023, the following changes occurred in liabilities reported in the District-wide financial statements:

	Balance		Balance	Balance Due
	June 30, 2022	Accrued	June 30, 2023	Within One Year
Serial Bonds Payable	\$ 9,265,000		\$ 7,595,000	\$ 1,745,000
Financed Purchases Payable	328,981		165,074	165,074
Net Pension Liability	6,631,348	\$ 1,385,661	8,017,009	
Unamortized Bond Issuance Premium	699,862		565,892	133,970
Compensated Absences Payable	1,102,095	308,580	1,223,265	
	\$ 18,027,286	\$ 1,694,241	\$ 17,566,240	\$ 2,044,044

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated through the Debt Service Fund.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

On April 30, 2013, the District issued \$9,240,000 refunding bonds with interest rates ranging from 2.00% to 4.00% to advance refund \$12,590,000 of the 1999 serial bonds with rates ranging from 4.70% to 5.10%. The refunding bonds will mature on February 15, 2014 through February 15, 2025 and February 15, 2015 was the first optional redemption date at 100% par. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments when the school bonds were called on February 15, 2015. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's government-wide financial statements.

On April 15, 2016, the District issued \$9,265,000 refunding bonds with interest rates ranging from 2.00% to 4.00% to advance refund \$9,915,000 of the 2006 serial bonds with rates ranging from 4.00% to 4.375%. The refunding bonds will mature on July 15, 2016 through July 15, 2029 and July 15, 2027 is the first optional redemption date at 100% par. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments when the school bonds were called on July 15, 2016. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's government-wide financial statements.

The District had bonds outstanding as of June 30, 2023 as follows:

<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
School Refunding Bonds	7/15/2029	3.00%-4.00%	\$ 5,115,000
School Refunding Bonds	2/15/2025	2.40%-4.00%	2,480,000
			<u>\$ 7,595,000</u>

Principal and interest due on serial bonds outstanding are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,745,000	\$ 248,120	\$ 1,993,120
2025	1,810,000	194,500	2,004,500
2026	755,000	121,500	876,500
2027	785,000	90,700	875,700
2028-2030	2,500,000	114,000	2,614,000
	<u>\$ 7,595,000</u>	<u>\$ 768,820</u>	<u>\$ 8,363,820</u>

B. Unamortized Bond Premium

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$133,970 and the long-term portion is \$431,922.



SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

C. Bonds Authorized But Not Issued:

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

D. Financed Purchases Payable:

The District has a financed purchase agreement for virtual desktop infrastructure totaling \$253,000 of which \$201,259 had been amortized as of June 30, 2023. The financed purchase agreement is for a term of five years. The District is also financing chromebooks totaling \$453,332 of which \$339,999 had been amortized as of June 30, 2023. The financed purchase agreement is for a term of four years. The following is a schedule of the future minimum financed purchase payments under the financed purchase agreements, and the present value of the net minimum financed purchases payments at June 30, 2023.

Fiscal Year Ending June 30,	Amount
2024	\$ 169,138
Total Minimum Financed Purchases Payments	169,138
Less: Amount Representing Interest	(4,064)
Present Value of Net Minimum Financed Purchases Payments	\$ 165,074

The current portion of the financed purchases payable at June 30, 2023 is \$165,074 and the long-term portion is \$-0-. The General Fund will be used to liquidate the financed purchases payable.

E. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the long-term liabilities. The current portion of compensated absences liability at June 30, 2023 is \$-0- and the long-term portion is \$1,223,265. Compensated absences will be liquidated by the General Fund.

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 Food Service Fund.

F. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2023 is \$-0- and the long-term portion is \$8,017,009 See Note 10 for further information on the PERS.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 8. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$50,000 was established by the Somerville Borough Board of Education on June 16, 2009. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building. Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year’s budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district’s school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year’s budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

Beginning Balance at June 30, 2022	\$	253,269
Interest Earnings		9,254
Transferred by Board Resolution - June 13, 2023		100,000
Ending Balance at June 30, 2023	\$	362,523

NOTE 9. TUITION RESERVE ACCOUNT

A tuition reserve account may be established in accordance with N.J.A.C. 6A:23-3.1(f) for tuition between two Boards of Education that are in a formal sending/receiving relationship. The maximum amount that may be restricted at year end is 10% of the estimated contract year tuition. Upon certification of tuition rates in the second year following the contract year, full appropriation of the applicable year’s reserve must be liquidated and any remaining balance related to that year must be restricted and budgeted for tax relief.

As of June 30, 2023 the District has \$2,339,277 in the tuition reserve for which \$1,109,040 and \$1,230,237 will be used to pay for any tuition adjustments for the fiscal years ending June 30, 2024 and 2025, respectively.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 10. PENSION PLANS

Substantially all of the Board’s employees participate in one of the two contributory, defined benefit public employee retirement systems: the Public Employee’s Retirement System (PERS) of New Jersey; or the Teachers’ Pension and Annuity Fund (TPAF); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

Plan Description

The State of New Jersey, Public Employees’ Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division’s annual financial statements which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service. The following represents the membership tiers for PERS:

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State’s pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions (Cont'd)

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

District contributions to PERS amounted to \$669,908 for the current fiscal year. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$16,868 to the PERS for normal pension benefits on behalf of the District.

The employee contribution rate was 7.50% effective July 1, 2018.

Special Funding Situation

A special funding situation exists for certain local employers of the PERS. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers Chapter 133, P.L. 2001. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation and there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2023, the District reported a liability of \$8,017,009 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 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 members, actuarially determined. At June 30, 2022, the District's proportion was 0.0533%, which was a decrease of 0.0027% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2022, the District recognized an actual pension benefit of \$678,257 related to the District's proportionate share of the net pension liability.

Additionally, for the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$16,868 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
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(Continued)

NOTE 10. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions (Cont'd)

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2023.

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

	<u>Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2018	5.63		\$ (192,713)
	2019	5.21		(240,827)
	2020	5.16		(708,161)
	2021	5.13		(58,763)
	2022	5.04	\$ 24,839	
			<u>24,839</u>	<u>(1,200,464)</u>
Changes in Proportion	2018	5.63		(762)
	2019	5.21		(104,685)
	2020	5.16		(370,644)
	2021	5.13	689,562	
	2022	5.04		(435,170)
			<u>689,562</u>	<u>(911,261)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	7,932	
	2020	5.00	238,320	
	2021	5.00	(1,486,490)	
	2022	5.00	1,572,055	
			<u>331,817</u>	
Difference Between Expected and Actual Experience	2018	5.63		(7,338)
	2019	5.21	18,409	
	2020	5.16	39,454	
	2021	5.13		(19,754)
	2022	5.04		(23,935)
			<u>57,863</u>	<u>(51,027)</u>
District Contribution Subsequent to the Measurement Date	2022	1.00	816,590	
			<u>\$ 1,920,671</u>	<u>\$ (2,162,752)</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 10. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the district contribution subsequent to the measurement date) related to pensions will be recognized in the pension benefit as follows:

Fiscal Year Ending June 30,	Total
2023	\$ (687,690)
2024	(350,356)
2023	(170,862)
2026	372,755
2027	(819)
	\$ (836,972)

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, 2021. 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	2.75 – 6.55% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 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.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension 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 PERS' target asset allocation as of June 30, 2022 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 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.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 10. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2022 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the of the Net Pension Liability	\$ 10,299,509	\$ 8,017,009	\$ 6,074,511

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division).

For additional information about the TPAF, please refer to the Division's annual financial statements which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

Benefits Provided

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



SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2022, the State's pension contribution was more than the actuarial determined amount.

Special Funding Situation

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 nonemployer 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 nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2023, the State of New Jersey contributed \$6,934,934 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$2,481,098.

The employee contribution rate was 7.50% effective July 1, 2018.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the State's proportionate share of the net pension liability associated with the District was \$92,190,276. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 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 members, actuarially determined. At June 30, 2022, the District's proportion was 0.178%, which was an increase of .012% from its proportion measured as of June 30, 2021.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		92,190,276
Total	\$	92,190,276

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$2,481,098 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2015	8.30	\$ 213,742,984	
	2016	8.30	1,695,809,748	
	2017	8.30		\$ 3,681,530,748
	2018	8.29		2,705,362,525
	2019	8.04		2,012,738,111
	2020	7.99	1,007,402,060	
	2021	7.93		11,041,509,093
	2022	7.83	96,143,072	
			<u>3,013,097,864</u>	<u>19,441,140,477</u>
Difference Between Expected and Actual Experience	2015	8.30	13,201,022	
	2016	8.30		21,088,845.00
	2017	8.30	65,502,212	
	2018	8.29	474,592,771	
	2019	8.04		78,198,040
	2020	7.99		5,368,990
	2021	7.93	146,524,969	
	2022	7.83		18,009,041
			<u>699,820,974</u>	<u>122,664,916</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	36,220,692	
	2020	5.00	482,791,080	
	2021	5.00	(2,665,975,358)	
	2022	5.00	3,319,334,659	
			<u>1,172,371,073</u>	
			<u>\$ 4,885,289,911</u>	<u>\$ 19,563,805,393</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

Fiscal Year Ending June 30,	Total
2023	\$ (2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Thereafter	(1,687,721,983)
	\$ (14,678,515,482)

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	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

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

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension 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:

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contribution from the State. Based on those assumptions, the pension 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 pension plan investments was applied to all projected benefit payments in determining the total pension liability.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2022 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Total Net Pension Liability	\$ 108,095,058	\$ 92,190,276	\$ 78,792,496

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$39,801 for the fiscal year ended June 30, 2023. Employee contributions to DCRP amounted to \$52,900 for the fiscal year ended June 30, 2023.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 11. RISK MANAGEMENT

Property, Liability and Health Benefits

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. The District obtains its health benefit coverage through Horizon Blue Cross/Blue Shield.

A complete schedule of insurance coverage can be found in the statistical section of this Annual Comprehensive Financial Report.

The District is a member of the New Jersey Schools Insurance Group (the “Group”). This public entity risk management pool provides insurance coverage for property, liability, student accident, surety bonds and workers’ compensation for the District. The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

As a member of this Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group’s liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body. In accordance with the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Selected, summarized financial information for the Group as of June 30, 2023 is as follows:

	New Jersey Schools Insurance Group (NJSIG)
Total Assets	\$ 429,049,188
Net Position	\$ 201,308,725
Total Revenue	\$ 160,069,780
Total Expenses	\$ 141,165,428
Change in Net Position	\$ 16,304,414
Member Dividends	\$ 2,599,938

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Financial statements for the Group are available at the Group’s Executive Director’s Office:

New Jersey Schools Insurance Group  
6000 Midlantic Drive  
Mount Laurel, NJ 08054  
Phone: (609) 386-6060 Fax: (609) 386-8877

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, interest earnings, reimbursements to the State for benefits paid and the ending balance of the District’s Unemployment Compensation Restricted Fund Balance in the General Fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021	\$ -0-	\$ 37,173	\$ 200	\$ 178,440	\$ 330,717
2021-2022	-0-	37,263	352		368,332
2022-2023	-0-	72,010	5,636	98,149	347,829

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The following interfund balances existed as at June 30, 2023:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Capital Projects Fund		\$ 8,806
Debt Service	\$ 8,806	
	<u>\$ 8,806</u>	<u>\$ 8,806</u>

The interfund between the Capital Projects Fund and the Debt Service Fund represents interest earned in the Capital Projects Fund which was not turned over to the Debt Service Fund before year end.



SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 13. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Variable Annuity Life Insurance Company	Siracusa
Met Life	Penn Serv
Equitable Life Assurance	Fidelity

NOTE 14. TAX CALENDAR

Property taxes are levied by the District's constituent municipality as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the School District on a predetermined mutually agreed-upon schedule.

NOTE 15. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 16. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

The District is periodically involved in claims and lawsuits arising from operations. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance is unknown and cannot be determined at this time.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 16. CONTINGENT LIABILITIES (Cont'd)

Encumbrances

At June 30, 2023, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 700,906	\$ 112,324	\$ 11,643	\$ 824,873

On the District's Governmental Funds Balance Sheet as of June 30, 2023, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$112,324 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. The \$11,643 of year-end encumbrances in the Capital Projects are included in the committed fund balance amount on the Governmental Funds Balance Sheet as of June 30, 2023.

NOTE 17. ACCOUNTS PAYABLE

	Governmental Funds			District Contribution Subsequent to the Measurement Date	Total Governmental Activities
	General Fund	Special Revenue Fund	Capital Projects Fund		
Vendors	\$ 1,046,760	\$ 860,520	\$ 307,261		\$ 2,214,541
Payroll Deductions and Withholdings	203,877				203,877
Due to State of New Jersey				\$ 816,590	816,590
	\$ 1,250,637	\$ 860,520	\$ 307,261	\$ 816,590	\$ 3,235,008

SOMERVILLE BOROUGH SCHOOL DISTRICT  
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(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. The State Health Benefits 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. 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 years or more 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.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2021, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	151,669
Active Plan Members	213,148
Total	364,817

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 18 . POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan

Total Nonemployer OPEB Liability

The total nonemployer 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.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	TPAF/ABP	PERS	PFRS
Salary Increases:	2.75 - 4.25% based on years of service	2.75 - 6.55% based on years of service	3.25 - 16.25% based on years of service

The 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 – June 30, 2021.

Mortality Rates

Pre-retirement 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. Post-retirement 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 were 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.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

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 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 rate as chosen by the State of New Jersey Division of Pensions and Benefits. 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 State’s Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2021	\$ 88,174,056
Changes for Year:	
Service Cost	4,553,953
Interest on the Total OPEB Liability	1,966,058
Changes of Assumptions	(19,901,542)
Differences between Expected and Actual Experience	1,280,236
Gross Benefit Payments by the State	(1,947,439)
Contributions from Members	62,475
Net Changes	(13,986,259)
Balance at June 30, 2022	\$ 74,187,797

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2022, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	At 1% Decrease (2.54%)	At Discount Rate (3.54%)	At 1% Increase (4.54%)
Total OPEB Liability Attributable to the District	\$ 87,199,952	\$ 74,187,797	\$ 63,759,206

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2022, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 61,320,749	\$ 74,187,797	\$ 91,089,446

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

For the fiscal year ended June 30, 2023 the District recognized OPEB expense of \$5,678,598 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District’s proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2022 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 3,851,911
	2018	9.51		3,675,818
	2019	9.29	\$ 518,970	
	2020	9.24	12,253,110	
	2021	9.24	67,950	
	2022	9.13		17,721,746
			<u>12,840,030</u>	<u>25,249,475</u>
Differences Between Expected and Actual Experience	2018	9.51		3,474,792
	2019	9.29		6,108,305
	2020	9.24	11,420,379	
	2021	9.24		13,067,296
	2022	9.13		1,825,085
			<u>13,245,464</u>	<u>22,650,393</u>
Changes in Proportion	N/A	N/A	3,291,974	1,751,514
			<u>\$ 29,377,468</u>	<u>\$ 49,651,382</u>

N/A - Not Available

Fiscal Year Ending June 30,	Total
2023	\$ (3,687,166)
2024	(3,687,166)
2025	(3,687,166)
2026	(3,186,636)
2027	(1,822,161)
Thereafter	(5,744,076)
	<u>\$ (21,814,371)</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 19. TAX ABATEMENTS

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

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The Borough of Somerville recognized revenue in the amount of \$1,007,714 from payment in lieu of taxes ("PILOT") agreement. The taxes which would have been paid for 2022 without the abatement would have been \$3,301,819 of which \$1,921,472 would have been for the local school tax.



SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION

SOMERVILLE BOROUGH SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 LAST NINE FISCAL YEARS

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
District's proportion of the net pension liability	0.0490458605%	0.0519459671%	0.0548689596%	0.0567481496%	0.0567180100%	0.0547280791%	0.0507953034%	0.0559777293%	0.0531231157%	
District's proportionate share of the net pension liability	\$ 9,182,726	\$ 11,660,829	\$ 16,250,612	\$ 13,210,062	\$ 11,167,494	\$ 9,861,170	\$ 8,283,386	\$ 6,631,348	\$ 8,017,009	
District's covered employee payroll	\$ 3,478,144	\$ 3,675,028	\$ 3,843,946	\$ 3,876,762	\$ 3,825,748	\$ 3,866,610	\$ 4,029,327	\$ 3,917,094	\$ 4,332,479	
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	264.01%	317.30%	422.76%	340.75%	291.90%	255.03%	205.58%	169.29%	185.04%	
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%	

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
 SCHEDULE OF DISTRICT CONTRIBUTIONS  
 PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 LAST NINE FISCAL YEARS

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Contractually required contribution	\$ 404,327	\$ 446,596	\$ 492,461	\$ 559,987	\$ 598,548	\$ 570,491	\$ 591,020	\$ 643,743	\$ 669,908	
Contributions in relation to the contractually required contribution	(404,327)	(446,596)	(492,461)	(559,987)	(598,548)	(570,491)	(591,020)	(643,743)	(669,908)	
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	
District's covered employee payroll	\$ 3,675,028	\$ 3,843,946	\$ 3,876,762	\$ 3,825,748	\$ 3,866,610	\$ 4,029,327	\$ 3,917,094	\$ 4,332,479	\$ 4,759,525	
Contributions as a percentage of covered employee payroll	11.00%	11.62%	12.70%	14.64%	15.48%	14.16%	15.09%	14.86%	14.08%	

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
 SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY ATTRIBUTABLE TO THE DISTRICT  
 TEACHERS' PENSION AND ANNUITY FUND  
 LAST NINE FISCAL YEARS

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
State's proportion of the net pension liability attributable to the District	0.1703588325%	0.1722106861%	0.1665277727%	0.1679416150%	0.1722765513%	0.1707258308%	0.1678030800%	0.1675537515%	0.1786826637%
State's proportionate share of the net pension liability attributable to the District	\$ 91,051,251	\$ 108,844,508	\$ 131,001,349	\$ 113,232,293	\$ 109,598,642	\$ 104,776,054	\$ 110,496,309	\$ 80,551,782	\$ 92,190,276
District's covered employee payroll	\$ 16,634,801	\$ 16,820,295	\$ 17,622,689	\$ 18,022,261	\$ 17,899,833	\$ 18,034,210	\$ 19,687,965	\$ 19,710,132	\$ 20,390,094
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	547.35%	647.10%	743.37%	628.29%	612.29%	580.98%	561.24%	408.68%	452.13%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE CONTRIBUTIONS  
TEACHERS' PENSION AND ANNUITY FUND  
LAST NINE FISCAL YEARS

	Fiscal Year Ending June 30.								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ 4,899,412	\$ 6,645,937	\$ 9,842,929	\$ 7,844,160	\$ 6,389,218	\$ 6,179,972	\$ 6,871,131	\$ 1,895,419	\$ 2,481,098
Contributions in relation to the contractually required contribution	(931,034)	(1,333,286)	(1,822,962)	(2,537,026)	(3,357,764)	(3,680,564)	(4,870,585)	(7,355,752)	(6,934,934)
Contribution deficiency/(excess)	<u>\$ 3,968,378</u>	<u>\$ 5,312,651</u>	<u>\$ 8,019,967</u>	<u>\$ 5,307,134</u>	<u>\$ 3,031,454</u>	<u>\$ 2,499,408</u>	<u>\$ 2,000,546</u>	<u>\$ (5,460,333)</u>	<u>\$ (4,453,836)</u>
District's covered employee payroll	\$ 16,820,295	\$ 17,622,689	\$ 18,022,261	\$ 17,899,833	\$ 18,034,210	\$ 19,687,965	\$ 19,710,132	\$ 20,390,094	\$ 21,114,563
Contributions as a percentage of covered employee payroll	5.54%	7.57%	10.12%	14.17%	18.62%	18.69%	24.71%	36.08%	32.84%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF TOTAL  
 OPEB LIABILITY ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS  
LAST SIX FISCAL YEARS

	Fiscal Years Ending June 30,					
	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 3,784,731	\$ 3,124,493	\$ 2,687,917	\$ 2,803,573	\$ 5,218,033	\$ 4,553,953
Interest Cost	2,457,659	2,842,543	2,545,318	2,153,968	2,287,328	1,966,058
Changes in Assumptions	(10,730,828)	(7,339,870)	888,051	17,944,932	86,990	(19,901,542)
Change of Benefit Terms					(93,851)	
Difference Between Expected and Actual Experiences		(10,109,229)	(8,747,939)	17,434,746	(15,820,378)	1,280,236
Member Contributions	65,753	59,111	54,197	51,838	58,476	62,475
Gross Benefit Payments	(1,785,672)	(1,710,300)	(1,828,328)	(1,710,264)	(1,801,774)	(1,947,439)
Net Change in Total OPEB Liability	(6,208,357)	(13,133,252)	(4,400,784)	38,678,793	(10,065,176)	(13,986,259)
Total OPEB Liability - Beginning	83,302,832	77,094,475	63,961,223	59,560,439	98,239,232	88,174,056
Total OPEB Liability - Ending	<u>\$ 77,094,475</u>	<u>\$ 63,961,223</u>	<u>\$ 59,560,439</u>	<u>\$ 98,239,232</u>	<u>\$ 88,174,056</u>	<u>\$ 74,187,797</u>
District's Covered Employee Payroll *	\$ 20,495,323	\$ 21,466,635	\$ 21,899,023	\$ 21,725,581	\$ 21,900,820	\$ 23,717,292
Total OPEB Liability as a Percentage of Covered Employee Payroll	376%	298%	272%	452%	403%	313%

\* - Covered payroll for the fiscal years ending June 30, 2017 through 2022 are based on the payroll on the June 30, 2016 through 2021 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 6.55% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 2.00%-6.00% through 2026 and 3.00-7.00% thereafter based on years of service.

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. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 1.55%-4.45% through 2026 and 2.75%-5.65% thereafter based on years of service.

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. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEN PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2021 was 2.16%. The discount rate for June 30, 2020 was 2.21%, a change of -.05%.

The salary increases for TPAF/ABP for thereafter were 1.55 – 4.45% in the valuation as of June 30, 2020 while the salary increases for TPAF/ABP for thereafter are 2.75 – 5.65% in the valuation as of June 30, 2021.

The salary increases for PFRS for thereafter were applied to all future years in the valuation as of June 30, 2020 while the salary increases for PFRS for thereafter are not applicable in the valuation as of June 30, 2021.

The mortality rates in the valuation as of June 30, 2021 were based on the following:

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEN PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

Pre-retirement 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. Post-retirement 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 were 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.

The mortality rates in the valuation as of June 30, 2020 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Post-retirement 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-2020. 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-2020.

The health care trend rates in the valuation as of June 30, 2021 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal years 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

The health care trend rates in the valuation as of June 30, 2020 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.



BUDGETARY COMPARISON SCHEDULES

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 23,760,851		\$ 23,760,851	\$ 23,760,851	
Tuition From Individuals				142,158	142,158
Tuition From Other LEAs Within the State				11,914,558	15,899
Transportation Fees From Other LEAs				286,310	286,310
Rents and Royalties	15,000		15,000	66,118	51,118
Unrestricted Miscellaneous Revenues	77,954		77,954	351,761	273,807
Interest Earned on Tuition Reserve Funds				77,378	77,378
Interest Earned on Maintenance Reserve				9,254	9,254
Interest Earned on Capital Reserve Funds	3,003		3,003	315,622	312,619
Total Revenues from Local Sources	<u>35,755,467</u>		<u>35,755,467</u>	<u>36,924,010</u>	<u>1,168,543</u>
Revenues from State Sources:					
Categorical Transportation Aid	204,865		204,865	204,865	
Extraordinary Aid	100,000		100,000	302,451	202,451
Categorical Special Education Aid	1,448,667		1,448,667	1,448,667	
Equalization Aid	7,246,616		7,246,616	7,246,616	
Categorical Security Aid	443,956		443,956	443,956	
Homeless Tuition				39,670	39,670
TPAF Post Retirement Contributions (Non-Budgeted)				1,847,066	1,847,066
TPAF Pension Contributions (Non-Budgeted)				6,934,934	6,934,934
TPAF Non-Contributory Insurance (Non-Budgeted)				96,214	96,214
TPAF Long-Term Disability Insurance (Non-Budgeted)				3,185	3,185
Reimbursed TPAF Social Security Contributions				1,539,513	1,539,513
Total Revenues from State Sources	<u>9,444,104</u>		<u>9,444,104</u>	<u>20,107,137</u>	<u>10,663,033</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Federal Sources:					
Medicaid Reimbursement	\$ 54,353		\$ 54,353	\$ 65,318	\$ 10,965
FFCRA				6,990	6,990
Total Revenues from Federal Sources	<u>54,353</u>		<u>54,353</u>	<u>72,308</u>	<u>17,955</u>
TOTAL REVENUE	<u>45,253,924</u>		<u>45,253,924</u>	<u>57,103,455</u>	<u>11,849,531</u>
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	509,175		509,175	483,626	25,549
Grades 1-5 - Salaries of Teachers	3,504,184		3,504,184	3,314,775	189,409
Grades 6-8 - Salaries of Teachers	2,122,057	\$ (14,000)	2,108,057	2,079,522	28,535
Grades 9-12 - Salaries of Teachers	6,655,962	(75,000)	6,580,962	6,293,951	287,011
Regular Programs - Home Instruction:					
Salaries of Teachers	20,000		20,000	19,598	402
Purchased Professional-Educational Services	52,734		52,734	22,330	30,404
Other Purchased Services (400-500 series)	200		200		200
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	77,735		77,735	45,273	32,462
Purchased Professional-Educational Services	35,995		35,995	25,015	10,980
Purchased Technical Services	33,695	9,400	43,095	26,913	16,182
Other Purchased Services (400-500 series)	720,226	(4,275)	715,951	377,334	338,617
General Supplies	749,309	(89,585)	659,724	476,626	183,098
Textbooks	84,350		84,350	30,795	53,555
Other Objects	11,710		11,710	5,868	5,842
Total Regular Programs - Instruction	<u>14,577,332</u>	<u>(173,460)</u>	<u>14,403,872</u>	<u>13,201,626</u>	<u>1,202,246</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	\$ 329,660		\$ 329,660	\$ 324,916	\$ 4,744
Other Salaries for Instruction	272,729	\$ 105,000	377,729	372,059	5,670
Other Purchased Services (400-500 series)	1,100		1,100	1,066	34
General Supplies	4,992	(150)	4,842	2,471	2,371
Total Learning and/or Language Disabilities	608,481	104,850	713,331	700,512	12,819
Multiple Disabilities:					
Salaries of Teachers	546,222	920	547,142	513,791	33,351
Other Salaries for Instruction	538,560	(60,920)	477,640	456,715	20,925
Other Purchased Services (400-500 series)	2,142	(223)	1,919	650	1,269
General Supplies	5,144	4,532	9,676	7,028	2,648
Other Objects		200	200	200	
Total Multiple Disabilities	1,092,068	(55,491)	1,036,577	978,384	58,193
Resource Room/Resource Center:					
Salaries of Teachers	2,546,400	(69,000)	2,477,400	2,418,333	59,067
Other Salaries for Instruction	403,243		403,243	325,664	77,579
General Supplies	15,617	500	16,117	10,882	5,235
Other Objects	13,000		13,000	4,851	8,149
Total Resource Room/Resource Center	2,978,260	(68,500)	2,909,760	2,759,730	150,030
Preschool Disabilities - Part-Time:					
Salaries of Teachers	78,096		78,096	78,025	71
Other Salaries for Instruction	73,687		73,687	70,848	2,839
General Supplies	200		200	200	200
Total Preschool Disabilities - Part-Time	151,983		151,983	148,873	3,110

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Preschool Disabilities - Full-Time:					
Salaries of Teachers	\$ 213,839	\$ (52,000)	\$ 161,839	\$ 149,895	\$ 11,944
Other Salaries for Instruction	315,533	(1,791)	313,742	233,832	79,910
Other Purchased Services (400-500 series)		1,791	1,791	1,791	
General Supplies	300		300		300
Total Preschool Disabilities - Full-Time	<u>529,672</u>	<u>(52,000)</u>	<u>477,672</u>	<u>385,518</u>	<u>92,154</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>5,360,464</u>	<u>(71,141)</u>	<u>5,289,323</u>	<u>4,973,017</u>	<u>316,306</u>
Basic Skills/Remedial - Instruction:					
Purchased Professional-Educational Services	34,000	4,000	38,000	20,000	18,000
Total Basic Skills/Remedial - Instruction	<u>34,000</u>	<u>4,000</u>	<u>38,000</u>	<u>20,000</u>	<u>18,000</u>
Bilingual Education - Instruction:					
Salaries of Teachers	295,693	14,000	309,693	309,606	87
Other Purchased Services (400-500 series)	5,300		5,300	971	4,329
General Supplies	4,682		4,682	237	4,445
Total Bilingual Education - Instruction	<u>305,675</u>	<u>14,000</u>	<u>319,675</u>	<u>310,814</u>	<u>8,861</u>
School-Spon. Coccirricular & Extracurricular Actvts. - Inst.:					
Salaries	211,504	(2,500)	209,004	208,276	728
Purchased Services (300-500 series)	14,700		14,700	3,575	11,125
Supplies and Materials	49,230	(5,697)	43,533	12,579	30,954
Other Objects	3,650		3,650	1,465	2,185
Total School-Spon. Coccirricular & Extracurricular Actvts. - Inst.	<u>279,084</u>	<u>(8,197)</u>	<u>270,887</u>	<u>225,895</u>	<u>44,992</u>
School-Sponsored Athletics - Instruction:					
Salaries	601,228	(7,335)	593,893	575,968	17,925
Purchased Services (300-500 series)	198,591	25,862	224,453	195,400	29,053
Supplies and Materials	97,156	(14,168)	82,988	75,817	7,171
Other Objects	26,160	15,368	41,528	40,367	1,161
Total School-Sponsored Athletics - Instruction	<u>923,135</u>	<u>19,727</u>	<u>942,862</u>	<u>887,552</u>	<u>55,310</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Before/After School Programs - Instruction:					
Salaries of Teacher Tutors	\$ 30,000		\$ 30,000	\$ 12,971	\$ 17,029
Total Before/after School Programs - Instruction	30,000		30,000	12,971	17,029
Summer School - Instruction:					
Salaries of Teacher Tutors	6,000		6,000	525	5,475
Total Summer School - Instruction	6,000		6,000	525	5,475
Total Summer School	6,000		6,000	525	5,475
TOTAL INSTRUCTION	21,515,690	\$ (215,071)	21,300,619	19,632,400	1,668,219
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Regular	133,198	(110,162)	23,036	21,447	1,589
Tuition to Other LEAs Within the State-Special	44,100	35,526	79,626	75,166	4,460
Tuition to County Voc. School Dist.-Regular	45,100		45,100	39,780	5,320
Tuition to CSSD & Reg. Day Schools	223,870	(51,780)	172,090	89,549	82,541
Tuition to Priv. Sch. for the Handicap. W/I State	776,361	51,780	828,141	824,148	3,993
Total Undistributed Expenditures - Instruction	1,222,629	(74,636)	1,147,993	1,050,090	97,903
Undistributed Expend. - Attend. & Social Work:					
Salaries	79,856	(22,000)	57,856	52,478	5,378
Other Purchased Services (400-500 series)	450		450	115	335
Total Undist. Expend. - Attendance and Social Work	80,306	(22,000)	58,306	52,593	5,713
Undistributed Expenditures - Health Services:					
Salaries	369,886		369,886	361,677	8,209
Purchased Professional and Technical Services	19,000		19,000	18,320	680
Supplies and Materials	18,000	(5,000)	13,000	11,574	1,426
Other Objects	1,000		1,000	658	342
Total Undist. Expenditures - Health Services	407,886	(5,000)	402,886	392,229	10,657

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	\$ 794,411	\$ (1,754)	\$ 792,657	\$ 782,223	\$ 10,434
Purchased Professional - Educational Services	40,496	(16,246)	24,250	24,250	
Supplies and Materials	12,713	(4,359)	8,354	7,304	1,050
Total Undist. Expend. - Speech, OT, PT, Related Svcs	847,620	(22,359)	825,261	813,777	11,484
Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.:					
Salaries	287,133	52,000	339,133	168,801	170,332
Purchased Professional - Educational Services	249,753	43,000	292,753	168,439	124,314
Total Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.	536,886	95,000	631,886	337,240	294,646
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	1,202,187		1,202,187	1,009,348	192,839
Salaries of Secretarial and Clerical Assistants	134,864		134,864	125,073	9,791
Purchased Professional - Educational Services		7,500	7,500	6,450	1,050
Other Purchased Prof. and Tech. Services	33,526		33,526	31,703	1,823
Other Purchased Services (400-500 series)	2,925	10,000	12,925	12,329	596
Supplies and Materials	7,946		7,946	5,030	2,916
Total Undist Expend. - Guidance	1,381,448	17,500	1,398,948	1,189,933	209,015
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	710,627	222	710,849	710,849	
Salaries of Secretarial and Clerical Assistants	74,008	(222)	73,786	73,592	194
Other Purchased Prof. and Tech. Services	103,666	(2,322)	101,344	44,675	56,669
Other Purchased Services (400-500 series)	9,652	4,584	14,236	7,172	7,064
Supplies and Materials	9,123	175	9,298	9,172	126
Other Objects		415	415	400	15
Total Undist Expend. - Child Study Team	907,076	2,852	909,928	845,860	64,068

