

**ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE
SOUTH RIVER BOROUGH BOARD OF EDUCATION**

**15 Montgomery Street
South River, New Jersey 08882**

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Prepared by

**Borough of South River Board of Education
Johnny Rosa
Board Secretary/Business Administrator**

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INTRODUCTORY SECTION

South River Board of Education

15 Montgomery Street, South River NJ 08882
Tel: 732-613-4000 Fax: 732-238-8415

April 18, 2024

Honorable President and Members
of the Board of Education
South River School District
South River, NJ 08882

Dear Board Members:

The Annual Comprehensive Financial Report of the South River 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 South River 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 financial position 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 tables and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditors' report thereon. The statistical tables section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and in addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 US *Code of Federal Regulations* Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08. Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** The District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds of the District are included in this report. The South River Board of Education and all its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational as well as special education for disabled Pre-K youngsters. The District completed the 2023 fiscal year with an enrollment of 2,484 students as of June 30, 2023, which is 90 students more than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last seven years.

Average Daily Enrollment

<u>Fiscal Year Ending June 30,</u>	<u>Student Enrollment</u>	<u>Percent Increase/(Decrease)</u>
2023	2,484	3.75%
2022	2,394	3.82%
2021	2,306	(1.83%)
2020	2,349	3.85%
2019	2,262	3.15%
2018	2,193	(0.77%)
2017	2,210	(0.36%)

2. **ECONOMIC CONDITION AND OUTLOOK:** South River is a community that has little to no ratables to establish a firm tax base to support its education program. There is an attempt to revitalize the downtown district and there are several new housing developments that have been approved and will add not only to the tax base but, more importantly, to the educational costs. The town receives funds as a result of a shared Host Community Benefits program for the Edgeboro Landfill. Land available for additional industrial development is not plentiful.
3. **MAJOR INITIATIVES:** South River Public Schools continues to analyze standards and data related to student achievement. Our teaching staff has engaged in data review to determine standards students need additional support in mastering. We continue to provide staff training to support the diverse school community we serve. We have also expanded our STEM offerings by expanding our computer science offerings including an AP Computer Science course at the high school. Finally, we continue to expand our Pre School classes designed to engage South River's youngest learners.
4. **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

5. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. 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. These amounts to be reappropriated are reported as reservations of fund balance at June 30, 2023.
6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds as explained in the "Notes to the Financial Statements", Note 2.
7. **DEBT ADMINISTRATION:** The School District had outstanding debt as of June 30, 2023 of \$2,763,000.00. The remaining annual maturity schedule for principal as well as annual interest payments are detailed in the "Notes to Financial Statements", Note 8.
8. **FINANCIAL STATUS:** The Business Administrator and the Board of Education continue to guide the District with fiscal prudence while working within the limitations imposed by the state's 2% cap on the annual increase of the tax revenue collected from the Borough of South River. The business office utilizes purchasing co-operatives, state contracts and bids to purchase the materials needed to operate the District at the lowest possible price.
9. **OTHER INFORMATION:**
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Gerard Stankiewicz, CPA, PSA of the accounting firm of Samuel Klein and Company, Certified Public Accountants, was selected by the Board's Finance Committee. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Title 2 US *Code of Federal Regulations* Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08. The auditors' report on the basic financial statements and combining and individual fund statements and schedules 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 South River Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

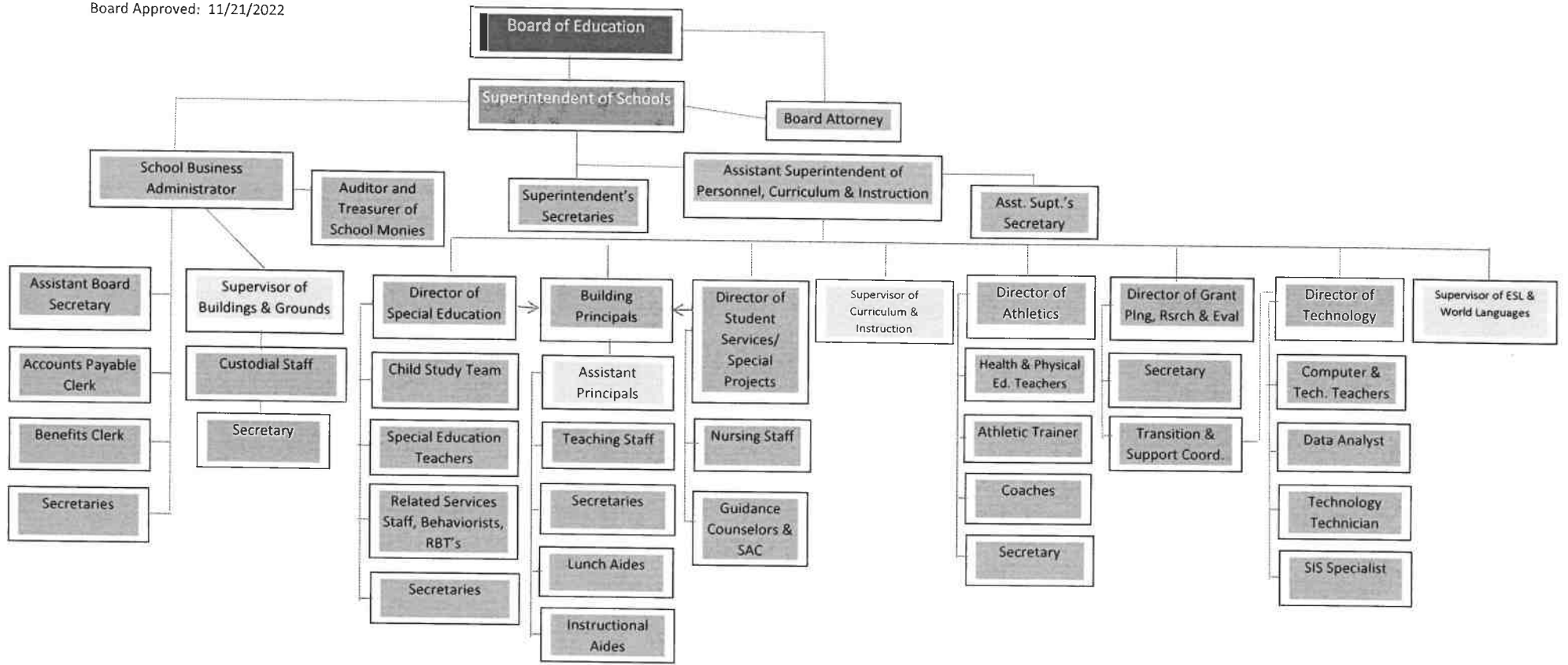


Dr. Sylvia Zircher
Superintendent of Schools



Johnny R. Rosa
School Business Administrator/Board Secretary

Board Approved: 11/21/2022



SOUTH RIVER BOROUGH BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2023

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Cynthia Urbanik, President.....	2025
Kevin Nielsen, Vice President	2025
Raymond Baszak.....	2025
John Budzin	2026
Renae Bush	2024
Lisa Byrne	2024
Elizabeth Lell.....	2026
Nicole Sadowski.....	2024
Jennifer Yong Yow.....	2026

Other Officials

Sylvia Zircher, Superintendent of Schools

Johnny Rosa, Board Secretary/School Business Administrator

Joseph Zanga, Treasurer

SOUTH RIVER BOROUGH BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

JUNE 30, 2023

AUDIT FIRM

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Samuel Klein and Company
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ATTORNEY

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OFFICIAL DEPOSITORIES

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55 Main Street
South River, New Jersey 08882

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members of the Board
South River Borough Board of Education
County of Middlesex
South River, New Jersey

Report on the Financial Statement

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 Board of Education of the Borough of South River School District, County of Middlesex, State of New Jersey, as of and for the year ended June 30, 2023 and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for Audit of the Financial Statements section of our report. We are required to be independent of the Board of Education of the Borough of South River School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards* and auditing standards prescribed by the Office of School Finance, Department of Education, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and Budgetary Comparison Information and schedule of the District's proportionate share of the net pension liability – PERS, schedule of District contributions, schedule of the State's proportionate share of the net pension liability associated with the District – TPAF, the District's proportionate share of the net OPEB Liability – PERS and TPAF and budgetary comparison information as identified in the table of contents be presented to supplement the basic financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of South River School District basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and the other information such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Combining and Individual Fund Financial Statements and the Schedule of Expenditures of Federal Awards and State Financial Assistance are 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. Such 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 Combining and Individual Fund Financial Statements, Long-term Debt Schedules and the Schedule of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information identified above has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2024, on our consideration of the Board of Education of the South River Borough School District internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 South River Borough School District's internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the South River Borough School District internal control over financial reporting compliance.



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY, LLP

Freehold, New Jersey
April 18, 2024

REQUIRED SUPPLEMENTARY INFORMATION – PART I

South River Board of Education

15 Montgomery Street, South River NJ 08882
Tel: 732-613-4000 Fax: 732-238-8415

April 18, 2024

Honorable President and Members
of the Board of Education
South River School District
South River, NJ 08882

Dear Board Members:

Management's Discussion and Analysis

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

The Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June 1999. Certain comparative information between the current year (2022-2023) and the prior year (2021-2022) is required to be presented in MD&A. The District has elected to prepare comparative data which includes prior year's financial statements.

Overview of Financial Statements

The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required and supplementary information and other information in addition to the basic financial statements themselves.

Financial Highlights

Key financial highlights for 2023 are as follows:

Government-Wide GASB #34

In total, net position totaled \$37,103,182 which represents a \$3,504,614 or 10.43% increase from 2022 net position, which is attributed to a higher level of revenues.

Government-Wide GASB #34 (Continued)

General revenues accounted for \$48,145,613 or 89.43% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, accounted for \$5,692,087 or 10.57% of total revenues of \$53,837,700.

The District had \$50,333,588 in expenses; only \$5,692,087 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes and state aid) of \$48,145,613 were adequate to provide for these programs.

Basic Financial Statements

Total position of governmental activities increased by \$1,860,227 as cash and cash equivalents increased by \$187,305, receivables increased by \$2,535,574 and liabilities increased by \$862,652.

Among major funds, the General Fund had \$49,213,627 in revenues and \$48,044,422 in expenditures. The General Fund's fund balance increased \$1,884,725 over 2022, which was caused by an increase in revenue and other financing sources in excess of expenditures. The General Fund's fund balance is \$9,365,723.

Using this Annual Comprehensive Financial Report (ACFR)

The annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, 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 District, presenting both an aggregate view of the District's finances and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the South River School District, the General Fund is by far the most significant.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

This document contains all funds used by the District to provide programs and activities, viewing the District as a whole and reports the culmination of all financial transactions. The report answers the question "How We Did Financially During Fiscal Year 2023". The Statement of Net Position and the Statement of Activities provides the summary. The statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in those assets. This change in net position is important because they report on whether the District's financial position has improved or diminished.

Statement of Net Position and the Statement of Activities (Continued)

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

Governmental activities — All of the District's programs and services are reported here including, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Business-Type Activities — This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

Reporting the District's Most Significant Funds

Fund Financial Statement

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, special revenue fund, capital projects fund and debt service fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund, special revenue fund and debt service fund to demonstrate compliance with this budget

The basic governmental fund financial statements can be found on pages 29-31 of this report.

Proprietary Funds

The District maintains one proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for the operations of its food service program, child care initiative and Falcon Care.

The basic proprietary fund financial statements can be found on pages 32-34 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 35-84 of this report.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

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

Table 1 provides a comparative summary of the School District's net position for 2023 and 2022.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets, deferred inflows and outflows and liabilities of the District, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The Government-wide financial statements can be found on pages 27-28 of this report.

The Statement of Net Position provides the financial perspective of the District as a whole. Table 1 provides a comparative summary of the School District's net position for 2023 and 2022.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$35,835,194 at the close of fiscal 2023. The following table provides a summary of net position at June 30, 2023 and 2022 relating to the District's governmental and business-type activities:

Table 1 – Comparative Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>	
	<u>2022-2023</u>	<u>2021-2022</u>	<u>2022-2023</u>	<u>2021-2022</u>	<u>2022-2023</u>	<u>2021-2022</u>
Assets						
Current and other assets	\$ 12,534,104	\$ 10,959,351	\$ 889,217	\$ 1,050,382	\$ 13,423,321	\$ 12,009,733
Capital assets, net	33,911,062	33,596,890	676,818	598,603	34,587,880	34,195,493
Total Assets	\$ 46,445,166	\$ 44,556,241	\$ 1,566,035	\$ 1,648,985	\$ 48,011,201	\$ 46,205,226
Deferred Outflows of Resources						
Unamortized Loss on						
Defeasance of debt	\$ 72,303	\$ 102,926			\$ 72,303	\$ 102,926
Pension	979,689	547,859			979,689	547,859
Total Deferred outflows of resources	\$ 1,051,992	\$ 650,785			\$ 1,051,992	\$ 650,785
Liabilities						
Current and other liabilities	\$ 3,421,571	\$ 3,583,850	\$ 117,283	\$ 306,267	\$ 3,538,854	\$ 3,890,117
Net pension liability	3,469,975	2,535,628			3,469,975	2,535,628
Long-term liabilities outstanding	4,164,023	4,855,434	180,764	238,972	4,344,787	5,094,406
Total Liabilities	\$ 11,055,569	\$ 10,974,912	\$ 298,047	\$ 545,239	\$ 11,353,616	\$ 11,520,151
Deferred Inflow of Resources						
Pension	\$ 606,395	\$ 1,737,292			\$ 606,395	\$ 1,737,292
Net Position						
Net investment in capital assets	\$ 30,718,889	\$ 29,365,153	\$ 496,054	\$ 359,632	\$ 31,214,944	\$ 29,724,785
Restricted	9,013,287	454,228		54,235	9,013,287	508,463
Unrestricted (deficit)	(3,896,982)	2,675,441	771,934	689,879	(3,125,048)	3,365,320
Total Net Position	\$ 35,835,194	\$ 32,494,822	\$ 1,267,988	\$ 1,103,746	\$ 37,103,182	\$ 33,598,568

The District's combined net position were \$37,103,182 on June 30, 2023. This is an increase of \$3,504,614 or 10.43% from the prior year.