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	\$ 434,895	\$ (8,699)	\$ 426,196	\$ 389,776	\$ 36,420
Salaries of Other Professional Staff	51,200	(5,437)	45,763	31,045	14,718
Salaries of Secretarial and Clerical Assistants	79,982	1,500	81,482	80,758	724
Unused Vacation Payment to Terminated/Retired Staff		13,936	13,936	13,936	
Other Purchased Services (400-500 series)	17,500	(725)	16,775	3,674	13,101
Supplies and Materials	7,347	(1,900)	5,447	2,440	3,007
Other Objects	7,700		7,700	6,361	1,339
<b>Total Undist. Expend.-Improv. of Inst. Serv.</b>	<b>598,624</b>	<b>(1,325)</b>	<b>597,299</b>	<b>527,990</b>	<b>69,309</b>
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	248,047	(594)	247,453	183,857	63,596
Salaries of Technology Coordinators	559,499	594	560,093	560,093	
Other Purchased Services (400-500 series)	40,432	(8,100)	32,332	30,759	1,573
Supplies and Materials	13,684	852	14,536	11,857	2,679
<b>Total Undist Expend-Edu. Media Serv./Sch. Library</b>	<b>861,662</b>	<b>(7,248)</b>	<b>854,414</b>	<b>786,566</b>	<b>67,848</b>
Undist.Expend.-Instructional Staff Training Services:					
Salaries of Other Professional Staff	8,000	1,900	9,900	3,434	6,466
Purchased Professional - Educational Service	105,200		105,200	46,806	58,394
Other Purchased Prof. And Tech. Services	18,000		18,000	12,778	5,222
Other Purchased Services (400-500 series)	18,745	1,400	20,145	13,353	6,792
Supplies and Materials	4,500		4,500		4,500
Other Objects	3,000		3,000		3,000
<b>Total Undist.Expend.-Instructional Staff Training Services</b>	<b>157,445</b>	<b>3,300</b>	<b>160,745</b>	<b>76,371</b>	<b>84,374</b>



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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	\$ 279,523	\$ 29,080	\$ 308,603	\$ 308,602	\$ 1
Unused Vacation Payment to Terminated/Retired Staff		18,544	18,544	18,543	1
Legal Services	176,831	38,803	215,634	215,634	
Audit Fees	43,000		43,000	38,450	4,550
Architectural/Engineering Services	42,046		42,046	23,587	18,459
Other Purchased Professional Services	6,000		6,000		6,000
Purchased Technical Services	9,000	20,132	29,132	27,626	1,506
Communications / Telephone	58,000		58,000	43,188	14,812
BOE Other Purchased Services	5,200		5,200	3,544	1,656
Other Purch. Serv. (400-500 series other than 530 & 585)	229,127	(17,326)	211,801	202,258	9,543
General Supplies	7,500		7,500	864	6,636
Miscellaneous Expenditures	16,000		16,000	14,531	1,469
BOE Membership Dues and Fees	20,400		20,400	17,970	2,430
Total Undist. Expend.-Support Serv.-Gen. Admin.	<u>892,627</u>	<u>89,233</u>	<u>981,860</u>	<u>914,797</u>	<u>67,063</u>
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	1,540,838	44,870	1,585,708	1,585,707	1
Salaries of Secretarial and Clerical Assistants	526,614	40,738	567,352	561,974	5,378
Other Purchased Services (400-500 series)	24,500	(10,000)	14,500	11,687	2,813
Supplies and Materials	41,950	(14,608)	27,342	26,041	1,301
Other Objects	57,375		57,375	48,419	8,956
Total Undist. Expend.-Support Serv.-School Adm.	<u>2,191,277</u>	<u>61,000</u>	<u>2,252,277</u>	<u>2,233,828</u>	<u>18,449</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services:					
Salaries	\$ 570,483	\$ 8,952	\$ 579,435	\$ 579,095	\$ 340
Unused Vacation Payment to Terminated/Retired Staff		3,600	3,600	3,600	
Purchased Technical Services		7,702	7,702	7,702	
Miscellaneous Purchased Services (400-500 series other than 594)	25,200	(4,492)	20,708	2,679	18,029
Supplies and Materials	10,000	(3,060)	6,940	6,620	320
Other Objects	2,600		2,600	2,268	332
Total Undist. Expend. - Central Services	608,283	12,702	620,985	601,964	19,021
Undist. Expend. - Admin. Info. Technology:					
Purchased Technical Services	216,200		216,200	160,717	55,483
Other Purchased Services (400-500 series)	59,050		59,050	57,583	1,467
Supplies and Materials	26,066		26,066	15,036	11,030
Other Objects	9,000		9,000	1,965	7,035
Total Undist. Expend. - Admin. Info. Technology	310,316		310,316	235,301	75,015
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	319,681	(15,958)	303,723	254,969	48,754
Unused Vacation Payment to Terminated/Retired Staff		1,415	1,415	1,415	
Cleaning, Repair, and Maintenance Services	454,053	40,026	494,079	488,613	5,466
General Supplies	164,320	708	165,028	157,010	8,018
Other Objects	5,500	3,000	8,500	7,646	854
Total Undist. Expend.- Required Maint. for School Facilities	943,554	29,191	972,745	909,653	63,092
Undist. Expend.-Custodial Services:					
Salaries	617,918		617,918	610,088	7,830
Salaries of Non-Instructional Aides	201,556	(45,338)	156,218	123,630	32,588
Purchased Professional and Technical Services	9,500	6,070	15,570	15,570	
Cleaning, Repair, and Maintenance Services	672,580	(3,177)	669,403	660,606	8,797
Rental of Land & Bldg. Oth. than Lease Pur. Agrmt.	10,000	2,550	12,550	12,489	61
Other Purchased Property Services	38,000	9,950	47,950	45,932	2,018

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services (Cont'd):					
Insurance	\$ 111,250	\$ (2,500)	\$ 108,750	\$ 106,250	\$ 2,500
Miscellaneous Purchased Services	3,000	(625)	2,375	1,205	1,170
General Supplies	108,101	(8,068)	100,033	88,814	11,219
Energy (Natural Gas)	200,000	99,064	299,064	299,064	
Energy (Electricity)	525,000	(82,917)	442,083	432,082	10,001
Other Objects	1,000		1,000	125	875
Total Undist. Expend.-Custodial Services	<u>2,497,905</u>	<u>(24,991)</u>	<u>2,472,914</u>	<u>2,395,855</u>	<u>77,059</u>
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	83,900	(2,016)	81,884	66,242	15,642
General Supplies	13,000		13,000	11,379	1,621
Total Care And Upkeep Of Grounds	<u>96,900</u>	<u>(2,016)</u>	<u>94,884</u>	<u>77,621</u>	<u>17,263</u>
Security:					
Salaries	131,771	45,000	176,771	173,196	3,575
Purchased Professional and Technical Services	34,593	4,760	39,353	23,038	16,315
Cleaning, Repair, and Maintenance Services	24,000	9,400	33,400	31,893	1,507
General Supplies	38,343	(2,621)	35,722	23,297	12,425
Total Security	<u>228,707</u>	<u>56,539</u>	<u>285,246</u>	<u>251,424</u>	<u>33,822</u>
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	<u>3,767,066</u>	<u>58,723</u>	<u>3,825,789</u>	<u>3,634,553</u>	<u>191,236</u>
Undist. Expend.-Student Transportation Serv.:					
Salaries of Non-Instructional Aides	110,454		110,454	106,561	3,893
Sal. for Pupil Trans. (Bet. Home and Sch)-Spl. Ed.	142,402	200,392	342,794	342,794	
Sal. for Pupil Trans. (Oth. than Bet. Home & Sch)	65,000	39,244	104,244	102,014	2,230
Other Purchased Professional and Technical Services	3,000	3,000	6,000	3,451	2,549
Cleaning, Repair, and Maint. Services	33,000	5,000	38,000	37,311	689
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts		1,000	1,000	1,000	
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	151,607	(92,686)	58,921	57,276	1,645
Contract. Serv.(Reg. Students)-ESCs & CTSA		145,712	145,712	145,711	1
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSA	442,403	(255,712)	186,691	180,301	6,390

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Student Transportation Serv. (Cont'd):					
Misc. Purchased Serv. - Transportation	\$ 27,300		\$ 27,300	\$ 26,287	\$ 1,013
Transportation Supplies	50,000	\$ 16,000	66,000	62,752	3,248
Other Objects	1,000		1,000	463	537
Total Undist. Expend.-Student Trans. Serv.	<u>1,026,166</u>	<u>74,489</u>	<u>1,100,655</u>	<u>1,065,921</u>	<u>34,734</u>
UNALLOCATED BENEFITS					
Social Security Contributions	652,000		652,000	609,146	42,854
Other Retirement Contributions - PERS	735,000	(42,500)	692,500	669,908	22,592
Other Retirement Contributions - Regular		40,000	40,000	39,801	199
Unemployment Compensation	25,000		25,000	20,503	4,497
Workers Compensation	223,381		223,381	212,982	10,399
Health Benefits	7,226,758	(282,349)	6,944,409	6,293,418	650,991
Tuition Reimbursement	193,180	(205)	192,975	93,677	99,298
Other Employee Benefits	13,888	83,278	97,166	97,166	
Unused Sick Payment to Terminated/Retired Staff	65,000	352	65,352	43,358	21,994
TOTAL UNALLOCATED BENEFITS	<u>9,134,207</u>	<u>(201,424)</u>	<u>8,932,783</u>	<u>8,079,959</u>	<u>852,824</u>
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				1,847,066	(1,847,066)
TPAF Pension Contributions (Non-Budgeted)				6,934,934	(6,934,934)
TPAF Non-Contributory Insurance (Non-Budgeted)				96,214	(96,214)
TPAF Long-Term Disability Insurance (Non-Budgeted)				3,185	(3,185)
Reimbursed TPAF Social Security Contributions				1,539,513	(1,539,513)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				<u>10,420,912</u>	<u>(10,420,912)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>9,134,207</u>	<u>(201,424)</u>	<u>8,932,783</u>	<u>18,500,871</u>	<u>(9,568,088)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>24,931,524</u>	<u>80,807</u>	<u>25,012,331</u>	<u>33,259,884</u>	<u>(8,247,553)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>46,447,214</u>	<u>(134,264)</u>	<u>46,312,950</u>	<u>52,892,284</u>	<u>(6,579,334)</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CAPITAL OUTLAY</b>					
Equipment:					
Grades 1-5	\$ 5,000	\$	\$ 5,000	\$ 3,870	\$ 1,130
Grades 6-8	15,000	(644)	14,356	4,356	10,000
Grades 9-12	31,718	(1,674)	30,044	8,043	22,001
Vocational Programs:					
School-Sponsored and Other Instructional Programs		13,835	13,835	3,957	9,878
Undistributed:					
Undistributed Expenditures - General Admin.		118,270	118,270		118,270
Undistributed Expenditures - Admin. Info. Tech.	466,000		466,000	206,367	259,633
Undist. Expend. - Care and Upkeep of Grounds	97,000	2,016	99,016	99,015	1
Undist. Expend. - Security		2,461	2,461	2,461	
<b>Total Equipment</b>	<b>614,718</b>	<b>134,264</b>	<b>748,982</b>	<b>328,069</b>	<b>420,913</b>
Facilities Acquisition and Construction Serv.:					
Legal Services	4,800		4,800	718	4,082
Architectural/Engineering Services	143,883	2,700	146,583	110,153	36,430
Other Purchased Prof. and Tech. Services	10,800		10,800	1,742	9,058
Construction Services	3,450,302		3,450,302	2,016,170	1,434,132
Other Objects	18,700	(2,700)	16,000	1,109	14,891
Assessment for Debt Service on SDA Funding	93,839		93,839	93,839	
Total Facilities Acquisition and Const. Serv.	<b>3,722,324</b>		<b>3,722,324</b>	<b>2,223,731</b>	<b>1,498,593</b>
<b>TOTAL CAPITAL OUTLAY</b>	<b>4,337,042</b>	<b>134,264</b>	<b>4,471,306</b>	<b>2,551,800</b>	<b>1,919,506</b>
<b>TOTAL EXPENDITURES</b>	<b>50,784,256</b>		<b>50,784,256</b>	<b>55,444,084</b>	<b>(4,659,828)</b>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	<b>(5,530,332)</b>		<b>(5,530,332)</b>	<b>1,659,371</b>	<b>7,189,703</b>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources/(Uses):					
Local Contrib. - Trans to Special Rev- Inclusion	\$ (57,664)		\$ (57,664)	\$ (57,664)	
Total Other Financing Sources/(Uses)	(57,664)		(57,664)	(57,664)	
Excess/(Deficit) of Revenues and Other Financing Sources					
Over/(Under) Expenditures and Other Financing Uses	(5,587,996)		(5,587,996)	1,601,707	\$ 7,189,703
Fund Balance, July 1	18,177,163		18,177,163	18,177,163	
Fund Balance, June 30	\$ 12,589,167	\$ -0-	\$ 12,589,167	\$ 19,778,870	\$ 7,189,703
<u>Recapitulation:</u>					
Restricted Fund Balance:				\$ 10,765,219	
Capital Reserve				362,523	
Maintenance Reserve				1,109,040	
Tuition Reserve - Designated for 2023-2024				1,230,237	
Tuition Reserve - Designated for 2024-2025				1,357,616	
Excess Surplus - Restricted For 2024-2025				1,822,222	
Excess Surplus - Restricted For 2023-2024				347,829	
Unemployment Compensation					
Assigned Fund Balance:				700,906	
Year End Encumbrances				979,210	
Designated for Subsequent Year's Expenditures				1,104,068	
Unassigned Fund Balance				19,778,870	
Reconciliation to Governmental Funds Statement (GAAP):			(914,862)		
Last State Aid Payments not Recognized on GAAP basis				18,864,008	
Fund Balance per Governmental Funds (GAAP)				\$ 18,864,008	

SOMERVILLE BOROUGH 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
<b>REVENUES:</b>					
Local Sources		\$ 420,550	\$ 420,550	\$ 422,782	\$ 2,232
State Sources	\$ 1,846,046	154,649	2,000,695	1,772,399	(228,296)
Federal Sources	1,043,208	3,498,865	4,542,073	2,443,691	(2,098,382)
<b>Total Revenues</b>	<b>2,889,254</b>	<b>4,074,064</b>	<b>6,963,318</b>	<b>4,638,872</b>	<b>(2,324,446)</b>
<b>Other Financing Sources:</b>					
Transfer In - Board Contribution - General Fund		57,664	57,664	57,664	
<b>Total Revenues and Other Financing Sources</b>	<b>2,889,254</b>	<b>4,131,728</b>	<b>7,020,982</b>	<b>4,696,536</b>	<b>(2,324,446)</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	1,656,194	379,757	2,035,951	1,450,302	585,649
Other Salaries for Instruction	230,466	7,462	237,928	237,928	
Purchased Professional and Technical Services	132,478	204,085	336,563	237,712	98,851
Other Purchased Services	2,000	444,245	446,245	324,651	121,594
General Supplies	98,693	244,055	342,748	184,939	157,809
Textbooks	46,876	8,168	55,044	40,113	14,931
Other Objects	2,000	16,517	18,517	10,023	8,494
<b>Total Instruction</b>	<b>2,168,707</b>	<b>1,304,289</b>	<b>3,472,996</b>	<b>2,485,668</b>	<b>987,328</b>

SOMERVILLE BOROUGH 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
<b>EXPENDITURES:</b>					
Support Services:					
Personal Services - Salaries		\$ 454,529	\$ 454,529	\$ 247,668	\$ 206,861
Salaries of Supervisors of Instruction	\$ 19,673	820	20,493	20,493	
Salaries of Program Directors	35,925	64,081	100,006	99,832	174
Salaries of Other Professional Staff	41,503	10,403	51,906	43,864	8,042
Salaries of Secretaries and Clerical Assistants	50,305	462	50,767	50,767	
Other Salaries	21,025		21,025	20,583	442
Salaries of Community Parent Involvement Specialist	17,546	283	17,829	17,829	
Salaries of Master Teachers	52,636	849	53,485	53,485	
Personal Services – Employee Benefits	237,709	556,396	794,105	578,280	215,825
Purchased Professional Educational Services	61,832	390,275	452,107	223,287	228,820
Purchased Property Services	152,900	561,353	561,353	29,419	531,934
Other Purchased Services	1,000	105,583	258,483	219,673	38,810
Supplies and Materials		58,380	59,380	24,487	34,893
Student Activities		394,089	394,089	343,946	50,143
<b>Total Support Services</b>	<b>692,054</b>	<b>2,597,503</b>	<b>3,289,557</b>	<b>1,973,613</b>	<b>1,315,944</b>
Facilities Acquisition and Construction Services:					
Instructional Equipment	28,493	73,936	102,429	31,112	71,317
Noninstructional Equipment		156,000	156,000	156,000	
<b>Total Facilities Acquisition and Construction Services</b>	<b>28,493</b>	<b>229,936</b>	<b>258,429</b>	<b>187,112</b>	<b>71,317</b>
<b>Total Expenditures</b>	<b>\$ 2,889,254</b>	<b>\$ 4,131,728</b>	<b>\$ 7,020,982</b>	<b>\$ 4,646,393</b>	<b>\$ 2,374,589</b>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ 50,143	\$ 50,143



SOMERVILLE BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue"	\$ 57,103,455	\$ 4,638,872
Difference - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		
Current Year Encumbrances:		
Federal		(89,866)
State		(16,687)
Local		(5,771)
Prior Year Encumbrances:		
Federal		299,194
State		35,519
Local		21,891
Cancelled - Federal		(6,765)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	867,214	87,254
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(914,862)</u>	<u>(91,744)</u>
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 <u><u>\$ 57,055,807</u></u>	 <u><u>\$ 4,871,897</u></u>
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 55,444,084	\$ 4,646,393
Differences - Budgetary to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for Financial Reporting Purposes.		<u>237,515</u>
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u><u>\$ 55,444,084</u></u>	 <u><u>\$ 4,883,908</u></u>

SOMERVILLE BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ending June 30, 2023, was submitted to the County office and was approved by a vote of the Board of Education. 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. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary 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).

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

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

The General Fund and Special Revenue Fund budgetary revenue differs from the GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording these state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

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

	Elementary and Secondary Education Act			
	Title I	Title II Part A	Title III	Title IV
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 303,232	\$ 15,544	\$ 3,653	\$ 6,022
Total Revenue	303,232	15,544	3,653	6,022
OTHER FINANCING SOURCES:				
Transfer In - Board Contribution - General Fund				
Total Revenue and Other Financing Sources	303,232	15,544	3,653	6,022
EXPENDITURES:				
Instruction:				
Salaries of Teachers	187,788			
Other Salaries for Instruction				
Purchased Professional and Technical Services				3,200
Other Purchased Services				1,925
General Supplies	13,545			
Textbooks				
Other Objects				
Total Instruction	201,333			5,125
Support Services:				
Personal Services - Salaries				
Salaries of Supervisors of Instruction				
Salaries of Program Directors				
Salaries of Other Professional Staff				
Salaries of Secretaries and Clerical Assistants				
Other Salaries				
Salaries of Community Parent Involvement				
Salaries of Master Teachers				
Personal Services – Employee Benefits	99,396			
Purchased Professional Educational Services		13,285		897
Purchased Property Services				
Other Purchased Services		1,829	3,653	
Supplies and Materials	2,503	430		
Student Activities				
Total Support Services	101,899	15,544	3,653	897
Facilities Acquisition and Construction Services:				
Instructional Equipment				
Non Instructional Equipment				
Total Facilities Acquisition and Construction Services				
Total Expenditures	\$ 303,232	\$ 15,544	\$ 3,653	\$ 6,022

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

	COVID 19 - CRRSA			COVID 19 - ARP
	ESSER II	Mental Health	Learning Acceleration	ESSER III
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 684,461	\$ 7,731	\$ 33,802	\$ 592,297
Total Revenue	684,461	7,731	33,802	592,297
OTHER FINANCING SOURCES:				
Transfer In - Board Contribution - General Fund				
Total Revenue and Other Financing Sources	684,461	7,731	33,802	592,297
EXPENDITURES:				
Instruction:				
Salaries of Teachers	297,473		31,400	186,128
Other Salaries for Instruction				
Purchased Professional and Technical Services				21,120
Other Purchased Services				
General Supplies	4,370			88,621
Textbooks				
Other Objects				5,391
Total Instruction	301,843		31,400	301,260
Support Services:				
Personal Services - Salaries	102,541			69,236
Salaries of Supervisors of Instruction				
Salaries of Program Directors				
Salaries of Other Professional Staff				
Salaries of Secretaries and Clerical Assistants				
Other Salaries				
Salaries of Community Parent Involvement				
Salaries of Master Teachers				
Personal Services – Employee Benefits	103,677		2,402	89,908
Purchased Professional Educational Services	20,400	5,531		38,469
Purchased Property Services				29,419
Other Purchased Services		2,200		11,339
Supplies and Materials				21,554
Student Activities				
Total Support Services	226,618	7,731	2,402	259,925
Facilities Acquisition and Construction Services:				
Instructional Equipment				31,112
Non Instructional Equipment	156,000			
Total Facilities Acquisition and Construction Services	156,000			31,112
Total Expenditures	\$ 684,461	\$ 7,731	\$ 33,802	\$ 592,297

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

	COVID 19 - ARP			
	Accelerated Learning Coach	Summer Learning	Beyond the School Day	Mental Health Support
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 59,001	\$ 23,929	\$ 38,089	\$ 48,472
Total Revenue	59,001	23,929	38,089	48,472
OTHER FINANCING SOURCES:				
Transfer In - Board Contribution - General Fund				
Total Revenue and Other Financing Sources	59,001	23,929	38,089	48,472
EXPENDITURES:				
Instruction:				
Salaries of Teachers		3,740	35,382	
Other Salaries for Instruction				
Purchased Professional and Technical Services		18,710		
Other Purchased Services				
General Supplies				
Textbooks				
Other Objects		1,193		
Total Instruction		23,643	35,382	
Support Services:				
Personal Services - Salaries	44,195			31,696
Salaries of Supervisors of Instruction				
Salaries of Program Directors				
Salaries of Other Professional Staff				
Salaries of Secretaries and Clerical Assistants				
Other Salaries				
Salaries of Community Parent Involvement				
Salaries of Master Teachers				
Personal Services – Employee Benefits	14,806	286	2,707	16,776
Purchased Professional Educational Services				
Purchased Property Services				
Other Purchased Services				
Supplies and Materials				
Student Activities				
Total Support Services	59,001	286	2,707	48,472
Facilities Acquisition and Construction Services:				
Instructional Equipment				
Non Instructional Equipment				
Total Facilities Acquisition and Construction Services				
Total Expenditures	\$ 59,001	\$ 23,929	\$ 38,089	\$ 48,472

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

	IDEA Part B			
	Basic	Preschool	COVID 19 - ARP	
			Basic	Preschool
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 570,964	\$ 20,496	\$ 28,646	\$ 7,352
Total Revenue	570,964	20,496	28,646	7,352
OTHER FINANCING SOURCES:				
Transfer In - Board Contribution - General Fund				
Total Revenue and Other Financing Sources	570,964	20,496	28,646	7,352
EXPENDITURES:				
Instruction:				
Salaries of Teachers	63,441			
Other Salaries for Instruction				
Purchased Professional and Technical Services				
Other Purchased Services	313,504		6,043	
General Supplies		9,421		7,352
Textbooks				
Other Objects				
Total Instruction	376,945	9,421	6,043	7,352
Support Services:				
Personal Services - Salaries				
Salaries of Supervisors of Instruction				
Salaries of Program Directors	48,513		14,780	
Salaries of Other Professional Staff	5,392			
Salaries of Secretaries and Clerical Assistants				
Other Salaries				
Salaries of Community Parent Involvement				
Salaries of Master Teachers				
Personal Services – Employee Benefits	30,892		7,823	
Purchased Professional Educational Services	109,222	11,075		
Purchased Property Services				
Other Purchased Services				
Supplies and Materials				
Student Activities				
Total Support Services	194,019	11,075	22,603	
Facilities Acquisition and Construction Services:				
Instructional Equipment				
Non Instructional Equipment				
Total Facilities Acquisition and Construction Services				
Total Expenditures	\$ 570,964	\$ 20,496	\$ 28,646	\$ 7,352



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

	Preschool Education Aid	Technology	Nonpublic Textbook Aid	Nursing Services
<b>REVENUE:</b>				
Local Sources				
State Sources	\$ 1,009,099	\$ 34,418	\$ 40,113	\$ 86,798
Federal Sources				
<b>Total Revenue</b>	<b>1,009,099</b>	<b>34,418</b>	<b>40,113</b>	<b>86,798</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfer In - Board Contribution - General Fund	57,664			
<b>Total Revenue and Other Financing Sources</b>	<b>1,066,763</b>	<b>34,418</b>	<b>40,113</b>	<b>86,798</b>
<b>EXPENDITURES:</b>				
Instruction:				
Salaries of Teachers	343,554			
Other Salaries for Instruction	237,928			
Purchased Professional and Technical Services				86,798
Other Purchased Services	979			
General Supplies	16,820	34,418		
Textbooks			40,113	
Other Objects	1,230			
<b>Total Instruction</b>	<b>600,511</b>	<b>34,418</b>	<b>40,113</b>	<b>86,798</b>
Support Services:				
Personal Services - Salaries				
Salaries of Supervisors of Instruction	20,493			
Salaries of Program Directors	36,539			
Salaries of Other Professional Staff	38,472			
Salaries of Secretaries and Clerical Assistants	50,767			
Other Salaries	20,583			
Salaries of Community Parent Involvement	17,829			
Salaries of Master Teachers	53,485			
Personal Services – Employee Benefits	209,607			
Purchased Professional Educational Services	1,895			
Purchased Property Services				
Other Purchased Services	16,582			
Supplies and Materials				
Student Activities				
<b>Total Support Services</b>	<b>466,252</b>			
Facilities Acquisition and Construction Services:				
Instructional Equipment				
Non Instructional Equipment				
<b>Total Facilities Acquisition and Construction Services</b>				
<b>Total Expenditures</b>	<b>\$ 1,066,763</b>	<b>\$ 34,418</b>	<b>\$ 40,113</b>	<b>\$ 86,798</b>

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

	<u>Nonpublic</u>	<u>Nonpublic Handicapped Services</u>		
	<u>Security Aid</u>	<u>Corrective Speech</u>	<u>Examination &amp; Classification</u>	<u>Supplementary Instruction</u>
REVENUE:				
Local Sources				
State Sources	\$ 170,946	\$ 39,525	\$ 107,884	\$ 98,954
Federal Sources				
Total Revenue	<u>170,946</u>	<u>39,525</u>	<u>107,884</u>	<u>98,954</u>
OTHER FINANCING SOURCES:				
Transfer In - Board Contribution - General Fund				
Total Revenue and Other Financing Sources	<u>170,946</u>	<u>39,525</u>	<u>107,884</u>	<u>98,954</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers		39,525		98,954
Other Salaries for Instruction				
Purchased Professional and Technical Services			107,884	
Other Purchased Services				
General Supplies				
Textbooks				
Other Objects				
Total Instruction		<u>39,525</u>	<u>107,884</u>	<u>98,954</u>
Support Services:				
Personal Services - Salaries				
Salaries of Supervisors of Instruction				
Salaries of Program Directors				
Salaries of Other Professional Staff				
Salaries of Secretaries and Clerical Assistants				
Other Salaries				
Salaries of Community Parent Involvement				
Salaries of Master Teachers				
Personal Services – Employee Benefits				
Purchased Professional Educational Services				
Purchased Property Services				
Other Purchased Services	170,946			
Supplies and Materials				
Student Activities				
Total Support Services	<u>170,946</u>			
Facilities Acquisition and Construction Services:				
Instructional Equipment				
Non Instructional Equipment				
Total Facilities Acquisition and Construction Services				
Total Expenditures	<u>\$ 170,946</u>	<u>\$ 39,525</u>	<u>\$ 107,884</u>	<u>\$ 98,954</u>

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

	<u>Nonpublic Auxiliary Services</u>		<u>School Climate Change Grant</u>
	<u>Compensatory Education Aid</u>	<u>Home Instruction</u>	
REVENUE:			
Local Sources			
State Sources	\$ 146,896	\$ 8,771	\$ 6,482
Federal Sources			
Total Revenue	<u>146,896</u>	<u>8,771</u>	<u>6,482</u>
OTHER FINANCING SOURCES:			
Transfer In - Board Contribution - General Fund			
Total Revenue and Other Financing Sources	<u>146,896</u>	<u>8,771</u>	<u>6,482</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	146,896	8,771	
Other Salaries for Instruction			
Purchased Professional and Technical Services			
Other Purchased Services			
General Supplies			2,883
Textbooks			
Other Objects			1,709
Total Instruction	<u>146,896</u>	<u>8,771</u>	<u>4,592</u>
Support Services:			
Personal Services - Salaries			
Salaries of Supervisors of Instruction			
Salaries of Program Directors			
Salaries of Other Professional Staff			
Salaries of Secretaries and Clerical Assistants			
Other Salaries			
Salaries of Community Parent Involvement			
Salaries of Master Teachers			
Personal Services – Employee Benefits			
Purchased Professional Educational Services			
Purchased Property Services			
Other Purchased Services			1,890
Supplies and Materials			
Student Activities			
Total Support Services			<u>1,890</u>
Facilities Acquisition and Construction Services:			
Instructional Equipment			
Non Instructional Equipment			
Total Facilities Acquisition and Construction Services			
Total Expenditures	<u>\$ 146,896</u>	<u>\$ 8,771</u>	<u>\$ 6,482</u>

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

	Emergent Needs and Capital Maintenance	Local Grants	Student Activities	Totals
REVENUE:				
Local Sources		\$ 28,693	\$ 394,089	\$ 422,782
State Sources	\$ 22,513			1,772,399
Federal Sources				2,443,691
Total Revenue	22,513	28,693	394,089	4,638,872
OTHER FINANCING SOURCES:				
Transfer In - Board Contribution - General Fund				57,664
Total Revenue and Other Financing Sources	22,513	28,693	394,089	4,696,536
EXPENDITURES:				
Instruction:				
Salaries of Teachers		7,250		1,450,302
Other Salaries for Instruction				237,928
Purchased Professional and Technical Services				237,712
Other Purchased Services		2,200		324,651
General Supplies		7,509		184,939
Textbooks				40,113
Other Objects		500		10,023
Total Instruction		17,459		2,485,668
Support Services:				
Personal Services - Salaries				247,668
Salaries of Supervisors of Instruction				20,493
Salaries of Program Directors				99,832
Salaries of Other Professional Staff				43,864
Salaries of Secretaries and Clerical Assistants				50,767
Other Salaries				20,583
Salaries of Community Parent Involvement				17,829
Salaries of Master Teachers				53,485
Personal Services – Employee Benefits				578,280
Purchased Professional Educational Services	22,513			223,287
Purchased Property Services				29,419
Other Purchased Services		11,234		219,673
Supplies and Materials				24,487
Student Activities			343,946	343,946
Total Support Services	22,513	11,234	343,946	1,973,613
Facilities Acquisition and Construction Services:				
Instructional Equipment				31,112
Non Instructional Equipment				156,000
Total Facilities Acquisition and Construction Services				187,112
Total Expenditures	\$ 22,513	\$ 28,693	\$ 343,946	\$ 4,646,393

SOMERVILLE BOROUGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 343,555	\$ 343,554	\$ 1
Other Salaries for Instruction	237,928	237,928	
Other Purchased Services (400-500 series)	2,000	979	1,021
General Supplies	42,484	16,820	25,664
Other Objects	2,000	1,230	770
<b>Total Instruction</b>	<b>627,967</b>	<b>600,511</b>	<b>27,456</b>
<b>Support Services:</b>			
Salaries of Program Directors	36,540	36,539	1
Salaries of Supervisors of Instruction	20,493	20,493	
Salaries of Other Professional Staff	38,473	38,472	1
Salaries of Secretaries and Clerical Assistants	50,767	50,767	
Other Salaries	21,025	20,583	442
Salaries of Community Parent Involvement Spec.	17,829	17,829	
Salaries of Master Teachers	53,486	53,485	1
Personal Services–Employee Benefits	237,709	209,607	28,102
Purchased Professional Educational Services	8,000	1,895	6,105
Cleaning, Repair, and Maintenance Services	10,000	10,000	
Rentals	6,158	6,157	1
Contractual Services - Transportation	842		842
Travel	600	425	175
Other Purchased Services	2,400		2,400
Supplies and Materials	1,000		1,000
<b>Total Support Services</b>	<b>505,322</b>	<b>466,252</b>	<b>39,070</b>
<b>Equipment:</b>			
Instructional Equipment	28,493		28,493
<b>Total Equipment</b>	<b>28,493</b>		<b>28,493</b>
<b>Total Expenditures</b>	<b>\$ 1,161,782</b>	<b>\$ 1,066,763</b>	<b>\$ 95,019</b>