The largest portion of the District's net position is its net investment in capital assets (e.g., land, construction-in-progress, buildings and improvements, and machinery, equipment and vehicles), less any related debt (bonds payable) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (namely, property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

Capital assets, net decreased from the prior year due to the amount of new additions associated with the District's capital projects that were significantly less than the amount of depreciation on capital assets in the current year.

Long-term liabilities decreased due to the scheduled maturities of principal on debt.

Unrestricted net position – Governmental Activities decreased by \$6,572,423 which was caused primarily by the reclassification of prior year's restricted funds.

Table 2 shows the comparative change in net position from fiscal year 2023 and 2022.

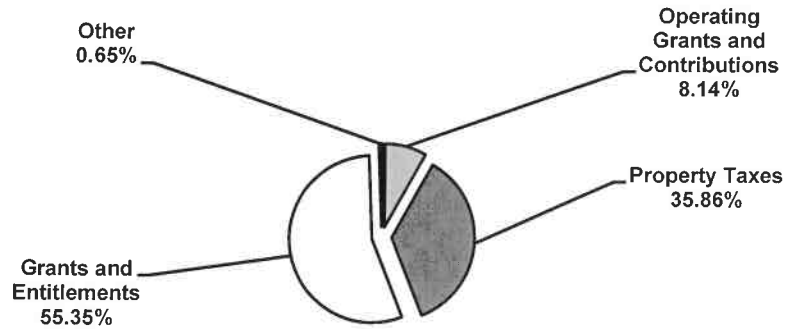
Table 2 – Comparative Statement of Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>	
	<u>2022-2023</u>	<u>2021-2022</u>	<u>2022-2023</u>	<u>2021-2022</u>	<u>2022-2023</u>	<u>2021-2022</u>
Revenues:						
Program Revenues:						
Charges for Services			\$ 322,178	\$ 37,834	\$ 322,178	\$ 37,834
Operating Grants and Contributions	\$ 4,266,680	\$ 5,493,736	1,103,229	1,798,166	5,369,909	7,291,902
General Revenue:						
Property Taxes	18,796,226	18,166,716			18,796,226	18,166,716
Federal and State Aid	29,011,274	27,361,757			29,011,274	27,361,757
Miscellaneous	338,113	846,653			338,113	846,653
Total Revenue	<u>\$ 52,412,293</u>	<u>\$ 51,868,862</u>	<u>\$ 1,425,407</u>	<u>\$ 1,836,000</u>	<u>\$ 53,837,700</u>	<u>\$ 53,704,862</u>
Expenses:						
Instruction	\$ 26,919,964	\$ 26,473,765			\$ 26,919,964	\$ 26,473,765
Tuition	246,269	485,661			246,269	485,661
Student and Instruction						
Related Services	3,332,408	3,929,614			3,332,408	3,929,614
School Administration	4,856,742	4,754,524			4,856,742	4,754,524
General Administration	4,306,287	3,755,909			4,306,287	3,755,909
Operation and Maintenance					-	
of Facilities	5,974,880	5,948,497			5,974,880	5,948,497
Pupil Transportation	2,829,470	2,608,281			2,829,470	2,608,281
Interest on Debt	177,015	216,202			177,015	216,202
Charter Schools	429,388	376,414			429,388	376,414
Business-Type Activities			\$ 1,261,165	\$ 1,474,382	1,261,165	1,474,382
Total Expenses	<u>\$ 49,072,423</u>	<u>\$ 48,548,867</u>	<u>\$ 1,261,165</u>	<u>\$ 1,474,382</u>	<u>\$ 50,333,588</u>	<u>\$ 50,023,249</u>
Special and Extraordinary Items, Net	502	26,670		(45,256)	502	(18,586)
Change in Net Position	<u>3,340,372</u>	<u>3,346,665</u>	<u>164,242</u>	<u>316,362</u>	<u>3,504,614</u>	<u>3,663,027</u>
Net Position - Beginning	32,494,822	29,153,578	1,103,746	787,384	33,598,568	29,940,962
Prior Period Adjustment		(5,421)			-	(5,421)
	<u>32,494,822</u>	<u>29,148,157</u>	<u>1,103,746</u>	<u>787,384</u>	<u>33,598,568</u>	<u>29,935,541</u>
Net Position - Ending	<u>\$ 35,835,194</u>	<u>\$ 32,494,822</u>	<u>\$ 1,267,988</u>	<u>\$ 1,103,746</u>	<u>\$ 37,103,182</u>	<u>\$ 33,598,568</u>

Governmental Activities

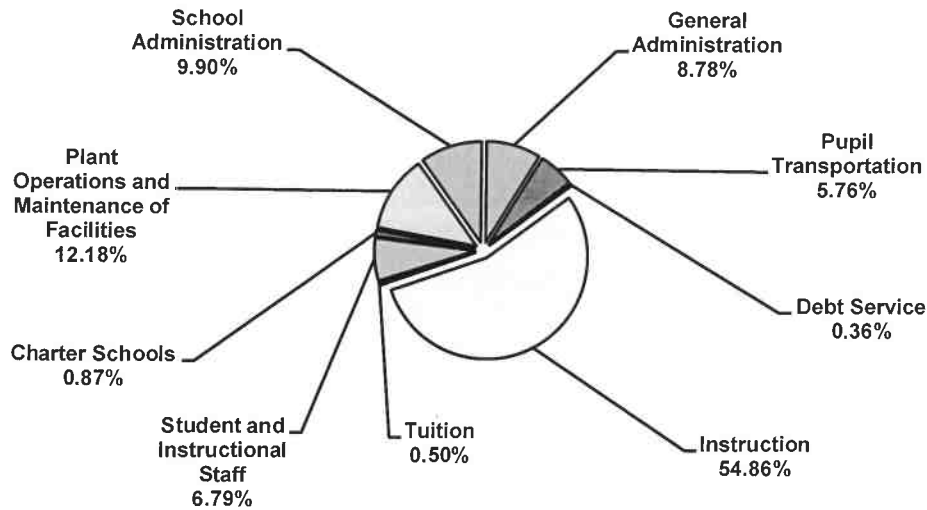
Revenue for Fiscal Year 2023

The total revenues of the governmental activities for the year ended June 30, 2023 were \$52,412,293. Property taxes as approved by the District made up \$18,796,226 or 35.86% of revenues for governmental activities for the fiscal year 2023. Federal, state and local grants accounted for \$29,011,274 or 55.35% and operating grants and contributions of \$4,266,680 or 8.14%.



Expenses for Fiscal Year 2023

The total cost of all programs and services was \$49,072,423. Instruction comprises 54.86% of the District's expenses.



Business-Type Activities

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

Food service revenues exceeded expenses by \$164,242 as charges for services represent \$322,178 or 22.60% of revenue. This represents the amount paid by patrons for daily food service and catering.

Federal and state reimbursements for meals including payments for free and reduced lunches and donated commodities were \$1,103,229 or 77.40% of revenue.

Governmental Activities

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

Table 3 – Comparative Statement of Activities

	Total Cost of Services			Net Cost of Services		
	2022-2023	2021-2022	% Change	2022-2023	2021-2022	% Change
Instruction	\$ 26,919,964	\$ 26,473,765	1.69%	\$ 24,180,970	\$ 23,084,600	4.75%
Support Services:						
Pupils and Instructional Staff	3,332,408	3,929,614	-15.20%	1,804,722	1,825,043	-1.11%
Tuition	246,269	485,661	-49.29%	246,269	485,661	-49.29%
General Administration	4,306,287	3,755,909	14.65%	4,306,287	3,755,909	14.65%
School Administration	4,856,742	4,754,524	2.15%	4,856,742	4,754,524	2.15%
Operations & Maintenance of Facilities	5,974,880	5,948,497	0.44%	5,974,880	5,948,497	0.44%
Pupil Transportation	2,829,470	2,608,281	8.48%	2,829,470	2,608,281	8.48%
Debt Service	177,015	216,202	-18.13%	177,015	216,202	-18.13%
Transfer to Charter School	429,388	376,414	14.07%	429,388	376,414	14.07%
Total Expenses	\$ 49,072,423	\$ 48,548,867		\$ 44,805,743	\$ 43,055,131	

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

Extracurricular activities includes expenses related to student activities provided by the District which are designed to provide opportunities for students to participate in school and public events for the purpose of motivation, enjoyment, skill improvement, school spirit and leadership.

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

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

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, to school curricular and athletic activities and field trips as provided by state law.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the District.

General Fund Budgetary Highlights

The District budget is prepared according to New Jersey Statutes. The most significant budgeted fund is the general fund. During the fiscal year, there were several differences between the original budget and the final amended budget as a result of transfers being applied to certain line items. These transfers were made between line items as part of the normal process as permitted by State guidelines. Readers should refer to Section C of the financial report for comparisons between actual and budgeted amounts.

Described below are explanations for variations in revenues and expenditures for certain lines where the modified budgeted amounts differ from the original budget by significant amounts. All other fluctuations were considered immaterial and no explanations were deemed required.

Revenues

- Actual miscellaneous revenue was in excess of the modified budgeted amount of \$15,000 by approximately \$315,595 as a result mostly of a refund of Tuition, Insurance proceeds and refund of prior year expenditures.

Expenditures

- Total regular programs – instruction final budget was higher than the original budget by \$80,174 or .89%. Actual expenditures of \$8,875,462 represent 98.27% of the budget. The increase in the budget was caused mostly by more of a need for middle school salaries.
- Total special education – instruction final budget was higher than the original budget by \$77,529 or .16%. Actual expenditures of \$4,237,027 or 89.92% of budget. The decrease in the budget was caused by less of a need for expenditures for undistributed instruction.
- Total instructional expenditures final budget was higher than the original budget by \$109,586 or .63%. Actual total instructional expenditures were \$16,243,852 or 94.16% of the budget. The increase in the budget was caused by more of a need for teacher related salaries and purchased services.
- Total undistributed expenditures – other support extraordinary services final budget was lower than the original budget by \$156,000 or 26.56%. Expenditures were \$279,164 or 64.47% of final budget.
- Undistributed – tuition – final budget was higher than the original by \$4,443, or .67%. Actual expenditures were \$246,269 or 36.86%.
- Total undistributed expenditures – other support-students regular – final budget was higher than the original by \$85,670 or 12.05%. Actual expenditures were \$780,381 or 98.06% of final budget. The increase in the budget was due to more required services for students.
- Total undistributed expenditures – other support students – special services final budget was higher than the original by \$131,105 or 10.08%. Actual expenditures were \$1,362,209 or 95.07% of final budget.
- Total undistributed expenditures – other operation of maintenance and plant – final budget was lower than the original by \$293,805 or 5.43%. Actual expenditures were \$4,127,172 or 80.26% of final budget.

Expenditures (Continued)

- Total undistributed expenditures – unallocated benefits final budget was less than the original by \$212,632 or 2.69%. Actual expenditures were \$6,720,817 or 85.80% of final budget.
- Undistributed – student transportation final budget was higher than the original budget by \$193,343 or 9.38%. Actual expenditures of \$1,895,032 represented 91.99% of budget.
- The capital outlay portion of the budget was adjusted based on the needs of the District.
- Total undistributed expenditures – final budget was less than the original by \$134,434 or .55%. Actual expenditures net of on-behalf payments were \$20,615,723 or 78.51% of final budget.
- The general fund portion of the budget as modified (final) was \$475,500 or 1.11% higher than the adopted budget. Total expenditures net of on-behalf payment was \$39,118,835 or 90.62% of the budget.

The District’s Funds

Information about the District’s major funds starts on page 21. These funds are accounted for using the modified accrual basis of accounting. All governmental funds, except for capital projects, had total revenues of \$55,546,849 and expenditures of \$54,411,042.