CALCULATION OF BUDGET & CARRYOVER

Total 2022-2023 Preschool Education Aid Allocation	\$ 937,040
Add: Actual PEA Carryover (June 30, 2022)	309,161
Add: Budgeted Transfer from General Fund	57,664
Total Preschool Education Aid Funds Available for 2021-2022 Budget	1,303,865
Less: 2022-2023 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	(1,161,782)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2022	142,083
Add: June 30, 2023 Unexpended Preschool Education Aid	95,019
2022-2023 Carryover - Preschool Education Aid	237,102
Budgeted for Preschool Programs in 2023-2024	\$ 142,083

CAPITAL PROJECTS FUND

SOMERVILLE BOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES,  
PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Revenue and Other Financing Sources:	
Interest Earned	\$ 8,806
Total Revenue and Other Financing Sources	8,806
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	7,721
Construction Services	15,000
Transfer Out - Debt Service Fund	8,806
Total Expenditures and Other Financing Uses	31,527
Excess/(Deficit) of Revenue and Other Financing Sources	
Over/(Under) Expenditures and Other Financing Uses	(22,721)
Fund Balance - Beginning Balance	208,014
Fund Balance - Ending Balance	\$ 185,293
<u>Recapitulation:</u>	
Committed Fund Balance:	
Year-End Encumbrances	\$ 11,643
Other Purposes	173,650
Fund Balance per Governmental Funds Budgetary/(GAAP)	\$ 185,293

SOMERVILLE BOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
VAN DERVEER ELEMENTARY SCHOOL HVAC REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 451,817		\$ 451,817	\$ 451,817
Transfer from Capital Reserve	1,121,267		1,121,267	1,121,267
Total Revenues and Other Financing Sources	<u>1,573,084</u>		<u>1,573,084</u>	<u>1,573,084</u>
Expenditures:				
Purchased Professional and Technical Services	135,655	\$ 3,861	139,516	129,005
Construction Services	1,332,265	7,500	1,339,765	1,444,079
Total Expenditures	<u>1,467,920</u>	<u>11,361</u>	<u>1,479,281</u>	<u>1,573,084</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 105,164</u>	<u>\$ (11,361)</u>	<u>\$ 93,803</u>	<u>\$ -0-</u>

**Additional Project Information:**

Project Number	4820-090-14-1004
Grant Date	01/06/14
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 987,500
Transfer from Capital Reserve	\$ 585,584
Revised Authorized Cost	<u>\$ 1,573,084</u>
Percentage Increase over Original Authorized Cost	59.30%
Percentage Completion	94.04%
Original Target Completion Date	June 2015
Revised Target Completion Date	June 2024



SOMERVILLE BOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
SOMERVILLE HIGH SCHOOL HVAC UPGRADES  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 352,646		\$ 352,646	\$ 352,646
Transfer from Capital Reserve	1,172,810		1,172,810	1,172,810
Total Revenues and Other Financing Sources	<u>1,525,456</u>		<u>1,525,456</u>	<u>1,525,456</u>
Expenditures:				
Purchased Professional and Technical Services	100,733	\$ 3,860	104,593	94,304
Construction Services	1,321,873	7,500	1,329,373	1,431,152
Total Expenditures	<u>1,422,606</u>	<u>11,360</u>	<u>1,433,966</u>	<u>1,525,456</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 102,850</u>	<u>\$ (11,360)</u>	<u>\$ 91,490</u>	<u>\$ -0-</u>

**Additional Project Information:**

Project Number	4820-050-14-1006
Grant Date	01/06/14
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 770,750
Transfer from Capital Reserve	\$ 754,706
Revised Authorized Cost	<u>\$ 1,525,456</u>
Percentage Increase over Original Authorized Cost	97.92%
Percentage Completion	94.00%
Original Target Completion Date	June 2016
Revised Target Completion Date	June 2024

PROPRIETARY FUNDS

SOMERVILLE BOROUGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2023

## ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$ 393,950
Accounts Receivable:	
State Government	884
Federal Government	20,735
Other	7,168
Inventories	<u>32,486</u>

Total Current Assets	<u>455,223</u>
----------------------	----------------

## Non-Current Assets:

Capital Assets	533,060
Less: Accumulated Depreciation	<u>(287,686)</u>

Total Non-Current Assets	<u>245,374</u>
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Total Assets	<u>700,597</u>
--------------	----------------

## LIABILITIES:

Unearned Revenue - Donated Commodities	<u>13,881</u>
--	---------------

Total Liabilities	<u>13,881</u>
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## NET POSITION:

Investment in Capital Assets	245,374
Unrestricted	<u>441,342</u>

Total Net Position	<u><u>\$ 686,716</u></u>
--------------------	--------------------------

SOMERVILLE BOROUGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 289,007
Daily Sales - Non-Reimbursable Programs	145,249
	<hr/>
Total Operating Revenue	434,256
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	402,509
Cost of Sales - Non Reimbursable Programs	62,096
Management Fee	22,500
Salaries, Benefits & Payroll Taxes	384,787
Other	30,461
Depreciation Expense	21,820
	<hr/>
Total Operating Expenses	924,173
	<hr/>
Operating (Loss)	(489,917)
	<hr/>
Non-Operating Revenue:	
State Sources:	
State Breakfast	3,509
State Lunch	14,122
Federal Sources:	
Federal Lunch	357,998
Federal Breakfast	66,752
Food Distribution Program	87,027
COVID-19 Supply Chain Assistance	118,267
	<hr/>
Total Non-Operating Revenue	647,675
	<hr/>
Change in Net Position	157,758
	<hr/>
Net Position - Beginning of Year	528,958
	<hr/>
Net Position - End of Year	\$ 686,716
	<hr/> <hr/>

SOMERVILLE BOROUGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 412,300
Payments to Employees	(384,787)
Payments to Suppliers	(433,434)
	<hr/>
Net Cash (Used for) Operating Activities	(405,921)
	<hr/>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Equipment	(5,695)
	<hr/>
Net Cash (Used for) Capital and Related Financing Activities	(5,695)
	<hr/>
Cash Flows from Noncapital Financing Activities:	
Cash Received from State Reimbursements	17,747
Cash Received from Federal Reimbursements	571,925
	<hr/>
Net Cash Provided by Noncapital Financing Activities	589,672
	<hr/>
Net Increase in Cash and Cash Equivalents	178,056
Cash and Cash Equivalents, July 1	215,894
	<hr/>
Cash and Cash Equivalents, June 30	\$ 393,950
	<hr/> <hr/>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (489,917)
Adjustment to Reconcile Operating Loss to Net Cash (Used for) Operating Activities:	
Depreciation	21,820
Federal Food Distribution Program	87,027
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	(12,345)
(Increase)/Decrease in Interfund Receivable	(7,168)
Increase/(Decrease) in Unearned Revenue - Donated Commodities	9,450
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	(14,788)
	<hr/>
Net Cash (Used for) Operating Activities	\$ (405,921)
	<hr/> <hr/>

Non-Cash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$96,477 and used \$87,027 of those commodities during the fiscal year.

FIDUCIARY ACTIVITIES  
(NOT APPLICABLE)

LONG-TERM LIABILITIES

SOMERVILLE BOROUGH SCHOOL DISTRICT  
LONG-TERM LIABILITIES  
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2022	Retired or Matured	Balance June 30, 2023
			Date	Amount				
School Refunding Bonds	4/30/2013	\$ 9,240,000	02/15/24	\$ 1,055,000	2.400%	\$ 3,145,000	\$ 1,005,000	\$ 2,140,000
			02/15/25	1,085,000	4.000%			
School Refunding Bonds	4/15/2016	9,265,000	07/15/23	690,000	4.000%	6,120,000	665,000	5,455,000
			07/15/24	725,000	4.000%			
			07/15/25	755,000	4.000%			
			07/15/26	785,000	4.000%			
			07/15/27	810,000	3.000%			
			07/15/28	830,000	3.000%			
	07/15/29	860,000	3.000%					
						\$ 9,265,000	\$ 1,670,000	\$ 7,595,000



SOMERVILLE BOROUGH SCHOOL DISTRICT  
LONG TERM LIABILITIES  
SCHEDULE OF FINANCED PURCHASES PAYABLE

Purpose	Original Issue	Interest Rate	Restated Balance June 30, 2022	Issued	Matured	Balance June 30, 2023
Virtual Desktop Infrastructure	\$ 253,000	2.31%	\$ 102,315		\$ 50,574	\$ 51,741
Chromebooks	453,332	1.35%	226,666		113,333	113,333
			<u>\$ 328,981</u>	<u>\$ -0-</u>	<u>\$ 163,907</u>	<u>\$ 165,074</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT  
LONG-TERM LIABILITIES  
SCHEDULE OF OBLIGATIONS UNDER LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOT APPLICABLE

SOMERVILLE BOROUGH SCHOOL DISTRICT  
LONG-TERM LIABILITIES  
SCHEDULE OF OBLIGATIONS UNDER SUBSCRIPTION-BASED  
INFORMATION TECHNOLOGY ARRANGEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOT APPLICABLE

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 1,776,115		\$ 1,776,115	\$ 1,776,115	
State Sources:					
Debt Service Aid Type II	208,695		208,695	208,695	
<b>Total Revenues</b>	<u>1,984,810</u>		<u>1,984,810</u>	<u>1,984,810</u>	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest on Bonds	315,420		315,420	315,420	
Redemption of Principal	1,670,000		1,670,000	1,670,000	
<b>Total Expenditures</b>	<u>1,985,420</u>		<u>1,985,420</u>	<u>1,985,420</u>	
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<u>(610)</u>		<u>(610)</u>	<u>(610)</u>	
<b>Other Financing Sources</b>					
Transfers In - Capital Projects Fund				8,806	\$ 8,806
<b>Total Other Financing Sources</b>				<u>8,806</u>	<u>8,806</u>
<b>Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures</b>	<u>(610)</u>		<u>(610)</u>	<u>8,196</u>	<u>8,806</u>
<b>Fund Balance, July 1</b>	<u>610</u>		<u>610</u>	<u>1,408</u>	
<b>Fund Balance, June 30</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 9,604</u>	<u>\$ 8,806</u>
<b>Recapitulation:</b>					
Restricted Fund Balance				<u>\$ 9,604</u>	<u>\$ 8,806</u>

## STATISTICAL SECTION

### (UNAUDITED)

This part of the District's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

#### Contents

	<u>Exhibit</u>
<b>Financial Trends</b>	
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 thru J-5
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru J-9
<b>Debt Capacity</b>	
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 thru J-13
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
<b>Operating Information</b>	
These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	J-16 thru J-20

**Sources:** Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial report for the relevant year.

SOMERVILLE BOROUGH SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

UNAUDITED

(accrual basis of accounting)

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 24,519,577	\$ 26,525,104	\$ 30,303,213	\$ 33,327,721	\$ 32,963,384	\$ 33,084,564	\$ 33,981,935	\$ 35,573,129	\$ 36,748,298	\$ 38,474,496
Restricted	4,060,067	5,647,393	5,746,020	5,437,484	6,643,576	8,637,669	11,424,519	12,752,862	13,968,575	17,357,709
Unrestricted/(Deficit)	(6,495,713)	(7,722,300)	(10,131,781)	(12,998,198)	(12,648,954)	(13,095,617)	(13,642,060)	(12,342,356)	(8,601,562)	(9,016,285)
<b>Total Governmental Activities Net Position</b>	<b>\$ 22,083,931</b>	<b>\$ 24,450,197</b>	<b>\$ 25,917,452</b>	<b>\$ 25,767,007</b>	<b>\$ 26,958,006</b>	<b>\$ 28,626,616</b>	<b>\$ 31,764,394</b>	<b>\$ 35,983,635</b>	<b>\$ 42,115,311</b>	<b>\$ 46,815,920</b>
<b>Business-Type Activities:</b>										
Investment in Capital Assets	\$ 120,756	\$ 107,596	\$ 106,516	\$ 100,354	\$ 83,606	\$ 309,567	\$ 348,201	\$ 280,794	\$ 261,499	\$ 245,374
Unrestricted	106,816	160,482	209,467	218,182	293,597	129,594	55,393	46,859	267,458	441,342
<b>Total Business-Type Activities Net Position</b>	<b>\$ 227,572</b>	<b>\$ 268,078</b>	<b>\$ 315,983</b>	<b>\$ 318,536</b>	<b>\$ 377,203</b>	<b>\$ 439,161</b>	<b>\$ 403,594</b>	<b>\$ 327,653</b>	<b>\$ 528,957</b>	<b>\$ 686,716</b>
<b>District-Wide:</b>										
Net Investment in Capital Assets	\$ 24,640,333	\$ 26,632,700	\$ 30,409,729	\$ 33,428,075	\$ 33,046,990	\$ 33,394,131	\$ 34,330,136	\$ 35,853,923	\$ 37,009,797	\$ 38,719,870
Restricted	4,060,067	5,647,393	5,746,020	5,437,484	6,643,576	8,637,669	11,424,519	12,752,862	13,968,575	17,357,709
Unrestricted/(Deficit)	(6,388,897)	(7,561,818)	(9,922,314)	(12,780,016)	(12,355,357)	(12,966,023)	(13,586,667)	(12,295,497)	(8,334,104)	(8,574,943)
<b>Total District Net Position</b>	<b>\$ 22,311,503</b>	<b>\$ 24,718,275</b>	<b>\$ 26,233,435</b>	<b>\$ 26,085,543</b>	<b>\$ 27,335,209</b>	<b>\$ 29,065,777</b>	<b>\$ 32,167,988</b>	<b>\$ 36,311,288</b>	<b>\$ 42,644,268</b>	<b>\$ 47,502,636</b>

Source: School District Financial Reports

SOMERVILLE BOROUGH SCHOOL DISTRICT  
CHANGES IN NET POSITION - LAST TEN FISCAL YEARS

UNAUDITED  
(accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
For the Fiscal Year Ending June 30,										
Expenses:										
Governmental Activities:										
Instruction	\$ 25,453,035	\$ 29,277,713	\$ 31,363,497	\$ 33,964,538	\$ 35,570,845	\$ 33,429,766	\$ 33,429,137	\$ 35,034,323	\$ 33,910,905	\$ 33,843,079
Support Services:										
Tuition	1,864,473	1,636,448	1,664,099	1,580,061	1,236,416	1,066,970	1,286,272	1,309,945	717,708	1,050,090
Student & Instruction Related Services	4,743,399	5,305,703	6,010,893	7,190,300	7,602,396	6,894,230	6,675,185	6,982,262	7,473,291	7,597,893
General Administrative Services	711,104	806,049	811,495	868,335	814,187	824,228	888,163	944,553	905,475	1,062,874
School Administrative Services	2,117,831	2,865,374	3,088,245	3,581,115	3,657,553	3,514,864	3,427,941	3,699,229	3,467,884	3,372,132
Central Services	557,222	635,172	644,566	679,156	712,161	687,560	691,254	742,657	792,652	770,477
Administration Information Technology	674,007	656,588	580,861	659,426	538,882	636,126	620,750	728,091	369,289	235,301
Plant Operations And Maintenance	2,587,776	2,798,045	3,219,038	3,166,642	3,210,892	3,423,062	3,341,313	3,375,338	3,654,533	3,997,591
Pupil Transportation	1,029,868	1,147,465	908,332	888,193	857,415	938,232	921,051	476,230	937,241	1,257,673
Interest On Long-Term Debt	869,222	850,781	823,623	501,148	509,003	535,751	403,501	342,934	267,509	226,009
Unallocated Depreciation	606,616	611,931	611,931	2,095,024	2,095,432	2,121,274	1,834,147	1,751,839	1,848,123	1,847,940
Capital Outlay	93,839	200,765	93,839	93,839	93,839	93,839	93,838	93,839	93,839	669,808
Transfer to Charter School								5,696	15,430	
Total Governmental Activities Expenses	41,308,392	46,792,034	49,820,419	55,267,777	56,899,020	54,165,902	53,612,552	55,486,936	54,453,879	55,930,867
Business-Type Activities:										
Food Service	643,605	595,302	663,033	725,406	710,791	756,341	687,937	376,585	823,574	924,173
Total Business-Type Activities Expense	643,605	595,302	663,033	725,406	710,791	756,341	687,937	376,585	823,574	924,173
Total District Expenses	41,951,997	47,387,336	50,483,452	55,993,183	57,609,811	54,922,243	54,300,489	55,863,521	55,277,453	56,855,040
Program Revenues:										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	10,602,699	10,930,843	10,941,121	10,499,776	10,197,918	10,514,258	11,052,723	11,423,970	12,384,398	12,450,805
Operating Grants and Contributions	6,581,343	10,979,485	12,613,093	16,021,400	17,930,182	14,901,936	13,614,093	17,042,306	15,214,839	13,639,069
Capital Grants and Contributions	336,782	146,411	472,099	151,172	643,570				135,539	
Total Governmental Activities Program Revenues	17,520,824	22,056,739	24,026,313	26,672,348	28,771,670	25,416,194	24,666,816	28,466,276	27,734,776	26,089,874
Business-Type Activities:										
Charges for Services:										
Food Service	279,406	323,756	365,734	387,991	435,333	441,360	305,697	4,636	73,923	434,256
Operating Grants and Contributions	351,772	312,052	345,204	339,968	372,701	376,939	346,673	336,947	950,955	647,675
Total Business Type Activities Program Revenues	631,178	635,808	710,938	727,959	808,034	818,299	652,370	341,583	1,024,878	1,081,931
Total District Program Revenues	18,152,002	22,692,547	24,737,251	27,400,307	29,579,704	26,234,493	25,319,186	28,807,859	28,759,654	27,171,805
Net (Expense)/Revenue:										
Governmental Activities	(23,787,568)	(24,735,295)	(25,794,106)	(28,595,429)	(28,127,350)	(28,749,708)	(28,945,736)	(27,020,660)	(26,719,103)	(29,840,993)
Business-Type Activities	(12,427)	40,506	47,905	2,553	97,243	61,958	(35,567)	(35,002)	201,304	157,758
Total District-Wide Net Expense	(23,799,995)	(24,694,789)	(25,746,201)	(28,592,876)	(28,030,107)	(28,687,750)	(28,981,303)	(27,055,662)	(26,517,799)	(29,683,235)

SOMERVILLE BOROUGH SCHOOL DISTRICT  
CHANGES IN NET POSITION - LAST TEN FISCAL YEARS

UNAUDITED  
(accrual basis of accounting)

	For the Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 20,371,582	\$ 20,473,440	\$ 20,882,908	\$ 21,450,566	\$ 22,185,150	\$ 22,628,853	\$ 22,781,548	\$ 23,418,373	\$ 23,390,986	\$ 23,760,851
Taxes Levied for Debt Service	1,752,268	1,752,268	1,342,800	1,617,358	1,617,358	1,617,358	1,617,358	1,728,437	1,731,568	1,776,115
Unrestricted Grants and Contributions	4,730,049	4,780,164	4,806,051	4,840,817	5,155,537	5,579,957	6,465,298	6,363,771	7,312,313	7,889,387
Interest and Miscellaneous Income	340,762	95,689	229,602	536,243	360,304	592,150	448,419	221,067	415,912	1,115,249
Total Governmental Activities	27,194,661	27,101,561	27,261,361	28,444,984	29,318,349	30,418,318	31,312,623	31,731,648	32,850,779	34,541,602
Business-Type Activities:										
Disposal of Capital Assets								(40,939)		
Total Business-Type Activities								(40,939)		
Total District-Wide	27,194,661	27,101,561	27,261,361	28,444,984	29,318,349	30,418,318	31,312,623	31,690,709	32,850,779	34,541,602
Change in Net Position										
Governmental Activities	3,407,093	2,366,266	1,467,255	(150,445)	1,190,999	1,668,610	2,366,887	4,710,988	6,131,676	4,700,609
Business-Type Activities	(12,427)	40,506	47,905	2,553	97,243	61,958	(35,567)	(75,941)	201,304	157,758
Total District	\$ 3,394,666	\$ 2,406,772	\$ 1,515,160	\$ (147,892)	\$ 1,288,242	\$ 1,730,568	\$ 2,331,320	\$ 4,635,047	\$ 6,332,980	\$ 4,858,367

Source: School District Financial Reports



SOMERVILLE BOROUGH SCHOOL DISTRICT  
 FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS  
 UNAUDITED  
 (modified accrual basis of accounting)

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted	\$ 3,783,789	\$ 5,372,621	\$ 5,733,360	\$ 5,418,706	\$ 6,640,309	\$ 8,634,402	\$ 10,648,835	\$ 12,454,408	\$ 13,295,559	\$ 16,994,686
Assigned	1,217,868	438,870	774,869	325,045	605,477	888,445	403,256	1,115,568	1,679,429	1,680,116
Unassigned	292,467	299,674	340,838	374,273	323,474	221,731	338,886	1,127,928	1,097,806	189,206
Total General Fund	\$ 5,294,124	\$ 6,111,165	\$ 6,849,067	\$ 6,118,024	\$ 7,569,260	\$ 9,744,578	\$ 11,390,977	\$ 14,697,904	\$ 16,072,794	\$ 18,864,008
All Other Governmental Funds										
Restricted	\$ 276,278	\$ 274,772	\$ 12,660	\$ 18,778	\$ 3,267	\$ 3,267	\$ 4,793	\$ 298,454	\$ 303,276	\$ 548,317
Committed	2,366,287	2,105,564	1,632,195	262,141	812,067	446,520	445,890	221,314		
Unassigned/(Deficit)	(60,536)	(53,994)	(63,372)	(50,661)	(83,772)	(82,742)	(80,463)	(91,263)		(91,744)
Total All Other Governmental Funds	\$ 2,582,029	\$ 2,326,342	\$ 1,581,483	\$ 230,258	\$ 731,562	\$ 367,045	\$ 370,220	\$ 428,505	\$ 303,276	\$ 456,573
Total All Government Funds	\$ 7,876,153	\$ 8,437,507	\$ 8,430,550	\$ 6,348,282	\$ 8,300,822	\$ 10,111,623	\$ 11,761,197	\$ 15,126,409	\$ 16,376,070	\$ 19,320,581

Source: School District Financial Reports

SOMERVILLE BOROUGH SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

UNAUDITED  
(modified accrual basis of accounting)

For the Fiscal Year Ending June 30,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues:</b>										
Tax Levy	\$2,123,850	\$2,225,708	\$2,225,708	\$23,067,924	\$23,802,508	\$24,246,211	\$24,398,906	\$25,146,810	\$25,122,554	\$25,536,966
Tuition Charges	10,602,699	10,922,882	10,941,121	10,499,776	10,197,918	10,514,258	11,052,723	11,248,305	11,926,650	12,056,716
Interest Earnings	1,621	822	4,859	13,444	23,693	76,765	150,469	5,003	22,953	587,755
Miscellaneous	366,501	115,140	668,448	368,483	388,415	549,936	329,229	432,360	877,845	966,395
State Sources	10,266,765	10,724,555	11,010,910	11,875,396	13,645,892	14,755,060	16,181,310	17,956,827	21,836,672	22,054,926
Federal Sources	1,354,049	1,194,273	1,132,007	1,132,091	1,302,047	1,223,378	1,164,897	1,971,072	2,323,462	2,718,562
<b>Total Revenue</b>	<b>44,715,485</b>	<b>45,183,380</b>	<b>45,983,053</b>	<b>46,957,114</b>	<b>49,360,473</b>	<b>51,365,608</b>	<b>53,277,534</b>	<b>56,760,377</b>	<b>62,110,136</b>	<b>63,921,320</b>
<b>Expenditures</b>										
Regular Instruction	18,906,836	18,835,269	19,514,024	19,514,032	20,279,330	20,947,770	21,611,622	22,289,882	23,609,391	24,172,362
Support Services:										
Tuition	1,864,473	1,636,448	1,664,099	1,580,061	1,236,416	1,066,970	1,286,272	1,309,945	717,708	1,050,090
Student & Instruction Related Services	3,411,150	3,639,209	3,634,260	3,923,835	4,068,119	4,080,210	4,109,302	4,067,928	5,171,579	5,366,505
General Administrative Services	607,077	694,092	692,263	735,842	684,397	696,659	772,592	793,977	762,625	914,797
School Administrative Services	1,471,985	1,744,542	1,819,473	1,924,038	1,950,443	2,083,990	2,101,264	2,124,198	2,201,756	2,233,828
Central Services	441,608	501,025	521,575	524,880	570,901	523,644	561,264	561,698	585,692	601,964
Administration Information Technology	599,667	582,688	485,923	570,707	452,221	531,860	530,171	599,323	332,873	235,301
Plant Operations And Maintenance	2,608,189	2,711,624	2,807,934	2,834,129	2,867,952	3,019,091	3,031,922	3,032,079	3,246,884	3,634,553
Pupil Transportation	741,853	837,422	825,518	779,223	756,696	822,381	815,452	384,867	794,533	1,065,921
Unallocated Benefits	9,136,034	9,586,604	10,211,525	10,690,368	11,539,751	12,563,237	13,175,248	14,933,082	18,071,951	18,500,871
Capital Outlay	985,265	1,524,532	1,492,402	3,833,455	748,062	1,242,975	1,650,831	2,080,961	2,000,410	2,574,520
Debt Service:										
Principal	1,510,000	1,455,000	1,520,000	1,765,000	1,650,000	1,425,000	1,480,000	1,540,000	1,610,000	1,670,000
Interest And Other Charges	871,284	873,571	809,134	562,785	603,645	551,020	502,020	442,420	380,320	315,420
Transfer to Charter School								5,696	15,430	
<b>Total Expenditures</b>	<b>43,155,421</b>	<b>44,622,026</b>	<b>45,998,130</b>	<b>49,238,355</b>	<b>47,407,933</b>	<b>49,554,807</b>	<b>51,627,960</b>	<b>54,166,056</b>	<b>59,501,152</b>	<b>62,336,132</b>
Excess/(Deficiency) Of Revenues Over/(Under) Expenditures	1,560,064	561,354	(15,077)	(2,281,241)	1,952,540	1,810,801	1,649,574	2,594,321	2,608,984	1,585,188
<b>Other Financing Sources (Uses)</b>										
Cancellation of Prior Year Accounts Payable				198,973						
Transfers In	2,173,012	1,054,436	1,754,338	2,185,825	898,578	188,730	181,407	413,383	59,944	66,470
Transfers Out	(2,173,012)	(1,054,436)	(1,754,338)	(2,185,825)	(898,578)	(188,730)	(181,407)	(413,383)	(59,944)	(66,470)
<b>Total Other Financing Sources (Uses)</b>				198,973						
<b>Net Change In Fund Balances</b>	<b>\$ 1,560,064</b>	<b>\$ 561,354</b>	<b>\$ (15,077)</b>	<b>\$ (2,082,268)</b>	<b>\$ 1,952,540</b>	<b>\$ 1,810,801</b>	<b>\$ 1,649,574</b>	<b>\$ 2,594,321</b>	<b>\$ 2,608,984</b>	<b>\$ 1,585,188</b>
Debt Service As A Percentage of Noncapital Expenditures	5.65%	5.40%	5.23%	5.13%	4.83%	4.09%	3.97%	3.81%	3.46%	3.32%

Source: School District Financial Reports

SOMERVILLE BOROUGH SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(modified accrual basis of accounting)*

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Rentals- Use of Facilities	Prior Year Refunds	Other	Total
2014	\$ 1,621	\$ 10,602,699	\$ 7,131	\$ 34,723	\$ 297,278	\$ 10,943,452
2015	4,416	10,922,882	8,983	4,400	98,163	11,038,844
2016	17,626	10,499,776	50,900	9,072	147,650	10,725,024
2017	41,009	10,499,776	60,520	2,370	229,316	10,832,991
2018	49,924	10,197,918	73,375	19,942	172,376	10,513,535
2019	76,765	10,514,258	76,490		430,467 *	11,097,980
2020	150,469	11,052,723	65,844	55,707	171,606	11,496,349
2021	10,311	11,248,305		29,672	180,474	11,468,762
2022	32,204	11,926,650			382,910	12,341,764
2023	587,755	12,056,716	66,118		452,570	13,163,159

\* - Includes the cancelation of prior year accounts payable and the sale of District assets.

Source: Somerville Borough School District records

SOMERVILLE BOROUGH SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS  
UNAUDITED

Year Ended December 31,	Vacant Land		Residential		Commercial		Industrial		Apartment		Total Assessed Value		Tax-Exempt Property		Public Utilities <sup>a</sup>		Net Valuation Taxable		Total Direct School Tax Rate <sup>b</sup>		Estimated Actual (County Equalized Value)	
2013	\$	23,183,500	\$	722,754,500	\$	316,096,600	\$	19,730,500	\$	82,760,000	\$	1,164,525,100	\$	419,865,300	\$	8,695,054	\$	1,173,220,154	\$	1.868	\$	1,221,366,079
2014		24,636,000		720,768,100		316,826,900		19,730,500		80,544,200		1,162,505,700		433,993,200		7,763,347		1,170,269,047		1.899		1,201,186,258
2015		26,134,800		719,526,100		313,428,300		18,401,100		80,143,500		1,157,633,800		434,215,500		7,681,438		1,165,315,238		1.907		1,214,671,438
2016		26,174,800		718,279,200		312,902,000		18,401,100		80,143,500		1,155,900,600		434,371,700		8,298,912		1,164,199,512		1.981		1,220,096,561
2017		29,360,000		718,292,800		305,232,300		16,853,200		80,043,500		1,149,781,800		442,016,700		8,230,482		1,158,012,282		2.055		1,246,639,756
2018		30,768,400		720,813,900		304,992,800		16,782,400		80,043,500		1,153,401,000		458,354,300		8,015,843		1,161,416,843		2.069		1,275,768,096
2019		33,161,500		722,901,200		303,963,200		16,282,400		80,043,500		1,156,351,800		458,565,200		8,374,803		1,164,726,603		2.088		1,289,651,036
2020		48,015,500		725,954,450		298,901,200		16,282,400		77,357,400		1,166,510,950		474,759,350		8,484,892		1,174,995,842		2.140		1,356,429,137
2021		47,986,400		729,174,450		286,112,000		15,718,200		77,357,400		1,156,348,450		496,037,850		8,771,220		1,165,119,670		2.156		1,401,995,790
2022		45,625,200		728,934,900		285,495,800		15,685,600		77,357,400		1,153,098,900		530,675,700		8,548,314		1,161,647,214		2.198		1,404,959,002

Source: 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

SOMERVILLE BOROUGH SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
UNAUDITED  
*(rate per \$100 of assessed value)*

Year Ended December 31,	Somerville Borough School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Borough of Somerville	Somerset County	
2013	\$ 1.713	\$ 0.155	\$ 1.868	\$ 0.982	\$ 0.391	\$ 3.241
2014	1.749	0.150	1.899	0.982	0.404	3.285
2015	1.792	0.115	1.907	1.015	0.411	3.333
2016	1.843	0.139	1.981	1.017	0.416	3.414
2017	1.916	0.140	2.055	1.069	0.429	3.553
2018	1.929	0.139	2.069	1.086	0.441	3.596
2019	1.949	0.139	2.088	1.096	0.450	3.634
2020	1.993	0.147	2.140	1.099	0.452	3.691
2021	2.008	0.149	2.156	1.105	0.474	3.735
2022	2.045	0.153	2.198	1.116	0.463	3.777

Source: Municipal Tax Collector and School Business Administrator

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

a The district's basic tax rate is calculated from the 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.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

BOROUGH OF SOMERVILLE

	2022		2013		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Brookside at Somerville, LLC	\$ 36,634,800	3.14%	Brookside Invest Assoc.	\$ 44,000,000	3.54%
Somerville Urban Renewal	14,695,400	1.26%	Health Care REIT, Inc.	13,720,400	1.10%
NJ Bell Telephone	9,886,614	0.85%	1034/1044/1050 Route #22 LLC	10,988,700	0.88%
De Sapio Properties #10, LLC	9,000,000	0.77%	Somerville ITC I, LLC	9,132,500	0.73%
Somerville 50 Division Street LLC	8,500,000	0.73%	De Sapio Properties #10, LLC	9,000,000	0.72%
Avalon Somerville Station	7,620,000	0.65%	NJ Bell Telephone-C/O Verizon	7,763,347	0.62%
Warren Street Partners, LLC	7,605,700	0.65%	Warren Street Partners, LLC	7,605,700	0.61%
75 Veterans Memorial Associates	6,000,000	0.51%	Somerville Town Center UR LLC	6,600,000	0.53%
De Sapio Properties #7, LLC	5,940,000	0.51%	75 Veterans Memorial Associates	6,000,000	0.48%
Main Associates	5,837,400	0.50%	De Sapio Properties #10, LLC	6,000,000	0.48%
	<u>\$ 111,719,914</u>	<u>9.59%</u>		<u>\$ 120,810,647</u>	<u>9.71%</u>

Source: Municipal Tax Assessor

SOMERVILLE BOROUGH SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 22,123,850	\$ 22,123,850	100.00%	-0-
2015	22,225,708	22,225,708	100.00%	-0-
2016	22,225,708	22,225,708	100.00%	-0-
2017	23,067,924	23,067,924	100.00%	-0-
2018	23,802,508	23,802,508	100.00%	-0-
2019	24,246,211	24,246,211	100.00%	-0-
2020	24,398,906	24,398,906	100.00%	-0-
2021	25,146,810	25,146,810	100.00%	-0-
2022	25,122,554	25,122,554	100.00%	-0-
2023	25,536,966	25,536,966	100.00%	-0-

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

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

SOMERVILLE BOROUGH 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 <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Financed Purchases			
2014	\$ 22,360,000	\$ - 0 -	\$ 22,360,000	2.22%	\$ 1,850
2015	20,905,000	- 0 -	20,905,000	1.97%	1,737
2016	18,735,000	- 0 -	18,735,000	1.69%	1,561
2017	16,970,000	- 0 -	16,970,000	1.40%	1,389
2018	15,320,000	- 0 -	15,320,000	1.20%	1,257
2019	13,895,000	- 0 -	13,895,000	1.04%	1,149
2020	12,415,000	- 0 -	12,415,000	0.91%	1,021
2021	10,875,000	491,747	11,366,747	0.79%	905
2022	9,265,000	328,981	9,593,981	0.68%	764
2023	7,595,000	165,074	7,760,074	0.54%	610

Source: School District Financial Reports

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.
- b Includes ERIP bonds



SOMERVILLE BOROUGH SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds <sup>c</sup>	Deductions	Net General Bonded Debt Outstanding		
2014	\$ 22,360,000	-0-	\$ 22,360,000	1.906%	\$ 1,850
2015	20,905,000	-0-	20,905,000	1.786%	1,737
2016	18,735,000	-0-	18,735,000	1.608%	1,561
2017	16,970,000	-0-	16,970,000	1.458%	1,389
2018	15,320,000	-0-	15,320,000	1.323%	1,257
2019	13,895,000	-0-	13,895,000	1.196%	1,149
2020	12,415,000	-0-	12,415,000	1.066%	1,021
2021	10,875,000	-0-	10,875,000	0.926%	866
2022	9,265,000	-0-	9,265,000	0.795%	729
2023	7,595,000	-0-	7,595,000	0.654%	597

Source: School District Financial Reports

- Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.
- a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.
- b Population data can be found in on J-14. This ratio is calculated using net valuation taxable data for the prior calendar year.
- c Includes ERIP bonds.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2022  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Borough of Somerville	\$ 28,189,084	100.00%	\$ 28,189,084
Somerset County General Obligation Debt	265,237,860	2.15%	5,701,870
Somerset County Improvement Authority Debt	188,554,683	2.15%	<u>4,053,397</u>
Subtotal, Overlapping Debt			37,944,351
Somerville Borough School District Direct Debt			<u>8,600,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 46,544,351</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Somerset County Board of Taxation; debt outstanding data provided by each governmental unit.