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

Comparative Summary of Revenues

<u>Revenue</u>	<u>2022-2023</u>		<u>2021-2022</u>		Increase/ (Decrease) from 2021-2022 to 2022-2023
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	
Local Sources	\$ 19,341,648	34.82%	\$ 19,187,702	36.10%	\$ 153,946
State Sources	33,106,663	59.61%	29,978,925	56.42%	3,127,738
Federal Sources	<u>3,098,538</u>	<u>5.58%</u>	<u>3,980,768</u>	<u>7.49%</u>	<u>(882,230)</u>
	<u>\$ 55,546,849</u>	<u>100.00%</u>	<u>\$ 53,147,395</u>	<u>100.00%</u>	<u>\$ 2,399,454</u>

The increase in Local Sources is attributed to an increase in tax levy.

The increase in State Sources is attributed to an increase in general fund state aid and in on-behalf payments.

The decrease in Federal Sources is attributed to a reduction in COVID-related expenditures.

The District's Funds (Continued)

The following schedule presents a comparative summary of governmental fund expenditures exclusive of the capital projects fund for the fiscal year ended June 30, 2023, and the amount of increases and decreases in relation to prior year expenditures.

Comparative Summary of Expenditures

<u>Expenditures</u>	<u>2022-2023</u>		<u>2021-2022</u>		<u>Increase/ (Decrease) from 2021-2022 to 2022-2023</u>
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	
Instruction	\$ 18,730,182	34.42%	\$ 17,894,738	34.91%	\$ 835,444
Undistributed Expenditures	31,323,373	57.57%	30,183,837	58.89%	1,139,536
Capital Outlay	2,603,920	4.79%	1,451,658	2.83%	1,152,262
Debt Service	1,324,180	2.44%	1,346,280	2.64%	(22,100)
Charter Schools	429,388	0.78%	376,414	0.72%	52,974
	<u>\$ 54,411,042</u>	<u>100.00%</u>	<u>\$ 51,252,927</u>	<u>100.00%</u>	<u>\$ 3,158,115</u>

The increase in Current – Instruction is attributed to the increased costs of salaries for teachers and the increased costs of other instructional programs and supplies.

The increase in Undistributed Expenditures relates to increases in special education tuition and health benefits and other employee benefits.

The increase in capital outlay is primarily due to an increase in equipment and “right-of-use” lease and subscription arrangements entered into during the 2023 fiscal year.

General Fund Budgeting Highlights

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

During the course of the fiscal year 2023, the District amended its general fund budget as needed. The District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Transfers from one program to another must be approved by the Business Administrator, Superintendent and Board of Education. Transfers were necessitated during the year were not significant in consideration of specific line items; however, a provision for unemployment was made for pending reduction of staff and retirement sick pay.

While the District final budget for the general fund anticipated that revenues and expenditures would roughly equal, the actual results for the year shows a surplus increase of \$1,884,725 caused primarily by an increase in miscellaneous revenue and lower level of expenditures.

Capital Assets

At the end of the fiscal year 2023, the School District had \$64,817,154 invested in land, buildings, furniture and equipment and vehicles. Table 4 shows fiscal 2023 balances compared to 2022.

Table 4 - Capital Assets (Net of Depreciation and Amortization) at June 30

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>	
	<u>2022-2023</u>	<u>2021-2022</u>	<u>2022-2023</u>	<u>2021-2022</u>	<u>2022-2023</u>	<u>2021-2022</u>
Site and Site						
Improvements	\$ 1,925,183	\$ 1,780,664			\$ 1,925,183	\$ 1,780,664
Building and Building						
Improvements	30,097,379	31,185,489	\$ 157,032	\$ 161,057	30,254,411	31,346,546
Machinery and						
Equipment	1,290,769	512,238	519,786	437,546	1,810,555	949,784
Right of Use	<u>597,730</u>	<u>118,500</u>			<u>597,730</u>	<u>118,500</u>
Total Capital						
Assets - Net	<u>\$ 33,911,062</u>	<u>\$ 33,596,891</u>	<u>\$ 676,818</u>	<u>\$ 598,603</u>	<u>\$ 34,587,880</u>	<u>\$ 34,195,494</u>

Refer to Notes to Financial Statements Note 7 for more detailed information.

Overall capital assets (net) increased from 2022 to 2023. The increase in capital assets is due to fixed asset additions in excess of annual depreciation and amortization.

Debt Administration

At the end of the fiscal year 2023 and 2022, the School District had outstanding debt as follows:

Table 5 – Debt Administration

	June 30,	
	<u>2023</u>	<u>2022</u>
<u>Governmental Activities:</u>		
Compensated Absences	\$ 899,547	\$ 520,771
Serial Bonds	2,763,000	3,948,000
Leases	222,563	122,042
Subscriptions	70,000	
Total	<u>\$ 3,955,111</u>	<u>\$ 4,590,813</u>
<u>Business-Type Activities:</u>		
Leases	\$ 180,764	\$ 238,971
Total	<u>\$ 180,764</u>	<u>\$ 238,971</u>

Refer to Notes to Financial Statements Note 8 for more detailed information.

For the Future

The District is sufficiently funded to meet the educational and capital requirements.

The primary concern the District faces is the Borough of South River's inability to increase the tax base. The town is primarily residential with very few commercial ratables; thus the burden of taxes levied by the District falls squarely on the homeowners. The Borough of South River in January 2020 went through a reassessment of properties. The current state aid formula has provided the District with additional state aid which supports District goals.


The Borough's tax base remains relatively flat and in light of the fact the town is at full build (which means there is no space available for future development which would increase the ratable base), the probability of a tax increase on the average homeowner next year is very likely. Additionally, the cost of two major bond issues, \$7.05 million in 2012 and \$2.4 million in 2015, cost the District nearly \$1 million per year for debt service. These debt service obligations will expire in 2025 and 2027.

In closing, the District's Board of Education practices long term financial planning. The District is proud of its system for budgeting, internal financial controls and exploring alternative funding sources including but not limited to grants. Moreover, the Administration is determined to address the educational needs of the students while delivering a responsible budget to the taxpayers.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, you may contact Johnny R. Rosa School Business Administrator/Board Secretary at the South River Board of Education, 15 Montgomery Street, South River, NJ 08882.

Respectfully submitted,



Dr. Sylvia Zircher
Superintendent of Schools



Johnny R. Rosa
Board Secretary/School Business Administrator

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 3,179,961.00	\$ 688,970.77	\$ 3,868,931.77
Receivables - Net	4,563,953.71	187,028.46	4,750,982.17
Inventory		13,217.52	13,217.52
Restricted Assets - Cash and Cash Equivalents	4,790,189.17		4,790,189.17
Capital Assets, Net			
Depreciable	33,313,331.54	676,818.02	33,990,149.56
Right of Use	597,730.48		597,730.48
	<u>46,445,165.90</u>	<u>1,566,034.77</u>	<u>48,011,200.67</u>
Total Assets	\$	\$	\$
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Unamortized Loss on Defeasance of Debt	\$ 72,303.12		\$ 72,303.12
Pension	979,689.00		979,689.00
	<u>1,051,992.12</u>		<u>1,051,992.12</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 756,617.15	\$ 117,283.03	\$ 873,900.18
Intergovernmental Accounts Payable	71,275.00		71,275.00
Payroll Deductions and Withholdings Payable	143,484.27		143,484.27
Unearned Revenue	2,442,171.06		2,442,171.06
Accrued Interest on Noncurrent Debt	8,023.33		8,023.33
Net Pension Liability	3,469,975.00		3,469,975.00
Noncurrent Liabilities:			
Due Within One Year	1,191,289.48	59,219.37	1,250,508.85
Due Beyond One Year	2,972,733.65	121,544.34	3,094,277.99
	<u>11,055,568.94</u>	<u>298,046.74</u>	<u>11,353,615.68</u>
Total Liabilities	\$	\$	\$
<u>DEFERRED INFLOW OF RESOURCES</u>			
Pension	\$ 606,395.00		\$ 606,395.00
<u>NET POSITION</u>			
Invested in Capital Assets	\$ 30,718,889.40	\$ 496,054.31	\$ 31,214,943.71
Restricted	9,013,286.81		9,013,286.81
Unrestricted (Deficit)	(3,896,982.13)	771,933.72	(3,125,048.41)
	<u>35,835,194.08</u>	<u>1,267,988.03</u>	<u>37,103,182.11</u>
Total Net Position	\$	\$	\$

See accompanying notes to financial statements.

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 15,084,161.63			\$ (15,084,161.63)		\$ (15,084,161.63)
Special Education	8,992,584.13		\$ 2,738,994.19	(6,253,589.94)		(6,253,589.94)
Other Special Instruction	1,658,279.28			(1,658,279.28)		(1,658,279.28)
Other Instruction	1,184,938.84			(1,184,938.84)		(1,184,938.84)
Support Services:						
Tuition	246,268.56			(246,268.56)		(246,268.56)
Student and Instruction Related Services	3,332,407.57		1,527,685.78	(1,804,721.79)		(1,804,721.79)
General Administrative Services	4,306,287.38			(4,306,287.38)		(4,306,287.38)
School Administrative Services	4,856,742.43			(4,856,742.43)		(4,856,742.43)
Plant Operations and Maintenance	5,974,879.79			(5,974,879.79)		(5,974,879.79)
Pupil Transportation	2,829,470.20			(2,829,470.20)		(2,829,470.20)
Transfer to Charter Schools	429,388.00			(429,388.00)		(429,388.00)
Interest on Noncurrent Debt	177,015.13			(177,015.13)		(177,015.13)
Total Governmental Activities	\$ 49,072,422.94		\$ 4,266,679.97	\$ (44,805,742.97)		\$ (44,805,742.97)
Business-Type Activities:						
Food Service	\$ 1,261,164.88	\$ 322,177.73	\$ 1,103,228.83		\$ 164,241.68	\$ 164,241.68
Total Primary Government	\$ 50,333,587.82	\$ 322,177.73	\$ 5,369,908.80	\$ (44,805,742.97)	\$ 164,241.68	\$ (44,641,501.29)
General Revenues						
Taxes:						
General Purposes				\$ 17,472,046.00		\$ 17,472,046.00
Debt Service				1,324,180.00		1,324,180.00
Federal and State Aid Not Restricted				29,011,274.12		29,011,274.12
Miscellaneous Income				338,113.13		338,113.13
Total General Revenues				\$ 48,145,613.25		\$ 48,145,613.25
Excess				3,339,870.28	164,241.68	3,504,111.96
Special and Extraordinary Items, Net				501.70		501.70
Change in Net Position				\$ 3,340,371.98	\$ 164,241.68	\$ 3,504,613.66
Net Position - Beginning				32,494,822.10	1,103,746.35	33,598,568.45
Net Position - Ending				\$ 35,835,194.08	\$ 1,267,988.03	\$ 37,103,182.11

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
BALANCE SHEET
GENERAL FUNDS
JUNE 30, 2023

<u>ASSETS</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$ 4,328,087.15		\$ 0.17	\$ 4,328,087.32
Intergovernmental Accounts Receivable	452,544.00	\$ 4,076,694.62		4,529,238.62
Accounts Receivable	34,715.09			34,715.09
Restricted Cash and Cash Equivalents	4,790,189.17			4,790,189.17
Total Assets	\$ 9,605,535.41	\$ 4,076,694.62	\$ 0.17	\$ 13,682,230.20
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Cash and Cash Equivalence (Overdraft)		\$ 1,148,126.32		1,148,126.32
Accounts Payable	\$ 96,327.84	243,565.31		\$ 339,893.15
Intergovernmental Accounts Payable		71,275.00		71,275.00
Payroll Deductions and Withholdings Payable	143,484.27			143,484.27
Unearned Revenue		2,442,171.06		2,442,171.06
Total Liabilities	\$ 239,812.11	\$ 3,905,137.69		\$ 4,144,949.80
Fund Balances:				
Restricted:				
Debt Service			\$ 0.17	\$ 0.17
Scholarships		\$ 19,907.99		19,907.99
Student Activities		151,648.94		151,648.94
Unemployment Compensation	\$ 290,189.17			290,189.17
Capital Reserve	4,000,000.00			4,000,000.00
Maintenance Reserve	500,000.00			500,000.00
Reserve for Excess Surplus	376,708.13			376,708.13
Reserve for Excess Surplus - Designated for Subsequent Year's Expenditures	3,682,855.74			3,682,855.74
Assigned:				
Assigned-Designated for Subsequent Year's Expenditures	515,970.26			515,970.26
Total Fund Balances	\$ 9,365,723.30	\$ 171,556.93	\$ 0.17	\$ 9,537,280.40
Total Liabilities and Fund Balance	\$ 9,605,535.41	\$ 4,076,694.62	\$ 0.17	\$ 13,682,230.20
Total Fund Balance above				\$ 9,537,280.40
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of capital assets is \$64,817,153.64, and the accumulated depreciation and amortization is \$30,906,091.62. (See Note 7)				33,911,062.02
Noncurrent liabilities, including bonds, loans and leases payable are not payable in the current period and therefore are not reported as liabilities in the funds (See Note 8).				
Total Noncurrent Liabilities				(4,164,023.13)
Deferred loss on defeasance of debt, unamortized (See Note 8C)				72,303.12
Certain liabilities are not due and payable in the current period, and therefore, are not reported in funds:				
Accrued Interest Payable:				
(Accrued interest is a current liability that will be paid from the debt service fund. Therefore, the liability reduces the restricted for debt service net asset balance)				(8,023.33)
Accrued Pension Liability:				
(Accrued pension is a current liability that will be paid from the general fund, attributed to the fiscal year June 30, 2022, however will be raised in the budget for the fiscal year ending June 30, 2024)				(416,724.00)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds. (See Note 9)				(3,096,681.00)
Net assets of governmental activities (A-1)				\$ 35,835,194.08

See accompanying Notes to Financial Statements

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Government</u> <u>Funds</u>
Revenues				
Local sources:				
Local tax levy	\$ 17,493,254.00		\$ 1,302,972.00	\$ 18,796,226.00
Miscellaneous - Restricted	19,707.99	\$ 195,118.95		214,826.94
Miscellaneous - Unrestricted	<u>330,595.22</u>			<u>330,595.22</u>
Total - Local Sources	\$ 17,843,557.21	\$ 195,118.95	\$ 1,302,972.00	\$ 19,341,648.16
State Sources	31,187,256.82	1,919,406.16		33,106,662.98
Federal Sources	<u>182,812.74</u>	<u>2,915,725.34</u>		<u>3,098,538.08</u>
Total Revenues	\$ <u>49,213,626.77</u>	\$ <u>5,030,250.45</u>	\$ <u>1,302,972.00</u>	\$ <u>55,546,849.22</u>
Expenditures				
Current:				
Regular Instruction	\$ 10,102,585.72			\$ 10,102,585.72
Special Education Instruction	4,237,027.19	\$ 2,486,329.21		6,723,356.40
Other Special Instruction	1,110,629.08			1,110,629.08
Other Instruction	793,610.31			793,610.31
Support Services and Undistributed Costs:				
Tuition	246,268.56			246,268.56
Student and Instruction Related Services	1,466,072.83	1,385,805.93		2,851,878.76
Other Administrative Services	2,907,568.15			2,907,568.15
School Administrative Services	3,252,793.09			3,252,793.09
Plant Operations and Maintenance	4,127,171.88			4,127,171.88
Pupil Transportation	1,895,031.75			1,895,031.75
Employee Benefits	15,646,403.65	396,256.83		16,042,660.48
Transfer to Charter Schools	429,388.00			429,388.00
Debt Service:				
Principal			\$ 1,185,000.00	1,185,000.00
Interest			139,180.00	139,180.00
Capital Outlay	<u>1,829,871.65</u>	<u>774,048.56</u>		<u>2,603,920.21</u>
Total Expenditures	\$ <u>48,044,421.86</u>	\$ <u>5,042,440.53</u>	\$ <u>1,324,180.00</u>	\$ <u>54,411,042.39</u>
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	\$ <u>1,169,204.91</u>	\$ <u>(12,190.08)</u>	\$ <u>(21,208.00)</u>	\$ <u>1,135,806.83</u>
Other Financing Sources/(Uses):				
Leases (Nonbudgeted)	\$ 277,130.72			\$ 277,130.72
Subscriptions (Nonbudgeted)	447,289.34			447,289.34
Transfers In/(Out)	<u>(8,900.00)</u>		\$ <u>8,900.00</u>	
Total Other Financing Sources/(Uses)	<u>715,520.06</u>		<u>8,900.00</u>	<u>724,420.06</u>
Net Change in Fund Balances	\$ 1,884,724.97	\$ (12,190.08)	\$ (12,308.00)	\$ 1,860,226.89
Fund Balance, July 1	<u>7,480,998.33</u>	<u>183,747.01</u>	<u>12,308.17</u>	<u>7,677,053.51</u>
Fund Balance (Deficit), June 30	\$ <u>9,365,723.30</u>	\$ <u>171,556.93</u>	\$ <u>0.17</u>	\$ <u>9,537,280.40</u>

See accompanying Notes to Financial Statements

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
RECONCILIATION OF 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	\$ 1,860,226.89
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciated expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Capital outlays	\$ 2,603,920.21
Depreciation expense	(2,045,060.68)
Capital assets, other	<u>501.70</u>
	559,361.23
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement activities; issuing debt increases long-term liabilities in the statement of net assets	
Leases	\$ (277,130.72)
Subscriptions	<u>(447,289.34)</u>
	(724,420.06)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	
	1,185,000.00
Governmental funds report right-of-use principal payments as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as amortization expense. This is the amount by which amortization expense exceeded right-of-use principle payments in the period:	
Lease amortization expense	\$ (153,141.34)
Lease principal payments	176,609.47
Subscription amortization expense	(92,048.24)
Subscription principal payments	<u>377,289.34</u>
	308,709.23
Governmental funds report the effect of premiums and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the following related to the premiums on bonds.	
Amortization of premium	55,708.86
Governmental funds report the effect of defeasances and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the following related to the deferred loss of refunding.	
Amortization of deferred loss	(30,622.78)
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; when the accrued interest is decreased, the difference is a reduction in the reconciliation.	
	3,575.00
Net pension benefit related to PERS which is attributable to June 30, 2023 is not reported in governmental funds; however, it is reported in the statement of activities.	
	501,610.00
In the statement of activities, certain operating expenses, e.g. compensated absences (sick pay) 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 reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.	
	<u>(378,776.39)</u>
Change in Net Position of Governmental Activities	\$ <u>3,340,371.98</u>

PROPRIETARY FUNDS

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Business-Type Activities - Enterprise Fund
<u>ASSETS</u>	<u>Food Service Total Enterprise</u>
Current Assets:	
Cash and Cash equivalents	\$ 688,970.77
Accounts receivable:	
State sources	6,695.55
Federal sources	179,310.51
Other sources	1,022.40
Inventories	13,217.52
Total Current Assets	\$ 889,216.75
Noncurrent assets:	
Furniture, machinery and equipment	\$ 1,155,926.94
Less: accumulated depreciation	479,108.92
Total Noncurrent Assets	\$ 676,818.02
Total Assets	\$ 1,566,034.77
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ 117,283.03
Short-term portion of lease payable	59,219.37
Total current liabilities	\$ 176,502.40
Noncurrent liabilities:	
Long-term portion of lease payable	\$ 121,544.34
Total noncurrent liabilities	\$ 121,544.34
Total Liabilities	\$ 298,046.74
<u>NET POSITION</u>	
Invested in Capital Assets	\$ 496,054.31
Unrestricted	771,933.72
Total Net Position	\$ 1,267,988.03

See accompanying Notes to Financial Statements

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Enterprise Fund
	Food Service Total Enterprise
Operating Revenues:	
Local Sources:	
Daily sales - reimbursable programs:	\$ 286,941.18
Miscellaneous Revenue	<u>35,236.55</u>
Total operating revenues	<u>\$ 322,177.73</u>
Operating Expenses:	
Cost of sales - Reimbursable	\$ 643,486.79
Cost of sales - Non-reimbursable	33,867.73
Salaries	374,281.00
Employee Benefits	87,433.00
Insurance	13,262.00
General supplies	23,868.39
Cleaning, repairs and other expenses	13,293.90
Depreciation	43,400.72
Other Purchased Services	<u>28,271.35</u>
Total operating expenses	<u>\$ 1,261,164.88</u>
Operating income/(loss)	<u>\$ (938,987.15)</u>
Nonoperating revenues:	
State sources:	
State school lunch program	\$ 25,321.67
State school breakfast program	11,171.40
Federal sources:	
National school lunch program	742,084.95
School breakfast program	226,983.17
Food Distribution System	<u>97,667.64</u>
Total nonoperating revenues	<u>\$ 1,103,228.83</u>
Change in net position	\$ 164,241.68
Total net position - beginning	<u>1,103,746.35</u>
Total net position - ending	<u><u>\$ 1,267,988.03</u></u>

See accompanying Notes to Financial Statements

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-Type Activities Enterprise Funds
	Food Service Total Enterprise
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers	\$ 322,177.73
Payments to Employees	(374,281.00)
Payments for Employee Benefit	(87,433.00)
Payments to Suppliers	<u>(941,200.58)</u>
Net Cash Provided by/(Used for) Operating Activities	\$ <u>(1,080,736.85)</u>
<u>Cash Flows from Capital Financing Activities</u>	
Lease Payment	\$ (58,207.72)
Acquisition of Fixed Assets	<u>(55,272.58)</u>
Total Cash Flows from Capital Financing Activities	\$ <u>(113,480.30)</u>
Net Cash Provided by/(Used for) Capital Financing Activities	\$ <u>(113,480.30)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
State Sources	\$ 32,075.50
Federal Sources	<u>1,019,153.54</u>
Total Cash Flows from Noncapital Financing Activities	\$ <u>1,051,229.04</u>
Net Cash Provided by/(Used for) Noncapital Financing Activities	\$ <u>1,051,229.04</u>
<u>Cash Flow from Investing Activities</u>	
Acquisition of Fixed Assets	<u>(66,342.94)</u>
Net Cash Provided by/(Used for) Investing Activities	\$ <u>(66,342.94)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ (209,331.05)
Balances - Beginning of Year	<u>898,301.82</u>
Balances - End of Year	<u><u>688,970.77</u></u>
Reconciliation of Operating Income/(Loss) to Net Cash <u>Provided/(Used) by Operating Activities</u>	
Operating Gain/(Loss)	\$ <u>(938,987.15)</u>
Adjustments to Reconcile Operating Loss to Cash Provided/ (Used) by Operating Activities:	
Depreciation	\$ 43,400.72
Change in Assets and Liabilities:	
(Increase)/Decrease Other Sources Receivable	350.80
(Increase)/Decrease in Inventory	3,482.84
Increase/(Decrease) in Accounts Payable	<u>(188,984.06)</u>
Total Adjustments	\$ <u>(141,749.70)</u>
Net Cash Provided/(Used) by Operating Activities	\$ <u><u>(1,080,736.85)</u></u>

See accompanying Notes to Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The South River Borough School District (the "District") is a Type II district located in the County of Middlesex, State of New Jersey. As a Type II district, the District functions independently through a Board of Education (the "Board"). The Board is comprised of nine (9) members elected to three-year staggered terms. The purpose of the District is to educate students in grades K-12. The District had an approximate enrollment at June 30, 2023 of 2,484 students.

A reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the District's accounting policies are described below.

A. Basis of Presentation

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

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation (Continued)

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

2. Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

1. Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

1. Governmental Funds (Continued)

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment that are classified in the Capital Outlay subfund. The fund also includes payroll agency, payroll net, and unemployment reserve accounts.

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, 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 the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes. The fund also includes scholarship accounts and student activity accounts.

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

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs. This fund is not applicable in this fiscal year.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

2. Proprietary Fund Type

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the District:

Enterprise Fund – The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on the statement of net position. Their reported fund equity (net position) is segregated into net investment in capital assets and unrestricted net position, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Depreciation of all exhaustive capital assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of the equipment used in the operations of the Enterprise Funds are approximately 10 years.

3. Noncurrent Debt

Noncurrent liabilities expected to be financed from governmental funds are accounted for in the General Noncurrent Debt, not in the governmental funds. This includes the outstanding principal balance on capital leases.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus

1. Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the Statement on Net Position.

2. Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the statement of net position. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Fund equity (i.e., net position) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

D. Basis of Accounting

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the winter of each year for the general, special revenue, and debt service funds. The budgets are approved and voted on by the Board of Education of the District, submitted to the County office for approval and if determined to be within the allowable tax levy cap and within the allowable appropriation cap, become effective upon the holding of a public hearing and final adoption by the District. In accordance with P.L. 2011, c.202, which became effective 17, 2012, the district elected to move the annual School Board election to the date of the November general election thereby eliminating the vote on the annual base budget. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of N.J.A.C 6A:23A-2.3 (et seq.). All budget amendments must be approved by School Board resolution and certain others require approved by the County Superintendent of Schools. Budgetary transfers were made during the current year in accordance with statutory guidelines. The amendments made by the District were part of the normal course of operations.

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 accounting principles generally accepted in the United States of America (GAAP) with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal yearend.

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

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets/Budgetary Control (Continued)

The over-expenditures related to on-behalf payments in the general fund are due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures.

Refer to Exhibit C-3 for a reconciliation of the general fund revenue and special revenue fund revenue from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

F. Encumbrances

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

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

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 yearend.

G. Assets, Liabilities and Equity

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Cash equivalents are defined as short-term, highly liquid securities that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only securities with original maturities of three (3) months or less meet this definition. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions 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.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

1. Cash, Cash Equivalents and Investments (Continued)

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 public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

2. 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.

Inventories in the Proprietary Funds 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.

3. Allowance for Uncollectible Accounts

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

4. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

5. Tuition Payable

Tuition charges for the fiscal years 2021-2022 and 2022-2023 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

6. 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.

7. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,000.00. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Lives</u>
School Buildings	50 years
Building Improvements	20 years
Electrical/Plumbing	30 years
Vehicles	8 years
Office and Computer Equipment	5-10 years
Instructional Equipment	10 years
Grounds Equipment	15 years
Food Service Equipment	7-20 years

8. 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 is 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.

9. 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 terms.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

11. Compensated Absences

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

The entire sick leave and vacation leave liabilities are reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

12. Accrued Liabilities and Noncurrent Obligations

All payables, accrued liabilities and noncurrent obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that once incurred are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, the noncurrent portion of capital leases, compensated absences and loans payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

13. Leases 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.

14. Subscriptions Payable

In the district-wide financial statements, subscriptions payable 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.

15. Deferred Loss on Refunding of Debt

Deferred loss on refunding arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense. (Refer to Note 8-C).

16. Net Position

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and established standards for reporting deferred outflows of resources, deferred inflows of resources and net position. Net Position represents the difference between assets, deferred outflows, deferred inflows and liabilities in the government-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any noncurrent debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

17. Unearned (Deferred) Revenue

Unearned revenue in the special revenue fund represents federal and state grants that have been received but not yet earned.

18. Fund Equity

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

19. Fund Balance Reserves

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five (5) categories, as defined below:

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, noncurrent receivables and corpus of any permanent funds.
- b. Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.
- c. Committed – includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revised or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- d. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Interest is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
- e. Unassigned – includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a position unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

20. Proprietary Funds Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District enterprise fund, (the Food Service) are charges to customers for sales of food service.

Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on Capital Assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

21. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security, post-retirement medical pension and contributions for the certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the District's annual budget.

22. Non-Monetary Transactions

Commodities received under the Federal Food Distribution Program are received by the district and are recorded as nonoperating revenue when received in the food service enterprise fund at market value. The use of the commodities is included in cost of sales.

23. Allocation of Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the direct expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is reported separately on the Statement of Activities. No expenses were allocated as "Indirect Expenses".

24. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

25. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Other Accounting Standards

The District is currently reviewing the following for applicability and potential impact on the financial statements:

- *GASB Statement 99. Omnibus 2022.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.
- Clarification of provisions in Statement No. 87, *Leases*.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*.
- *Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for accounting for the distribution benefits (SNAP).*
- Disclosures related to nonmonetary transactions.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*.
- Terminology used in Statement 53 to refer to resource flows statements.

Effective Date: The requirements of this Statement that are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPSs, and SBITAs are effective for fiscal years beginning after June 15, 2022 and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023 and all reporting periods thereafter.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Other Accounting Standards (Continued)

- *GASB Statement 100. Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62.* The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes.

Effective Date: The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 and all reporting periods thereafter. Earlier application is encouraged.

- *GASB Statement 101. Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after December 15, 2023 and all reporting periods thereafter. Earlier application is encouraged.

I. Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2023 through April 18, 2024, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less. Cash equivalents are defined as short-term, highly liquid securities that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only securities with original maturities of three (3) months or less meet this definition.

Investments are stated at fair value, which is in excess of cost value. The District classifies securities that have original maturity date of more than three months from the date of purchase as investments. The District is in compliance with GASB Statement No. 3 as amended by GASB Statement No. 40.

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit 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.

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.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

New Jersey statutes permit the District to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the school district or local unit of which the school district is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments, New Jersey State Department of Treasury.
- Local government investment pools.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

Custodial Credit Risk – The District had no securities as of June 30, 2023 that could be categorized as an investment as defined by GASB No. 3 as amended by GASB No. 40.

New Jersey Cash Management Fund

All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of June 30, 2023, the District had \$272,767.40 on deposit with the New Jersey Cash Management Fund.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Allocation of Cash and Cash Equivalents

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

Allocation:		
Unrestricted		\$ 5,187,424.09
Restricted:		
Maintenance Reserve	\$ 500,000.00	
Capital Reserve	4,000,000.00	
Unemployment Compensation	290,189.17	
		4,790,189.17
		\$ 9,977,613.26
Cash and Cash Equivalents:		
Checking Accounts, interest bearing		\$ 9,687,603.30
New Jersey Cash Management Fund (NJCMF)		272,767.40
Investment - US Treasury Note 6.375% due August 15, 2027 (Face Value \$16,000.00)		17,242.56
		\$ 9,977,613.26
Reconciliation:		
Governmental Funds		\$ 9,288,642.49
Proprietary Funds		688,970.77
		\$ 9,977,613.26

Risk Analysis – All of the balances were covered by either federal depository insurance or Government Unit Deposit Protection Act (“GUDPA”) and are considered to have minimal custodial risk. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have concentration of credit risk.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

4. RESERVE ACCOUNTS

A. CAPITAL RESERVE

A Capital Reserve Account was established by Board Resolution and Budget Appropriation in a prior year for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The combined Capital Reserve Account balance at June 30, 2023 is \$4,000,000.00 and is reflected in the General Fund.

The cumulative activity of the capital reserve as of June 30, 2023 fiscal year is as follows:

Board Contributions:		
Prior to June 30, 2022	\$ 2,793,766.84	
During fiscal year ended June 30, 2023	<u>3,616,209.78</u>	\$ 6,409,976.62
Interest Earnings:		
Prior to June 30, 2022	\$ 1,822.38	
During fiscal year ended June 30, 2023	<u>-</u>	\$ 1,822.38
Withdrawals:		
Prior to June 30, 2022	\$ 1,608,099.00	
During fiscal year ended June 30, 2023	<u>803,700.00</u>	<u>\$ 2,411,799.00</u>
Balance at June 30, 2023		<u>\$ 4,000,000.00</u>

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. 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-5.1(d) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

B. MAINTENANCE RESERVE

The School District established a maintenance reserve account for the accumulation of funds for use as required maintenance of a facility in subsequent fiscal years.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the School District's approved Maintenance Plan (M-1). A School District may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at yearend of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The balance in the account cannot at any time exceed four (4) percent of the replacement cost of the school district's school facilities for the current year.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

4. RESERVE ACCOUNTS (CONTINUED)

B MAINTENANCE RESERVE (CONTINUED)

Contributions from Board		
Prior to June 30, 2022	\$ 733,049.83	
During year ended June 30, 2023	<u>292,950.17</u>	<u>\$ 1,026,000.00</u>
Less Withdrawals:		
Prior to June 30, 2022	\$ 205,000.00	
During year ended June 30, 2023	<u>321,000.00</u>	<u>\$ 526,000.00</u>
Balance June 30, 2023		<u><u>\$ 500,000.00</u></u>

5. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE

Intergovernmental Accounts Receivable at June 30, 2023 consisted of Federal sources, State sources and State aid. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Governmental Fund</u>
General Fund:	
State:	
Extraordinary Aid	\$ 429,478.00
Non-Public Transportation - Cost Reimbursement	<u>23,066.00</u>
	<u>\$ 452,544.00</u>
Special Revenue Fund:	
Federal:	
Title I	\$ 168,394.90
Title I SIA	1,279.13
Title II - Part A	45,739.07
Title III - Part A	42,155.94
Title III - Immigrant	6,796.17
Title IV	33,851.11
IDEA Part B	289,629.25
Cares Relief	48,754.00
ARP IDEA	13,833.00
ARP Comprehensive	9,332.85
ARP Learning Acceleration	46,182.96
ARP Homeless	4,975.00
ARP Mental Health	16,410.00
ARP Summer	5,929.14
ARP ESSER	2,739,361.15
CRRSA ESSER II	417,741.06
CRRSA Learning Acceleration	39,663.00
CRRSA Mental Health	36,036.00
Adult Basic Education	37,643.89
	<u>\$ 4,003,707.62</u>
State - Nonpublic Home Instruction	<u>\$ 1,712.00</u>
Local - ESCNJ Nonpublic	<u>\$ 71,275.00</u>
	<u>\$ 4,076,694.62</u>
Total	<u><u>\$ 4,529,238.62</u></u>

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

5. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE (CONTINUED)

	<u>Business Type</u>
Proprietary Fund:	
Enterprise Fund	
Federal Sources:	
Breakfast	\$ 39,796.66
Lunch	<u>139,513.85</u>
	\$ <u>179,310.51</u>
State Sources:	
Breakfast	\$ 2,180.90
Lunch	<u>4,514.65</u>
	\$ <u>6,695.55</u>
 Total	 \$ <u><u>186,006.06</u></u>

6. INVENTORY

The value of Federal donated commodities as reflected on Exhibit K-3 of \$97,668 (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of the purchase and has been included as an item of nonoperating revenue in the financial statements. For the year ended June 30, 2023, the federal donated commodities food inventory of \$2,637 was included in the year end food and supplies amount of \$13,218.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

7. CAPITAL ASSETS, NET

The following schedule is a summarization of the changes in capital assets by source for the fiscal year ended June 30, 2023:

	Beginning Balance	Additions	Adjustments/ (Retirements)	Ending Balance
<u>Governmental Activities:</u>				
Capital assets being depreciated:				
Site and Site Improvements	\$ 3,810,473.19	\$ 269,575.68		\$ 4,080,048.87
Building and Building Improvements	55,495,530.55	654,245.66	\$ 501.70	56,150,277.91
Machinery and Equipment	2,773,908.39	955,678.81		3,729,587.20
Vehicles	132,819.60			132,819.60
Total capital assets being depreciated	<u>\$ 62,212,731.73</u>	<u>\$ 1,879,500.15</u>	<u>\$ 501.70</u>	<u>\$ 64,092,733.58</u>
Capital assets being amortized:				
Right of use - Leases	\$ 288,200.00	\$ 277,130.72	\$ (288,200.00)	\$ 277,130.72
Right of use - Subscriptions		447,289.34		447,289.34
Total capital assets being amortized	<u>\$ 288,200.00</u>	<u>\$ 724,420.06</u>	<u>\$ (288,200.00)</u>	<u>\$ 724,420.06</u>
Less accumulated depreciation for:				
Site and Site Improvements	\$ (2,029,809.29)	\$ (125,056.27)		\$ (2,154,865.56)
Building and Building Improvements	(24,310,042.25)	(1,742,856.49)		(26,052,898.74)
Machinery and Equipment	(2,261,670.22)	(177,147.92)		(2,438,818.14)
Vehicles	(132,819.60)			(132,819.60)
Total accumulated depreciation	<u>\$ (28,734,341.36)</u>	<u>\$ (2,045,060.68)</u>		<u>\$ (30,779,402.04)</u>
Less accumulated amortization for:				
Right of use - Leases	\$ (169,700.00)	\$ (153,141.34)	\$ 288,200.00	\$ (34,641.34)
Right of use - Subscriptions		(92,048.24)		(92,048.24)
Total accumulated amortization	<u>\$ (169,700.00)</u>	<u>\$ (245,189.58)</u>	<u>\$ 288,200.00</u>	<u>\$ (126,689.58)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>\$ 33,478,390.37</u>	<u>\$ (165,560.53)</u>	<u>\$ 501.70</u>	<u>\$ 33,313,331.54</u>
Total capital assets being amortized, net of accumulated amortization	<u>118,500.00</u>	<u>479,230.48</u>		<u>597,730.48</u>
Governmental activities capital assets, net	<u><u>\$ 33,596,890.37</u></u>	<u><u>\$ 313,669.95</u></u>	<u><u>\$ 501.70</u></u>	<u><u>\$ 33,911,062.02</u></u>
<u>Business-Type Activities:</u>				
Furniture, machinery and equipment	\$ 840,254.28	\$ 121,615.52		\$ 961,869.80
Building improvements	194,057.14			194,057.14
Totals at historical cost	<u>\$ 1,034,311.42</u>	<u>\$ 121,615.52</u>		<u>\$ 1,155,926.94</u>
Less accumulated depreciation for:				
Furniture, machinery and equipment	\$ (402,708.01)	\$ (39,375.32)		\$ (442,083.33)
Building improvements	(33,000.19)	(4,025.40)		(37,025.59)
Total accumulated depreciation	<u>\$ (435,708.20)</u>	<u>\$ (43,400.72)</u>		<u>\$ (479,108.92)</u>
Business type activities capital assets, net	<u><u>\$ 598,603.22</u></u>	<u><u>\$ 78,214.80</u></u>		<u><u>\$ 676,818.02</u></u>
Detail of Additions:				
General Fund		\$ 1,105,451.59		
Special Revenue Fund		774,048.56		
		<u><u>\$ 1,879,500.15</u></u>		

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

7. CAPITAL ASSETS, NET (CONTINUED)

Depreciation expense was charged to functions as follows:

Regular Instruction	\$	611,894.87
Special Education Instruction		407,221.22
Other Special Instruction		67,268.74
Other		48,067.50
Support Services and Undistributed Cost:		
Student and Instruction Related Services		172,733.00
School Administrative Services		197,015.64
General and Business Administrative Services		176,106.01
Plant Operations and Maintenance		249,975.14
Pupil Transportation		114,778.56
		\$ 2,045,060.68

8. NONCURRENT DEBT

During the fiscal year ended June 30, 2023 the following changes occurred in liabilities:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year	Noncurrent Portion
<u>Governmental Activities:</u>						
Bonds Payable -						
General						
Obligation Debt	\$ 3,948,000.00		\$ (1,185,000.00)	\$ 2,763,000.00	\$ 943,000.00	\$ 1,820,000.00
Add - Premium on Sale of Bonds	264,621.13		(55,708.86)	208,912.27	55,708.86	153,203.41
	4,212,621.13		(1,240,708.86)	2,971,912.27	998,708.86	1,973,203.41
Lease Obligations	122,042.22	\$ 277,130.72	(176,609.47)	222,563.47	67,625.88	154,937.59
Subscription Obligations		447,289.34	(377,289.34)	70,000.00	35,000.00	35,000.00
Compensated Absences Payable	520,771.00	378,776.39		899,547.39	89,954.74	809,592.65
	642,813.22	1,103,196.45	(553,898.81)	1,192,110.86	192,580.62	999,530.24
	\$ 4,855,434.35	\$ 1,103,196.45	\$ (1,794,607.67)	\$ 4,164,023.13	\$ 1,191,289.48	\$ 2,972,733.65
<u>Business-Type Activities:</u>						
Lease Obligations	\$ 238,971.43		\$ (58,207.72)	\$ 180,763.71	\$ 59,219.37	\$ 121,544.34

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

8. NONCURRENT DEBT (CONTINUED)

A. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality(ies) through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. As of June 30, 2023, the District had the following serial bonds outstanding.