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 Borough of Somerville. This process recognizes that, when considering the District's ability to issue and repay long-term, 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 unit.

<sup>a</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of Somerville Borough 's equalized property value that is within the Somerset County's boundaries and dividing it by Somerset County's total equalized property value.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2023		Somerville Borough
Equalized Valuation Basis		\$ 1,347,944,245
2020		1,392,519,810
2021		1,531,746,679
2022		<u>\$ 4,272,210,734</u>
Average Equalized Valuation of Taxable Property		<u>\$ 1,424,070,245</u>
Debt Limit <sup>a</sup> (4% of average equalization value)		\$ 56,962,810
Net Bonded School Debt as of June 30, 2023		<u>7,595,000</u>
Legal Debt Margin		<u>\$ 49,367,810</u>

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 49,341,903	\$ 48,206,377	\$ 47,604,631	\$ 48,044,807	\$ 48,782,772	\$ 49,850,374	\$ 50,716,012	\$ 51,959,636	\$ 55,340,351	\$ 56,962,810
Total Net Debt Applicable to Limit	22,360,000	20,905,000	18,735,000	16,970,000	15,320,000	13,895,000	12,415,000	10,875,000	9,265,000	7,595,000
Legal Debt Margin	<u>\$ 28,221,637</u>	<u>\$ 27,301,377</u>	<u>\$ 28,869,631</u>	<u>\$ 31,074,807</u>	<u>\$ 33,462,772</u>	<u>\$ 35,955,374</u>	<u>\$ 38,301,012</u>	<u>\$ 41,084,636</u>	<u>\$ 46,075,351</u>	<u>\$ 49,367,810</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	45.32%	43.37%	39.36%	35.32%	31.40%	27.87%	24.48%	20.93%	16.74%	13.33%

a Limit set by NJS A 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

SOMERVILLE BOROUGH SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS  
UNAUDITED

Year	Population <sup>a</sup>	Personal Income <sup>b</sup>	Somerset County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2014	12,089	\$ 1,008,053,354	\$ 83,386	5.60%
2015	12,034	1,063,793,566	88,399	4.90%
2016	12,004	1,108,593,408	92,352	4.20%
2017	12,217	1,212,048,570	99,210	3.90%
2018	12,184	1,274,690,080	104,620	3.70%
2019	12,098	1,336,417,668	110,466	3.40%
2020	12,157	1,371,613,525	112,825	8.70%
2021	12,559	1,431,412,025	113,975	5.40%
2022	12,712	1,448,850,200 ***	113,975 *	3.30%
2023	12,712 **	1,448,850,200 ***	113,975 *	N/A

\* - Latest Somerset County per capita personal income available (2021) was used for calculation purposes.

\*\* - Latest population data available (2022) was used for calculation purposes.

\*\*\* - Latest personal income data available (2022) was used for calculation purposes.

N/A - Information Unavailable

Source: School District Reports

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 by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

SOMERVILLE BOROUGH SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS, COUNTY OF SOMERSET  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

Employer	2023		
	Employees	Rank	Percentage of Total Employment
AT&T East	4,100	1	N/A
Janssen Pharmaceuticles, Inc.	1,800	2	N/A
The Chubb Corporation	1,800	3	N/A
Johnson and Johnson Pharmaceuticals	1,700	4	N/A
Bloomberg	1,380	5	N/A
Ethicon, Inc.	1,100	6	N/A
E-Z-Go	1,050	7	N/A
Personal Products Company (J&J)	1,000	8	N/A
Ortho Clinical Diagnostics	1,000	9	N/A
Hooper Homes Inc.	900	10	
	15,830		
Employer	2014		
	Employees	Rank	Percentage of Total Employment
A&T	3,000	1	N/A
Verizon Wireless	930	2	N/A
Dendrite	700	3	N/A
Fiddlers Elbow Country Club	210	4	N/A
Trump National	400	5	N/A
Falrion Technologies	200	6	N/A
Hamilton Farm	175	7	N/A
Kings	120	8	N/A
Bedminster Township Board of Education	100	9	N/A
Loral Skynet	80	10	N/A
	5,915		

N/A - Not Available

Source: Somerset County Business Partnership Website

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

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Instruction										
Regular	163.0	162.0	163.0	163.0	162.0	162.0	162.0	158.0	165.0	174.0
Special Education	65.5	72.0	78.0	78.0	74.0	75.0	81.5	79.5	80.0	77.0
Support Services:										
Student & Instruction Related Services	43.5	49.5	50.5	50.5	52.0	56.0	56.0	56.0	57.0	58.0
School Administrative Services	17.4	18.0	19.0	19.0	19.5	20.0	19.0	17.0	17.0	21.0
General and Business Administrative Services	12.5	12.5	13.5	15.0	7.5	7.5	7.5	7.5	7.5	7.5
Plant Operations and Maintenance	13.0	16.5	17.0	17.0	20.5	20.5	20.5	20.5	20.0	20.0
Pupil Transportation	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Other Support Services	5.5									1.0
<b>Total</b>	<b>323.4</b>	<b>333.5</b>	<b>344.0</b>	<b>345.5</b>	<b>338.5</b>	<b>344.0</b>	<b>349.5</b>	<b>341.5</b>	<b>349.5</b>	<b>361.5</b>

Source: District Personnel Records

SOMERVILLE BOROUGH SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School				
2014	2,398	\$ 39,788,872	\$ 16,592.52	3.49%	228	1:14.3	1:9.2	1:13.1	2,398	2,260	-3.03%	94.25%
2015	2,386	40,768,923	17,086.72	2.98%	202	1:12.7	1:9.6	1:12.0	2,386	2,295	-0.50%	96.19%
2016	2,404	42,176,594	17,544.34	2.68%	204	1:12.0	1:9.2	1:12.8	2,404	2,307	0.75%	95.97%
2017	2,353	43,077,115	18,307.32	4.35%	199	1:9.0	1:10.0	1:8.0	2,353	2,251	-2.12%	95.68%
2018	2,347	44,406,226	18,920.42	3.35%	196	1:8.0	1:9.0	1:8.0	2,347	2,219	-0.26%	94.55%
2019	2,336	46,335,812	19,835.54	4.84%	197	1:8.0	1:9.0	1:8.0	2,336	2,225	-0.47%	95.25%
2020	2,292	47,995,109	20,940.27	5.57%	197	1:8.0	1:9.0	1:8.0	2,292	2,223	-1.88%	96.99%
2021	2,176	50,102,675	23,025.13	9.96%	193	1:8.0	1:9.0	1:8.0	2,176	2,067	-5.06%	94.99%
2022	2,124	55,510,422	26,134.85	13.51%	193	1:8.0	1:9.0	1:8.0	2,292	2,222	5.33%	96.95%
2023	2,138	57,776,192	27,023.48	3.40%	194	1:8.1	1:9.1	1:8.1	2,138	2,004	-6.72%	93.73%

Source: Somerville Borough School District records

Note: Enrollment based on annual average daily enrollment

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily Enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d The cost per pupil calculated above is the sum of the operating expenditures divided by Enrollment. This cost per pupil may be different from other cost per pupil calculations.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>District Building</u>										
Van Derveer School										
Square Feet	97,192	97,192	97,192	97,192	97,192	97,192	97,192	97,192	97,192	97,192
Capacity (students)	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175
Enrollment	913	910	885	852	823	800	809	737	710	722
Somerville Middle School										
Square Feet	97,350	97,350	97,350	97,350	97,350	97,350	97,350	97,350	97,350	97,350
Capacity (students)	501	501	501	501	501	501	501	501	501	501
Enrollment	323	347	357	378	381	373	351	322	313	343
Somerville High School										
Square Feet	153,250	153,250	153,250	153,250	153,250	153,250	153,250	153,250	153,250	153,250
Capacity (students)	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Enrollment	1,162	1,129	1,162	1,123	1,143	1,163	1,132	1,117	1,101	1,073

Number of Schools at June 30, 2023  
 Elementary = 1  
 Middle School = 1  
 High School = 1

Source: Somerville Borough School District Facilities Office



SOMERVILLE BOROUGH SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS  
UNAUDITED

Undistributed Expenditures - Required Maintenance For School Facilities  
 11-000-261-xxx

School Facilities	Project #	Fiscal Year Ended June 30,									
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Van Derveer School	N/A	\$ 142,144	\$ 156,302	\$ 354,162	\$ 305,424	\$ 322,618	\$ 342,670	\$ 149,566	\$ 229,124	\$ 260,662	\$ 285,369
Somerville Middle School	N/A	158,545	174,336	193,668	191,469	206,023	218,063	144,607	261,696	230,050	165,191
Somerville High School	N/A	246,018	270,522	147,580	206,051	205,387	218,063	437,496	383,977	361,427	459,093
Total School Facilities		\$ 546,707	\$ 601,160	\$ 695,410	\$ 702,944	\$ 734,028	\$ 778,796	\$ 731,669	\$ 874,797	\$ 852,139	\$ 909,653

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

Source: Somerville Borough School District records

SOMERVILLE BOROUGH SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2023  
UNAUDITED

	Coverage	Deductible
<u>Commercial Package Policy - NJ Schools Insurance Group</u>		
<b>Property - Blanket Buildings and Contents **</b>	\$ 97,674,960	\$ 5,000
Boiler and Machinery	Included	5,000
Crisis Response	1,000,000	
Includes coverage such as:		
Extra Expense	50,000,000	5,000
Valuable Papers	10,000,000	5,000
Electronic Data Processing	500,000,000	1,000
Computer Fraud	250,000	1,000
Forgery & Alteration	250,000	1,000
Money & Securities	100,000	1,000
<b>General Liability</b>	16,000,000	Each Occurrence
<b>Employee Benefits Program Liability</b>	16,000,000	Each Employee
	160,000,000	Annual NJSIG Aggregate
<b>Automobile Liability</b>	16,000,000	CSL
Comprehensive		1,000
Collision		1,000
<b>School Leaders Errors and Omissions</b>	16,000,000	
Claims Made		15,000
<b>Surety Bond - Selective Insurance Company</b>		
Business Administrator	500,000	

\*\*Note - Solar panels are excluded from the property coverage

Source: Somerville Board of Education

SINGLE AUDIT SECTION

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

Independent Auditors' Report

The Honorable President and Members  
of the Board of Education  
Borough of Somerville School District  
County of Somerset, New Jersey

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 the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Somerville Borough School District, in the County of Somerset (the "District") as of and for the fiscal 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 November 17, 2023.

**Report on 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.

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

The Honorable President and Members  
of the Board of Education  
Somerville Borough School District  
Page 2

**Report Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District’s financial statements are free of 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*.

**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.

November 17, 2023  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Valerie A. Dolan*

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Valerie A. Dolan  
Licensed Public School Accountant #2526  
Certified Public Accountant

Report on Compliance For Each Major Federal and State Program;  
Report on Internal Control Over Compliance Required by  
Uniform Guidance and NJOMB 15-08

Independent Auditors' Report

The Honorable President and Members  
of the Board of Education  
Somerville Borough School District  
County of Somerset, New Jersey

**Report on Compliance for Each Major Federal and State Program**

***Opinion on Each Major Federal and State Program***

We have audited the Somerville Borough School District's (the District's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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.

The Honorable President and Members  
of the Board of Education  
Somerville Borough School District  
Page 2

***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.

***Auditors' 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 GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08, 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 New Jersey's OMB Circular 15-08, 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.

The Honorable President and Members  
of the Board of Education  
Somerville Borough School District  
Page 3

**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 or New Jersey’s OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

November 17, 2023  
Mount Arlington, New Jersey

*Nisiroccia LLP*  
NISIVOCCIA LLP

*Valerie A Dolan*

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Valerie A. Dolan  
Licensed Public School Accountant #2526  
Certified Public Accountant



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

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or Federal Project Number	Grant Period	Award Amount	Balance at June 30, 2022		Cash Received	Budgetary Expenditures	Adjustments	Balance June 30, 2023		
					Budgetary Accounts Receivable	Unearned/ Due to Grantor				Budgetary Accounts Receivable	Unearned Revenue	Due to Grantor
<b>General Fund:</b>												
U.S. Department of Health and Human Services												
Passed-Through State Department of Human Services:												
Medicaid Cluster	93.778	N/A	7/1/21-6/30/22	\$ 66,159	\$ (28,318)	\$ 28,318						
Medicaid Cluster	93.778	N/A	7/1/22-6/30/23	65,318	\$ (65,318)	\$ 65,318						
COVID -19 Family First Coronavirus Response Act	93.778	N/A	1/1/21-12/31/21	6,990	(6,990) *	6,990						
Total U.S. Department of Health and Human Services/Medicaid Cluster					(28,318)	100,626		(72,308)				
Total General Fund					(28,318)	100,626		(72,308)				
<b>Special Revenue Fund:</b>												
U.S. Department of Education												
Passed-through State Department of Education:												
ESEA Consolidated:												
Title I	84.010A	NCLB4820-23	7/1/22-9/30/23	340,607		162,568		(303,232)		\$ (140,664)		
Title I	84.010A	NCLB4820-22	7/1/21-9/30/22	373,040		119,515		(303,232)		(140,664)		
Subtotal Title I						282,083						
Title I SIA	84.010A	NCLB4820-23	7/1/22-9/30/23	10,000								
Subtotal Title I												
Title II - Part A	84.010A	NCLB4820-23	7/1/22-9/30/23	66,534		3,325		(15,544)		(12,219)		
Title II - Part A	84.010A	NCLB4820-22	7/1/21-9/30/22	53,832		13,250						
Subtotal Title IIA						16,575		(15,544)		(12,219)		
Title III	84.365A	NCLB4820-23	7/1/22-9/30/23	25,789		3,444		(3,653)		(209)		
Title III	84.365A	NCLB4820-22	7/1/21-9/30/22	24,640		5,312						
Title III Immigrant	84.365A	NCLB4820-22	7/1/21-9/30/22	1,071		982		\$ 81		(209)		
Subtotal Title III						9,738		(3,653)		(209)		
Title IV	84.424	NCLB4820-23	7/1/22-9/30/23	51,702		4,045		(6,022)		(1,977)		
Title IV	84.424	NCLB4820-22	7/1/21-9/30/22	36,222		3,215				(1,977)		
Subtotal Title IV						7,260		(6,022)		(1,977)		
Career and Technical Education - Basic Grant - Perkins Secondary Consolidated	84.048	PERK4820-22	7/1/21-9/30/22	8,845		2,799						
<b>Education Stabilization Fund:</b>												
COVID 19 - CARES Emergency Relief Grant	84.425D	S425D20027	3/13/20-9/30/22	390,136	(116)	118			(2)	(423,278)		
COVID 19 - CRRSA ESSER II	84.425D	S425D210027	3/13/20-9/30/23	1,207,771	(281,499)	542,682		(684,461)		(2,200)		
COVID 19 - CRRSA Mental Health	84.425D	S425D210028	3/13/20-9/30/23	45,000	(37,269)	42,800		(7,731)		(3,933)		
COVID 19 - CRRSA Learning Acceleration	84.425D	S425D210029	3/13/20-9/30/23	77,509	(8,712)	38,581		(33,802)		(309,998)		
COVID 19 - ARP ESSER III	84.425U	S425U210027	3/13/20-9/30/24	2,714,388	(328,547)	610,846		(592,297)		(58,890)		
COVID 19 - ARP Accelerated Learning Coach	84.425U	S425U210027	3/13/20-9/30/24	148,954	(13,609)	13,720		(59,001)		(20,333)		
COVID 19 - ARP Summer Learning	84.425U	S425U210027	3/13/20-9/30/24	40,000	(1,911)	3,596		(23,929)		(36,480)		
COVID 19 - ARP Beyond the School Day	84.425U	S425U210027	3/13/20-9/30/24	40,000	(1,911)	3,520		(38,089)		(26,285)		
COVID 19 - ARP Mental Health	84.425U	S425U210027	3/13/20-9/30/24	88,501	(671,663)	22,187		(48,472)		(881,397)		
Subtotal Education Stabilization Fund						1,278,050		(1,487,782)		(2)		