General Serial Bonds:

\$2,453,000 of General Obligation Bonds, Series 2015 - District's share of improvements to the schools. Annual maturities remaining of \$428,000 and \$450,000 through June 1, 2025 at interest rates of 2.25% and 2.50%. The bonds are not subject to redemption prior to maturity.	\$ 878,000.00
\$3,425,000 of Refunding School Bonds Series 2020 - Refinancing \$3,680,000 of 2011 Series bonds maturing on or after June 2, 2021. Annual maturities commencing June 1, 2021 ranging from \$340,000 to \$515,000 at an interest rate of 4.00%. The bonds were sold at a premium of \$389,966 and resulted in a loss on defeasance (retirement) of \$134,966. The bonds are not to redemption prior to maturity.	<u>1,885,000.00</u>
	\$ <u><u>2,763,000.00</u></u>

The Bonds are general obligations of the Board and are secured by a pledge of the full faith and credit of the Board for the payment of the principal thereof and the interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes to be levied on all taxable real property in the school district, without limitation as to rate or amount. The Bonds are additionally secured by the provisions of the New Jersey School Bond Reserve Act.

The District, in conjunction with the issuance of the Bonds, has agreed to undertake and provide certain information to Bondholders on a continuing basis. The Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5) "Continuing Disclosure" requirements, which the District has adopted, requires that various financial information about the District and the Municipality be provided annually to various information repositories. This requirement has been complied with for the year ended June 30, 2023.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

8. NONCURRENT DEBT (CONTINUED)

A. Bonds Payable (Continued)

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

School District Bonds Series 2015			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Next two (2) year			
2024	428,000	20,880	448,880
2025	450,000	11,250	461,250
	\$ 878,000	\$ 32,130	\$ 910,130

School Refunding Bonds Series 2020			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Next four (4) year			
2024	515,000	75,400	\$ 590,400
2025	515,000	54,800	569,800
2026	515,000	34,200	549,200
2027	340,000	13,600	353,600
	\$ 1,885,000	\$ 178,000	\$ 2,063,000

TOTAL DEBT SERVICE			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Next four (4) years			
2024	\$ 943,000	\$ 96,280	\$ 1,039,280
2025	965,000	66,050	1,031,050
2026	515,000	34,200	549,200
2027	340,000	13,600	353,600
	\$ 2,763,000	\$ 210,130	\$ 2,973,130

B. Bonds and Notes Authorized but Not Issued

As of June 30, 2023 there were no bonds and notes authorized but not issued.

C. Defeasance

As a result of the accounting requirement under GASB#23/65, Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities, the recording of the transaction related to the new vs. old debt and related costs resulted in accounting losses which in conjunction with the premium will be amortized over the remaining life of the respective bond issues using the "straight-line".

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

8. NONCURRENT DEBT (CONTINUED)

C. Defeasance (Continued)

Unamortized Loss on Defeasance of Debt

<u>Refunding Bonds</u>	<u>Loss</u>	<u>Beginning Balance</u>	<u>Amortization</u>	<u>Ending Balance</u>
2012 Series	\$ 136,103.00	\$ 11,341.94	\$ 11,341.94	\$ None
2020 Series	134,965.85	<u>91,583.96</u>	<u>19,280.84</u>	<u>72,303.12</u>
Total		<u>\$ 102,925.90</u>	<u>\$ 30,622.78</u>	<u>\$ 72,303.12</u>

D. Compensated Absences

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

District employees earn sick leave at the rate of one day for each month of service. Upon departure from the district, teachers who have obtained tenure and ten month support staff who have completed three or more years of employment shall be paid for accumulated sick leave at the rate of ¼ of the unused accumulated sick leave multiplied by 1/200 of the last annual contracted salary. Twelve month employees who have completed three or more years of employment shall be paid at the rate of ¼ of the unused accumulated sick leave multiplied by 1/240 of the last annual contracted salary.

For teachers employed after September 1, 1981, the sick leave payment shall be limited to no more than \$15,000.00. For all support staff employed after September 1, 1981, the sick leave payment shall be limited to no more than \$15,000.00.

Twelve month employees earn vacation, the carryover of which is limited to August 31, of the year following the time earned.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position in the current and noncurrent liabilities. The current portion of the compensated absence balance of the governmental funds is shown separately from the noncurrent liability balance of compensated absences.

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

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

8. NONCURRENT DEBT (CONTINUED)

E. Lease Obligations

In June 2017, the GASB issued GASB No. 87, Leases. This GASB increases the transparency and comparability of organizations by requiring the capitalization of substantially all leases on the statement of net position and disclosures of key information about leasing arrangements. Under this new guidance, at the lease commencement date, a lessee recognizes a right-of-use asset and lease obligation, which is initially measured at the present value of the future lease payments. For statement of activities purposes, a dual model was retained for lessees, requiring leases to be classified as either operating or finance leases. Under the operating lease model, lease expense is recognized on a straight-line basis over the lease term. Under the finance lease model, interest on the lease liability is recognized separately from amortization of the right-of-use assets.

The District adopted this new accounting standard on July 1, 2021 on a modified retrospective basis and applied the new standard to all leases through a cumulative-effect adjustment to beginning net position. As a result, comparative financial information has not been restated and continues to be reported under the accounting standards in effect for those periods. The District elected a package of practical expedients permitted under the transition guidance, which among other things, allows the carryforward of historical lease classification.

Right-of-use assets represent the District's right to use an underlying asset for the lease term and lease liabilities represent the District's obligation to make lease payments arising from the lease during the lease term. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of the remaining future minimum lease payments during the lease term. The operating lease right-of-use assets also include lease payments made before commencement, lease incentives and are recorded net of impairment. Operating leases are expensed on a straight line basis over the lease term. Finance leases are recognized as a noncurrent asset and as a finance lease liability within accrued expenses and other liabilities and other noncurrent liabilities.

Various Equipment Leases

The District entered into lease purchase agreements for various equipment, computers and copy machines. The future minimum lease obligations and the net present value of the future payments, with an imputed or stated interest rate approximately from 2.18% to 3.09% at June 30, 2023 are as follows:

Total minimum lease payments remaining	\$ 235,524.00
Less: Amount representing interest	<u>12,960.53</u>
Present value of minimum lease payments	<u><u>\$ 222,563.47</u></u>

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

8. NONCURRENT DEBT (CONTINUED)

E. Lease Obligations (Continued)

Various Equipment Leases (Continued)

Principal and interest due on lease obligations outstanding at June 30, 2023 are as follows:

Governmental Activities:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 67,625.88	\$ 6,750.12	\$ 74,376.00
2025	70,045.08	4,330.92	74,376.00
2026	72,550.84	1,825.16	74,376.00
2027	12,341.67	54.33	12,396.00
	<u>\$ 222,563.47</u>	<u>\$ 12,960.53</u>	<u>\$ 235,524.00</u>

Business-Type Activities:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 59,219.37	\$ 3,141.67	\$ 62,361.04
2025	60,248.60	2,112.44	62,361.04
2026	61,295.74	1,065.30	62,361.04
	<u>\$ 180,763.71</u>	<u>\$ 6,319.41</u>	<u>\$ 187,083.12</u>

Subsequent Event

Subsequent to yearend the District executed a \$9,000,000 lease purchase agreement for a preschool facility on District property at an interest rate of 4.669% requiring annual payments of \$2,044,747 commencing October 1, 2024 through October 1, 2028.

F. Subscription Obligations

The implementation of GASB No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, resulted in the recognition of a right-of-use asset of \$447,289 and a subscription liability of \$447,289. Amortization of the subscriptions are included in capital assets.

The District has entered into agreements for the use of educational and financial software. The subscription liability is measured at an interest rate of 1.50% and has a balance of \$70,000 at June 30, 2023. As a result of the subscriptions the District has recorded a right-of-use asset with a net book value of \$355,241 at June 30, 2023.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

8. NONCURRENT DEBT (CONTINUED)

F. Subscription Obligations (Continued)

The future minimum subscription obligations and the net present value of the future payments, with an interest rate of 1.50% at June 30, 2023 are as follows:

Total minimum subscription payments remaining	\$	71,050
Less: Amount representing interest		1,050
Present value of minimum subscription payments	\$	70,000

Five Years and Thereafter Payments

Principal and interest due on subscription obligations outstanding at June 30, 2023 are as follows:

Year Ending June 30	Subscriptions		Total
	Principal	Interest	
2024	\$ 35,000	\$ 350	\$ 35,350
2025	35,000	700	35,700
	\$ 70,000	\$ 1,050	\$ 71,050

9. PENSION PLANS

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

Teachers' Pension and Annuity Fund (TPAF)

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 contribution, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to the Division's annual financial statements, which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

9. PENSION PLANS (CONTINUED)

Description of Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

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, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. 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:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62, and 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.

Public Employees' Retirement System (PERS)

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 PERS, please refer to the Division's annual financial statements, which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

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, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

9. PENSION PLANS (CONTINUED)

Description of Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62, and 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 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.

Funding Policy The contribution policy is set by New Jersey Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS are 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a 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.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

9. PENSION PLANS (CONTINUED)

Funding Policy (Continued)

During the year ended June 30, 2023 for TPAF, which is a cost sharing plan with special funding situations, the annual pension costs equals annual required contribution. For PERS, which is a cost sharing multi-employer pension plan, the annual pension costs differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

Three-Year Trend Information for PERS

Fiscal Year Ended June 30,	Net Cost to District	Percentage of APC Contributed	Employee Contribution
2023	\$ 289,954	100%	\$ 192,436
2022	250,666	100%	153,417
2021	222,536	100%	114,978

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

Fiscal Year Ended June 30	Pension Paid on-behalf of District				
	Cost (APC)	APC Contributed	Total On-Behalf of	Employee Contribution	TPAF FICA
2023	\$ None	100%	\$ 6,017,985	\$ 1,369,070	\$ 1,323,726
2022	None	100%	6,056,435	1,305,123	1,261,277
2021	None	100%	4,054,832	1,240,924	1,198,347

During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$6,017,985 to the TPAF for normal pension. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$1,323,726 during the year ended June 30, 2023 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the individual fund statements and schedules as a revenue and expenditure in accordance with GASB 24.

Public Employees Retirement System (PERS)

The information for PERS was abstracted from State of New Jersey Public Employees' Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2022 and June 30, 2021 Independent Auditor's Report dated May 18, 2023 and July 21, 2022, respectively.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

9. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

The District reported a liability of \$3,469,975 and \$2,535,628 for its proportionate share of the net pension liability as of June 30, 2023 and June 30, 2022, respectively. The net pension liability was measured as of June 30, 2022 and June 30, 2021 (the *Measurement Date*), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 and July 1, 2020, which were rolled forward to the respective measurement dates. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportion of the collective pension liability is as follows:

	June 30,	
	2022	2021
District Proportionate Share	0.0229930974 %	0.0214040242 %
Difference - Increase	0.0015890732	

For the year ended June 30, 2023, the District recognized pension benefit of \$501,610. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 10,751	\$ 519,593
Difference between expected and actual experience	25,045	22,086
Net difference between projected and actual savings on pension plan investments	143,619	-
Changes in proportion	383,550	64,716
District contributions subsequent to the measurement date	416,724	
Total	\$ 979,689	\$ 606,395

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

9. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

The \$416,724 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2023, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(benefit) as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2024	\$ (295,151)
2025	(150,370)
2026	(73,332)
2027	159,984
2028	(351)

Additional Information

Collective balances of the Local Group are as follows:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Collective deferred outflows of resources	\$ 1,660,772,008	\$ 1,164,738,169
Collective deferred inflows of resources	3,236,303,935	8,339,123,762
Collective net pension liability	15,219,184,920	11,972,782,878
Collective pension expense/(benefit)	(1,032,778,934)	(1,599,674,464)
District's proportion (of Local Group)	0.0229930974 %	0.0214040242 %

Actuarial Assumptions

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75-6.55% (based on years of service)
Investment Rate of Return	7.00%

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

9. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

Long-Term Rate of Return

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

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

9. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

<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 Market Equity	13.50	8.38
Emerging Market Equity	5.50	10.33
Private Equity	13.00	11.80
Real Estate	8.00	11.19
Real Assets	3.00	7.60
High Yield	4.00	4.95
Private Credit	8.00	8.10
Investment Grade Credit	7.00	3.38
Cash Equivalents	4.00	1.75
U.S. Treasuries	4.00	1.75
Risk Mitigation Strategies	<u>3.00</u>	4.91
	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.0% as of June 30, 2022 (*measurement date*). The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the state employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage-point higher than the current rate:

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

9. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

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

	June 30, 2022 [<i>Measurement Date</i>]		
	1% Decrease	At Current	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
District's proportionate share of the pension liability	\$ 4,457,901	\$ 3,469,975	\$ 2,629,210

Pension Plan Fiduciary Net Position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS) or by visiting their website at www.state.nj.us/treasury/pensions/gasb-notice.shtml.

Teachers Pensions and Annuity Fund (TPAF)

Data for the TPAF was abstracted from the State of New Jersey Teachers' Pension and Annuity Fund Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer as of June 30, 2022 and June 30, 2021 Independent Auditor's Reports dated May 18, 2023 and July 21, 2022.

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.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2023 (*measurement date* of June 30, 2022) was as follows:

Net Pension Liability:	
District's proportionate share	None
State's proportionate share associated with the District	\$ 74,849,809
	\$ 74,849,809

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

9. PENSION PLANS (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The proportion of the TPAF net pension liability associated with the District is as follows:

	<u>June 30, [Measurement Date]</u>	
	<u>2022</u>	<u>2021</u>
District Proportionate Share	0.1450734698 %	0.1368864674 %
Difference - Increase	0.0081870024	

For the year ended June 30, 2023, the District recognized pension expense of \$2,014,417 for contributions provided by the State.

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 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.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

9. PENSION PLANS (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

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

<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 Market Equity	13.50	8.38
Emerging Market Equity	5.50	10.33
Private Equity	13.00	11.80
Real Estate	8.00	11.19
Real Assets	3.00	7.60
High Yield	4.00	4.95
Private Credit	8.00	8.10
Investment Grade Credit	7.00	3.38
Cash Equivalents	4.00	1.75
U.S. Treasuries	4.00	1.75
Risk Mitigation Strategies	<u>3.00</u>	4.91
	<u>100.00 %</u>	

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

9. PENSION PLANS (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Discount Rate

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

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

The following presents the proportionate share of the net pension liability associated with the District as of June 30, 2023 (*measurement date* June 30, 2022) calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with 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:

	At 1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	At 1% Increase <u>8.00%</u>
State's proportionate share of the net pension associated with the District	\$ 87,762,992	\$ 74,849,809	\$ 63,972,075

Pension Plan Fiduciary Net Position

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

Collective balances of the Local Group are as follows:

	June 30,	
	<u>2022</u>	<u>2021</u>
Collective deferred outflows of resources	\$ 4,996,491,160	\$ 6,356,228,800
Collective deferred inflows of resources	19,532,696,776	27,175,330,929
Collective net pension liability	51,594,415,806	48,075,188,642
Collective pension expense/(benefit)	1,424,884,581	1,159,039,411
District's proportion (of Local Group)	0.1450734698 %	0.1368864674 %

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Data for the OPEB was abstracted from the State of New Jersey Local Education Retired Employees Plan as of June 30, 2022 and June 30, 2021 Independent Auditor's Reports dated September 27, 2023 and January 18, 2023, respectively.

State Health Benefit State Retired Employees Plan

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not prefund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims costs. In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75.

Three-Year Trend Information for TPAF Medical (Paid on-behalf of the District)

<u>Fiscal Year Ended June 30,</u>	<u>Post-Retirement Medical</u>
2023	\$ 1,580,910.00
2022	1,415,028.00
2021	1,270,721.00

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB No. 75 is zero percent.

The District is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The following OPEB liability note information is reported at the State's level and is not specific to the board of education/board of trustees. Note that actual numbers will be published in the NJ State's ACFR: (<https://www.nj.gov/treasury/omb/fr.shtml>).

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

Net OPEB Liability:

District's proportionate share	None
State's proportionate share associated with the District	<u>\$ 60,555,421</u>
	<u><u>\$ 60,555,421</u></u>

The proportion of the PERS and TPAF Net OPEB Liability associated with the District's liability is as follows:

<u>June 30, [Measurement Date]</u>	
<u>2022</u>	<u>2021</u>
0.1195649557 %	0.1210659404 %

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2022 [*measurement date*] was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF/ABP</u> <i>(based on service years)</i>	<u>PERS</u> <i>(based on service years)</i>
Salary increases	2.75 - 4.25%	2.75 - 6.55%

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

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.5% long-term trend rate after eight (8) years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.5% long-term trend rate after eight (8) years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

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

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

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

June 30, 2022 <i>[Measurement Date]</i>		
At 1% Decrease (2.54%)	At Discount Rate (3.54%)	At 1% Increase (4.54%)
\$ 71,176,528	\$ 60,555,421	\$ 52,043,135

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

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

June 30, 2022 <i>[Measurement Date]</i>		
1% Decrease	Healthcare Cost Trend Rate	1% Increase
\$ 50,052,757	\$ 60,555,421	\$ 74,351,308

Shown below are details regarding the Total OPEB Liability for the measurement period from June 30, 2021 to June 30, 2022:

	<u>Total OPEB Liability</u>
Balance as of June 30, 2021 <i>[Measurement Date]</i>	\$ 72,648,827
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 3,805,404
Interest Cost	1,604,785
Changes of Benefit Term	-
Difference between Expected and Actual Expenditure	279,532
Changes of Assumptions	(16,244,535)
Gross Benefit Payments	(1,589,587)
Member Contributions	50,995
Net Changes	\$ (12,093,406)
Balance as of June 30, 2022 <i>[Measurement Date]</i>	\$ 60,555,421

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Healthcare Trend Rate (Continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022.

The components of the Net OPEB Liability as of June 30, 2022 are as follows:

	<i>[Measurement Date]</i>
	<u>June 30, 2022</u>
Total OPEB Liability	\$ 60,555,421
Plan Fiduciary Net Position	None
Net OPEB Liability	\$ 60,555,421
Net Position as a Percentage of OPEB Liability	0.0%
OPEB Expense	\$ 2,449,922

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

For the year ended June 30, 2023, the board of education recognized OPEB expense of \$2,449,922 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75 and in which there is a special funding situation.

In accordance with GASB No. 75, the District proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

The following table illustrates the Deferred Inflows and Outflows as of June 30, 2022 under GASB No. 75 prior to any reduction due to the Fiscal Year 2023 amortizations.

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Changes of Assumptions	\$ 10,480,610	\$ 20,609,757
Differences between Expected and Actual Experience	10,811,545	18,488,270
Changes in Proportion	<u>1,916,522</u>	<u>1,648,908</u>
Sub-total	23,208,677	40,746,935
Contributions made in Fiscal Year Ending 2023		
After June 30, 2022 <i>Measurement Date</i>	<u>None</u>	<u>None</u>
Total	<u>\$ 23,208,677</u>	<u>\$ 40,746,935</u>

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense/(revenue) as follows:

Fiscal Year Ending June 30,	
2024	\$ (3,009,631)
2025	(3,009,631)
2026	(3,009,631)
2027	(2,601,076)
2028	(1,487,330)
Total Thereafter	(4,688,574)

Additional Information

Collective balances of the Local Education Group are as follows:

	June 30,	
	2022	2021
Deferred outflows of resources	\$ 20,104,625,333	\$ 21,546,947,255
Deferred inflows of resources	34,996,842,046	26,769,148,209
Net OPEB liability	50,646,462,966	60,007,650,970
OPEB Expense	1,595,653,562	3,527,672,060

Other

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 are the responsibility of the individual local education employers.

11. DEFERRED COMPENSATION

The District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are AXA Equitable and Met Life.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

12. RISK MANAGEMENT

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

Property and Liability Insurance: The District maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report.

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.

Health Benefits: The Board of Education has procured medical insurance coverage for its employees under a monthly per employee premium (traditional plan).

Other Coverage: The Board has contracted with a commercial insurance company to provide coverage for various losses. The coverages are subject to various deductibles and coverage limits based on the type of policy coverage included. The coverages and its limits are detailed in the statistical section. The Board also maintains surety bond coverage on key financial employees.

13. INTERFUND RECEIVABLES AND PAYABLES

There was no interfund balance remained on the balance sheet at June 30, 2023.

14. FUND BALANCE APPROPRIATED

General Fund - Of the \$9,365,723.30 General Fund fund balance at June 30, 2023, \$4,000,000.00 is restricted for Capital Reserve; \$3,682,855.74 is restricted - excess surplus – designated for subsequent year's expenditures, \$515,970.26 is assigned-designated for subsequent year's expenditures, \$500,000.00 is restricted for maintenance reserve, \$290,189.17 is restricted for unemployment compensation, and \$376,708.13 is reserved for excess surplus.

Special Revenue Fund – Of the \$171,556.93 Special Revenue Fund fund balance, \$19,907.99 is restricted for scholarships and \$151,648.99 is restricted for student activities.

Debt Service Fund – Of the \$0.17 Debt Service Fund fund balance at June 30, 2023, all is restricted for debt service.

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

15. CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There was excess fund balance as a result of the fiscal year ended June 30, 2022 of \$3,682,855.74 and as a result of the fiscal year ended June 30, 2023 of \$1,354,679.83.

16. RECONCILIATION OF FUND BALANCES – GENERAL FUND

The surpluses are presented on a GAAP basis and reconciliation to the budget basis is as follows:

	<u>Unassigned</u>	<u>Excess Surplus</u>
Balance on a Budget Basis on the General Fund		
Budgetary Basis Comparison	\$ 1,220,432.30	\$ 1,354,679.83
Less:		
Allocation of State Aid Payment of \$2,198,404.00		
not Recognized on GAAP Basis	<u>1,220,432.30</u>	<u>977,971.70</u>
 Balances on a GAAP Basis on the Governmental		
Fund Balance Sheet	<u>\$ None</u>	<u>\$ 376,708.13</u>

17. DEFICIT FUND BALANCES – SPECIAL REVENUE FUND

The District had no deficit fund balance in the Special Revenue Fund as of June 30, 2023 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last 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 (2) state aid payments in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. There is no deficit in the Special Revenue Fund as of June 30, 2023 due to the fact that the expenditures did not exceed the recognizable revenue (under GAAP).

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

18. CONTINGENT LIABILITIES

- A. Grant Programs** – The school district participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of those grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.
- B. Pending Litigation** - As of the date of this report, in the opinion of the Board Attorney and management, there was no litigation pending of which, in the event of an adverse or unfavorable outcome, would materially impair the financial position of the District.
- C. Contractual Commitments** – The District has no contractual commitments at June 30, 2023.

19. ECONOMIC DEPENDENCY

The District 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, could have an effect on the District's programs and activities.

20. NET POSITION – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consists of capital assets net of accumulated depreciation, accumulated amortization and reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. The net investments in capital assets of \$30,718,889.40 and \$496,054.31 are calculated as follows:

	Amount	
	<u>Governmental</u>	<u>Business-Type</u>
Capital assets, net of depreciation and amortization	\$ 33,911,062.02	\$ 676,818.02
Bonds payable (<i>used to build or acquire capital assets</i>)	(2,763,000.00)	
Deferred loss on defeasance of debt	72,303.12	
Unamortized deferred premium	(208,912.27)	
Leases payable	(222,563.47)	(180,763.71)
Subscriptions payable	(70,000.00)	
	<u>\$ 30,718,889.40</u>	<u>\$ 496,054.31</u>

SOUTH RIVER BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

21. 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. 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 provision 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 South River provides for long-term tax exemptions, as authorized by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. The exemptions provided by the Borough of South River are for two (2) senior citizen housing projects and religious entities. Taxes abated include municipal, local school and county taxes.