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

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Assistance Project Number	Grant Period	Award Amount	Balance at June 30, 2022		Cash Received	Budgetary Expenditures	Adjustments	Balance June 30, 2023		
					Budgetary Accounts Receivable	Unearned/ Due to Revenue				Budgetary Accounts Receivable	Unearned Revenue	Due to Grantor
Special Education Cluster:												
I.D.E.A. Part B - Basic	84.027	IDEA4820-23	7/1/22-9/30/23	\$ 791,484		\$ 475,350	\$ (570,964)			\$ (95,614)		
I.D.E.A. Part B - Basic	84.027	IDEA4820-22	7/1/21-9/30/22	1,004,445	\$ (295,556)	295,556						
I.D.E.A. Part B - Basic ARP	84.027X	IDEA4820-22	7/1/21-9/30/22	114,481	(13,923)	30,994	(28,646)			(11,575)		
I.D.E.A. Part B - Preschool	84.173	IDEA4820-23	7/1/22-9/30/23	33,007		10,190	(11,075)			(885)		
I.D.E.A. Part B - Preschool	84.173	IDEA4820-22	7/1/21-9/30/22	37,341		7,387	(9,421)				\$ 162	
I.D.E.A. Part B - Preschool ARP	84.173X	IDEA4820-22	7/1/21-9/30/22	11,712	(4,360)	11,712	(7,352)			(108,074)	162	
Total Special Education Cluster					(313,839)	831,189	(627,458)				162	
Total Special Revenue Fund and U.S. Department of Education					(1,130,656)	2,427,694	(2,443,691)	\$ 79		(1,144,540)	162	
Enterprise Fund:												
U.S. Department of Agriculture Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
Food Distribution Program	10.555	N/A	7/1/22-6/30/23	96,477		96,477	(82,596)			\$ 13,881		
Food Distribution Program	10.555	N/A	7/1/21-6/30/22	69,304			(4,431)					
School Breakfast Program	10.553	N/A	7/1/22-6/30/23	66,752		62,847	(66,752)			(3,905)		
COVID 19 - Seamless Summer Option - Breakfast	10.553	N/A	7/1/21-6/30/22	62,380	(6,235)	6,235						
National School Lunch Program	10.555	N/A	7/1/22-6/30/23	346,484		330,168	(346,484)			(16,316)		
Healthy Hunger-Free Kids Act	10.555	N/A	7/1/22-6/30/23	11,514		11,000	(11,514)			(514)		
COVID 19 - Supply Chain Assistance	10.555	N/A	7/1/22-6/30/23	118,267		118,267	(118,267)					
COVID 19 - Seamless Summer Option - Lunch	10.555	N/A	7/1/21-6/30/22	772,614	(43,408)	43,408						
Child Nutrition Cluster Subtotal					(49,643)	668,402	(630,044)			(20,735)	13,881	
Total Enterprise Fund and U.S. Department of Agriculture					(49,643)	668,402	(630,044)			(20,735)	13,881	
Total Federal Financial Awards					\$ (1,208,617)	\$ 3,196,722	\$ (3,146,043)	\$ 79		\$ (1,165,275)	\$ 162	\$ -0-

\* Includes prior year expenditures.  
N/A - Not Available/Applicable

SOMERVILLE BOROUGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022			Balance at June 30, 2023			MEMO	
				Budgetary Unearned Revenue	Accounts Receivable	Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	GAAP Accounts Receivable	Budgetary Accounts Receivable
New Jersey Department of Education											
General Fund:											
Equalization Aid	22-495-034-5120-078	7/1/21 - 6/30/22	\$ 6,760,090	\$ (661,856)	\$	\$ 661,856	\$	\$	\$	\$	\$ 6,760,090
Special Education Aid	22-495-034-5120-089	7/1/21 - 6/30/22	1,448,667	(141,834)		141,834					1,448,667
Security Aid	22-495-034-5120-084	7/1/21 - 6/30/22	443,956	(43,466)		43,466					443,956
Transportation Aid	22-495-034-5120-014	7/1/21 - 6/30/22	204,865	(20,058)		20,058					204,865
Extraordinary Special Education Costs	22-495-034-5120-044	7/1/21 - 6/30/22	374,106	(374,106)		374,106					374,106
Reimbursed TPAF Social Security Contributions	22-495-034-5095-003	7/1/21 - 6/30/22	1,537,135	(73,257)		73,257					1,537,135
Equalization Aid	23-495-034-5120-078	7/1/22 - 6/30/23	7,246,616			6,537,115	\$ (7,246,616)		\$ (709,501)		7,246,616
Special Education Aid	23-495-034-5120-089	7/1/22 - 6/30/23	1,448,667			1,306,831	(1,448,667)		(141,836)		1,448,667
Security Aid	23-495-034-5120-084	7/1/22 - 6/30/23	443,956			400,489	(443,956)		(43,467)		443,956
Transportation Aid	23-495-034-5120-014	7/1/22 - 6/30/23	204,865			184,807	(204,865)		(20,058)		204,865
Extraordinary Special Education Costs	23-495-034-5120-044	7/1/22 - 6/30/23	302,451				(302,451)	\$ (302,451)			302,451
Reimbursed TPAF Social Security Contributions	23-495-034-5095-003	7/1/22 - 6/30/23	1,539,513			1,464,433	(1,539,513)		(75,080)		1,539,513
Homeless Tuition Reimbursement	23-495-034-5120-005	7/1/22 - 6/30/23	39,670				(39,670)		(39,670)		39,670
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22 - 6/30/23	1,847,066			1,847,066	(1,847,066)				1,847,066
On-Behalf Long Term Disability Insurance Contributions	23-495-034-5094-004	7/1/22 - 6/30/23	3,185			3,185	(3,185)				3,185
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22 - 6/30/23	6,934,934			6,934,934	(6,934,934)				6,934,934
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22 - 6/30/23	96,214			96,214	(96,214)				96,214
<b>Total General Fund State Aid</b>				<b>(1,314,577)</b>		<b>20,089,651</b>	<b>(20,107,137)</b>		<b>(417,201)</b>		<b>30,875,956</b>
Special Revenue Fund:											
New Jersey Nonpublic Aid:											
Textbook Aid	22-100-034-5120-064	7/1/21 - 6/30/22	46,876		\$ 7,739	\$			(7,739)		\$ 39,137
Nursing Aid	22-100-034-5120-070	7/1/21 - 6/30/22	88,256		4,159				(4,159)		84,097
Technology	22-100-034-5120-373	7/1/21 - 6/30/22	32,802		226				(226)		32,576
Security Aid	22-100-034-5120-509	7/1/21 - 6/30/22	137,900		11,626				(11,626)		126,274
Textbook Aid	23-100-034-5120-064	7/1/22 - 6/30/23	55,044			55,044	(40,113)			\$ 14,931	
Nursing Aid	23-100-034-5120-070	7/1/22 - 6/30/23	93,408			93,408	(86,798)			6,610	
Technology	23-100-034-5120-373	7/1/22 - 6/30/23	35,028			35,028	(34,418)			610	
Security Aid	23-100-034-5120-509	7/1/22 - 6/30/23	170,970			170,970	(170,946)			24	
<b>Total Nonpublic Auxiliary Services:</b>					<b>18,357</b>				<b>(18,357)</b>		<b>130,256</b>
Compensatory Education	22-100-034-5120-067	7/1/21 - 6/30/22	148,613			13,818					13,818
Home Instruction	22-100-034-5120-067	7/1/21 - 6/30/22	13,818								13,818
Home Instruction	23-100-034-5120-067	7/1/22 - 6/30/23	8,771			165,937	(146,896)		(8,771)		8,771
Compensatory Education	22-100-034-5120-067	7/1/21 - 6/30/22	165,937							19,041	146,896
English as a Second Language	22-100-034-5120-067	7/1/21 - 6/30/22	914		914						914
Transportation	22-100-034-5120-067	7/1/21 - 6/30/22	16,697		1,652				(1,652)		15,045
Transportation	23-100-034-5120-067	7/1/22 - 6/30/23	29,860			29,860				29,860	
<b>Total Nonpublic Handicapped:</b>											
Corrective Speech	23-100-034-5120-066	7/1/22 - 6/30/23	39,525			39,525	(39,525)				39,525
Examination and Classification	23-100-034-5120-066	7/1/22 - 6/30/23	112,243			112,243	(107,884)			4,359	107,884
Supplemental Instruction	23-100-034-5120-066	7/1/22 - 6/30/23	98,954			98,954	(98,954)				98,954
Preschool Education Aid	23-495-034-5120-086	7/1/22 - 6/30/23	937,040			921,845	(699,938)			\$ 237,102	937,040
Preschool Education Aid	22-495-034-5120-086	7/1/21 - 6/30/22	891,198			87,254	(309,161)		(91,744)		891,198
School Climate Change Pilot	23E00385	04/1/23-6/30/23	6,660				(6,482)			(6,482)	6,482
New Jersey School Development Authority:											
Emergent Needs and Capital Maintenance Grant	N/A	7/1/21 - 6/30/23	58,033			22,513	(22,513)				35,520
<b>Total Special Revenue Fund</b>				<b>(101,072)</b>	<b>44,673</b>	<b>1,823,886</b>	<b>(1,772,399)</b>		<b>(15,253)</b>	<b>75,435</b>	<b>2,714,387</b>

SOMERVILLE BOROUGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Project Number	Grant Period	Award Amount	Balance at June 30, 2022			Balance at June 30, 2023			MEMO
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	GAAP Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	
Debt Service Fund:										
Debt Service Aid Type II	23-100-034-5120-125	7/1/22 - 6/30/23	\$ 208,695			\$ 208,695				\$ 208,695
Total Debt Service Fund						208,695				208,695
Capital Projects Fund:										
New Jersey School Development Authority: Securing Our Childrens' Future Bond Act	N/A	4/1/20 - 6/30/22	135,539	\$ (135,539)		135,539				135,539
Total Capital Projects Fund				(135,539)		135,539				135,539
Enterprise Fund										
State Department of Agriculture:										
State School Lunch Program	23-100-010-3350-023	7/1/22 - 6/30/23	14,122			13,461				\$ (661)
State School Breakfast Program	23-100-010-3350-023	7/1/22 - 6/30/23	872			805				(67)
State Breakfast After the Bell	23-100-010-3350-023	7/1/22 - 6/30/23	2,637			2,481				(156)
COVID 19 - Seamless Summer Option	22-100-010-3350-023	7/1/21 - 6/30/22	18,970	(1,000)		1,000				
Total Enterprise Fund				(1,000)		17,747				(884)
Total State Financial Awards				\$ (1,552,188)	\$ 331,674	\$ 22,275,518	\$ 44,673	\$ 237,102	\$ (44,673)	\$ (1,439,944)
Less: On-Behalf/TPAF Pension System Contributions:										
On-Behalf/TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22 - 6/30/23	1,847,066			\$ 1,847,066				
On-Behalf/Long Term Disability Insurance Contributions	23-495-034-5094-004	7/1/22 - 6/30/23	3,185			3,185				
On-Behalf/TPAF Pension Contributions	23-495-034-5094-002	7/1/22 - 6/30/23	6,934,934			6,934,934				
On-Behalf/TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22 - 6/30/23	96,214			96,214				
Subtotal - On-Behalf/TPAF Pension System Contributions						8,881,399				
Total State Awards - for Major Program Determination						\$ (13,224,463)				

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of Borough of Somerville School District under programs of the federal and state governments for the fiscal year ended June 30, 2023. The information in these schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to P.L. 2003, C.97 (A3521). For GAAP purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. The special revenue fund also does not recognize the June state aid payments in the current year. Grant revenue in the Capital Projects Fund is recognized on the budgetary basis in the year of award while on a GAAP basis revenue is recognized based on grant expenditures and when reimbursement requests are submitted.

The net adjustment to reconcile revenue from the budgetary basis to the GAAP basis is (\$47,648) for the General Fund, and \$233,025 for the Special Revenue Fund for which \$16,120 is for local projects. See Exhibit C-3 for a reconciliation of revenue from the budgetary basis to the GAAP basis of accounting for the General and Special Revenue Funds.

SOMERVILLE BOROUGH SCHOOL DISTRICT  
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	Federal	State	Total
General Fund	\$ 72,308	\$ 20,059,489	\$ 20,131,797
Special Revenue Fund	2,646,254	1,786,742	4,432,996
Debt Service Fund		208,695	208,695
Proprietary Fund	630,044	17,631	647,675
 Total Financial Assistance	 \$ 3,348,606	 \$ 22,072,557	 \$ 25,421,163

NOTE 5 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

Somerville Borough School District had no loan balances outstanding at June 30, 2023.

NOTE 7. NEW JERSEY SCHOOL DEVELOPMENT AUTHORITY (SDA) GRANTS

The District was awarded a grant in the amount of \$135,539 from the School Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2023 all funds have been expended and drawn down on a GAAP Basis.

NOTE 8. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2023. Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

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

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in *the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by the Uniform Guidance and NJ OMB 15-08*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The single audit thresholds identified in the Uniform Guidance and New Jersey's OMB Circular 15-08 were \$750,000.
- The thresholds used for distinguishing between Type A and Type B Federal and State programs was \$750,000.
- The District was determined not to be a "low-risk" auditee for both federal and state programs.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following:

Federal Programs	Assistance Listing Number	Grant Period	Award Amount	Budgetary Expenditures
Education Stabilization Aid:				
COVID 19 - CRRSA ESSER II	84.425D	3/13/20-9/30/23	\$ 1,207,771	\$ 684,461
COVID 19 - CRRSA Mental Health	84.425D	3/13/20-9/30/23	45,000	7,731
COVID 19 - CRRSA Learning Acceleration	84.425D	3/13/20-9/30/23	77,509	33,802
COVID 19 - ARP ESSER III	84.425U	3/13/20-9/30/24	2,714,388	592,297
COVID 19 - ARP Accelerated Learning Coach	84.425U	3/13/20-9/30/24	148,954	59,001
COVID 19 - ARP Summer Learning	84.425U	3/13/20-9/30/24	40,000	23,929
COVID 19 - ARP Beyond the School Day	84.425U	3/13/20-9/30/24	40,000	38,089
COVID 19 - ARP Mental Health	84.425U	3/13/20-9/30/24	88,501	48,472

SOMERVILLE BOROUGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
 (Continued)

Summary of Auditors' Results: (Cont'd)

<u>State Programs</u>	<u>State Account Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
State Aid - Public:				
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	\$ 7,246,616	\$ 7,246,616
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	1,448,667	1,448,667
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	443,956	443,956
Reimbursed TPAF Social Security				
Contributions	23-495-034-5095-003	7/1/22 - 6/30/23	1,539,513	1,539,513
Preschool Education Aid	23-495-034-5120-086	7/1/22 - 6/30/23	937,040	699,938
Preschool Education Aid	23-495-034-5120-086	7/1/22 - 6/30/23	891,198	309,161

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.



SOMERVILLE BOROUGH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2023

Status of Prior Year Findings:

There were no prior year findings.