The Borough of South River recognized revenue of \$83,639.40 from the annual service charge in lieu of payment of taxes in 2023 that otherwise would have been due on these long-term tax exemptions amounted to \$258,705.84 based upon the assessed valuation of the long-term tax exemption properties. A portion of the \$175,066.44 tax abatement would have been allocated to the District.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 17,493,254.00		\$ 17,493,254.00	\$ 17,493,254.00	
Miscellaneous - Restricted				19,707.99	\$ 19,707.99
Miscellaneous - Unrestricted	<u>15,000.00</u>		<u>15,000.00</u>	<u>330,595.22</u>	<u>315,595.22</u>
Total - local sources	<u>17,508,254.00</u>		<u>17,508,254.00</u>	<u>17,843,557.21</u>	<u>335,303.21</u>
State sources:					
Categorical Transportation Aid	502,357.00		502,357.00	502,357.00	
Categorical Special Education Aid	1,910,698.00		1,910,698.00	1,910,698.00	
Equalization Aid	19,053,066.00		19,053,066.00	19,053,066.00	
Categorical Security Aid	645,142.00		645,142.00	645,142.00	
Extraordinary Aid				429,478.00	429,478.00
Emergent SDA	58,479.00		58,479.00		(58,479.00)
Non-public transportation aid				23,066.00	23,066.00
TPAF - on behalf of pension contribution (on behalf - non budgeted)				6,017,985.00	6,017,985.00
TPAF - on behalf of post retirement medical (on-behalf - non budgeted)				1,580,910.00	1,580,910.00
TPAF - on behalf of long-term disability (on-behalf - non budgeted)				2,966.00	2,966.00
Reimbursed TPAF social security contributions (non-budgeted)				<u>1,323,725.82</u>	<u>1,323,725.82</u>
Total - state sources	<u>22,169,742.00</u>		<u>22,169,742.00</u>	<u>31,489,393.82</u>	<u>9,319,651.82</u>
Federal sources:					
Medical Assistance Program	<u>98,585.00</u>		<u>98,585.00</u>	<u>182,812.74</u>	<u>84,227.74</u>
Total - federal sources	<u>98,585.00</u>		<u>98,585.00</u>	<u>182,812.74</u>	<u>84,227.74</u>
Total revenues	<u>\$ 39,776,581.00</u>		<u>\$ 39,776,581.00</u>	<u>\$ 49,515,763.77</u>	<u>\$ 9,739,182.77</u>

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Regular programs - instruction:					
Salaries of teachers:					
Kindergarten	\$ 476,125.00	\$ 3,300.00	\$ 479,425.00	\$ 473,122.01	\$ 6,302.99
Grades 1 - 5	3,017,399.00	32,851.81	3,050,250.81	3,032,445.46	17,805.35
Grades 6 - 8	2,289,257.00	86,804.10	2,376,061.10	2,348,621.23	27,439.87
Grades 9 - 12	3,168,463.00	(42,781.80)	3,125,681.20	3,021,273.20	104,408.00
Total Regular Programs - Instruction	8,951,244.00	80,174.11	9,031,418.11	8,875,461.90	155,956.21
Home instruction:					
Salaries of teachers	12,000.00	14,717.50	26,717.50	26,302.50	415.00
Purchased professional - education services	10,000.00		10,000.00	770.00	9,230.00
Total home instruction	22,000.00	14,717.50	36,717.50	27,072.50	9,645.00
Regular programs - undistributed instruction:					
Other salaries for Instruction	72,000.00	1,000.00	73,000.00	73,000.00	
Purchased professional - educational services	500,240.00	(7,550.00)	492,690.00	285,737.02	206,952.98
Purchased technical services	2,956.00	8,300.00	11,256.00	9,110.00	2,146.00
Other purchased services (400-500 series)	203,065.00	12,774.11	215,839.11	203,017.71	12,821.40
General supplies	836,777.00	(113,204.47)	723,572.53	628,476.39	95,096.14
Textbooks	3,794.00		3,794.00		3,794.00
Other objects	250.00	710.20	960.20	710.20	250.00
Total regular programs - undistributed instruction	1,619,082.00	(97,970.16)	1,521,111.84	1,200,051.32	321,060.52
Total regular programs	10,592,326.00	(3,078.55)	10,589,247.45	10,102,585.72	486,661.73
Special education instruction:					
Learning and/or language disabilities:					
Salaries of teachers	52,610.00	1,515.00	54,125.00	54,125.00	
Purchased professional educational services	65,870.00		65,870.00	48,562.22	17,307.78
General supplies	567.00		567.00	567.00	
Total learning and/or language disabilities	119,047.00	1,515.00	120,562.00	103,254.22	17,307.78

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Multiple Disabilities:					
Salaries of teachers	\$ 279,502.00	\$ 110,959.89	\$ 390,461.89	\$ 383,463.89	\$ 6,998.00
Other salaries for instruction	75,000.00	(20,000.00)	55,000.00	49,187.50	5,812.50
Purchased professional educational services	278,833.00		278,833.00	243,476.28	35,356.72
General Supplies	2,672.00		2,672.00	2,187.57	484.43
Total Multiple Disabilities	636,007.00	90,959.89	726,966.89	678,315.24	48,651.65
Resource room/resource center:					
Salaries of teachers	2,899,749.00	(236,805.58)	2,662,943.42	2,451,536.09	211,407.33
Other salaries for instruction	75,000.00		75,000.00	75,000.00	
Purchased professional - educational services	463,396.00		463,396.00	444,814.27	18,581.73
General supplies	28,880.00		28,880.00	21,269.66	7,610.34
Total resource room/resource center	3,467,025.00	(236,805.58)	3,230,219.42	2,992,620.02	237,599.40
Autism:					
Salaries of teachers	64,110.00	64,750.00	128,860.00	64,750.00	64,110.00
Purchased professional educational services	153,695.00		153,695.00	141,427.89	12,267.11
General Supplies	1,402.00		1,402.00	401.28	1,000.72
Total Autism	219,207.00	64,750.00	283,957.00	206,579.17	77,377.83
Preschool disabilities - full-time:					
Salaries of teachers	210,398.00	2,052.00	212,450.00	212,450.00	
Other salaries for instruction	25,000.00		25,000.00	23,000.00	2,000.00
Purchased professional educational services	110,938.00		110,938.00	19,352.85	91,585.15
General supplies	1,796.00		1,796.00	1,455.69	340.31
Total preschool disabilities	348,132.00	2,052.00	350,184.00	256,258.54	93,925.46
Total special education - instruction	4,789,418.00	(77,528.69)	4,711,889.31	4,237,027.19	474,862.12
Basic skills/remedial:					
Salaries of teachers	164,825.00	74,050.00	238,875.00	188,592.63	50,282.37
Total basic skills/remedial	164,825.00	74,050.00	238,875.00	188,592.63	50,282.37
Bilingual education:					
Salaries of teachers	875,696.00	50,519.61	926,215.61	922,036.45	4,179.16
Total bilingual education	875,696.00	50,519.61	926,215.61	922,036.45	4,179.16

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
School sponsored co/extracurricular activities:					
Salaries	\$ 105,313.00	\$ 508.99	\$ 105,821.99	\$ 104,771.99	\$ 1,050.00
Purchased services (300-500 series)	19,393.00	7,496.00	26,889.00	22,211.64	4,677.36
Supplies and materials	11,035.00	2,400.00	13,435.00	7,794.32	5,640.68
Other objects	<u>780.00</u>	<u>3,710.00</u>	<u>4,490.00</u>	<u>3,710.00</u>	<u>780.00</u>
Total school sponsored co/extracurricular activities	<u>136,521.00</u>	<u>14,114.99</u>	<u>150,635.99</u>	<u>138,487.95</u>	<u>12,148.04</u>
School sponsored athletic activities:					
Salaries	463,477.00	39,410.56	502,887.56	494,352.59	8,534.97
Purchased services (300-500 series)	24,749.00		24,749.00	24,084.55	664.45
Supplies and materials	34,940.00		34,940.00	31,330.28	3,609.72
Other objects	<u>80,554.00</u>	<u>12,098.31</u>	<u>92,652.31</u>	<u>83,989.19</u>	<u>8,663.12</u>
Total school sponsored athletic activities	<u>603,720.00</u>	<u>51,508.87</u>	<u>655,228.87</u>	<u>633,756.61</u>	<u>21,472.26</u>
Alternate programs:					
Instruction:					
Salaries of Teachers	19,198.00		19,198.00	13,342.00	5,856.00
General Supplies	5,040.00		5,040.00	2,275.00	2,765.00
Program Support Salaries	<u>7,875.00</u>		<u>7,875.00</u>	<u>5,748.75</u>	<u>2,126.25</u>
Total alternative programs	<u>32,113.00</u>		<u>32,113.00</u>	<u>21,365.75</u>	<u>10,747.25</u>
Total instructional programs	<u>17,194,619.00</u>	<u>109,586.23</u>	<u>17,304,205.23</u>	<u>16,243,852.30</u>	<u>1,060,352.93</u>

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within the state - regular		\$ 5,640.40	\$ 5,640.40	\$ 5,640.40	
Tuition to other LEAs within the state - special	\$ 60,000.00		60,000.00	57,200.00	\$ 2,800.00
Tuition to CSSD and regular day schools	259,050.00	(71,197.67)	187,852.33		187,852.33
Tuition to private schools-disabled within the state	344,683.00	70,000.00	414,683.00	183,428.16	231,254.84
	<u>663,733.00</u>	<u>4,442.73</u>	<u>668,175.73</u>	<u>246,268.56</u>	<u>421,907.17</u>
Attendance and social work:					
Salaries	32,472.00	1,232.24	33,704.24	33,426.70	277.54
Purchased professional and technical services	1,400.00		1,400.00	904.75	495.25
	<u>33,872.00</u>	<u>1,232.24</u>	<u>35,104.24</u>	<u>34,331.45</u>	<u>772.79</u>
Health services:					
Salaries	316,405.00	497.22	316,902.22	251,969.06	64,933.16
Purchased professional and technical services	30,800.00	7,473.15	38,273.15	30,831.17	7,441.98
Supplies and materials	3,861.00	798.80	4,659.80	4,079.75	580.05
	<u>351,066.00</u>	<u>8,769.17</u>	<u>359,835.17</u>	<u>286,879.98</u>	<u>72,955.19</u>
Other support services - student-related services:					
Salaries	809,989.00	(40,530.16)	769,458.84	767,379.32	2,079.52
Purchased professional - educational services	155,250.00	24,181.23	179,431.23	94,084.03	85,347.20
Supplies and materials	7,122.00		7,122.00	4,233.85	2,888.15
	<u>972,361.00</u>	<u>(16,348.93)</u>	<u>956,012.07</u>	<u>865,697.20</u>	<u>90,314.87</u>
Other support services - student-extra. ordinary services:					
Purchased professional - educational services	587,440.00	(156,000.00)	431,440.00	279,164.20	152,275.80
	<u>587,440.00</u>	<u>(156,000.00)</u>	<u>431,440.00</u>	<u>279,164.20</u>	<u>152,275.80</u>

**BOARD OF EDUCATION
 BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
 COUNTY OF MIDDLESEX
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Other support services - students - regular:					
Salaries of other professional staff	\$ 608,282.00	\$ 90,620.10	\$ 698,902.10	\$ 687,282.01	\$ 11,620.09
Salaries of secretarial and clerical assistants	87,775.00	497.98	88,272.98	87,331.00	941.98
Other purchased services (400-500 series)	592.00		592.00	382.00	210.00
Supplies and materials	6,398.00	1,602.00	8,000.00	5,386.21	2,613.79
Other objects	7,050.00	(7,050.00)			
Total other support services - students - regular	710,097.00	85,670.08	795,767.08	780,381.22	15,385.86
Other support services - students - special:					
Salaries of other professional staff	875,798.00	(40,600.01)	835,197.99	802,888.18	32,309.81
Salaries of secretarial and clerical assistants	111,427.00	705.08	112,132.08	110,632.08	1,500.00
Purchased professional - educational services	293,805.00	110,000.00	403,805.00	373,876.91	29,928.09
Other Purchased Services (400-500 Series)	4,487.00	3,000.00	7,487.00	5,967.20	1,519.80
Supplies and materials	14,060.00	58,000.00	72,060.00	68,651.74	3,408.26
Other objects	1,150.00		1,150.00	193.36	956.64
Total other support services - students - special	1,300,727.00	131,105.07	1,431,832.07	1,362,209.47	69,622.60
Improvement of instructional services:					
Salaries of supervisors of instruction	377,353.00	(1,129.38)	376,223.62	353,716.42	22,507.20
Salaries of other professional staff	41,422.00	13,391.00	54,813.00	45,813.00	9,000.00
Salaries of secretarial and clerical assistants	19,788.00	2,404.65	22,192.65	22,192.65	
Purchased professional - educational services	299,000.00	50,989.50	349,989.50	342,289.19	7,700.31
Supplies and materials	4,678.00		4,678.00	966.20	3,711.80
Total improvement of instructional services	742,241.00	65,655.77	807,896.77	764,977.46	42,919.31
Educational media/school library:					
Salaries	126,615.00	210.00	126,825.00	126,825.00	
Supplies and materials	10,693.00	(3,641.00)	7,052.00	4,099.08	2,952.92
Total educational media/school library	137,308.00	(3,431.00)	133,877.00	130,924.08	2,952.92
Instructional staff training services:					
Purchased professional - educational services	19,655.00	(8,400.00)	11,255.00	7,544.25	3,710.75
Other purchased services (400-500 series)	51,640.00	(6,600.00)	45,040.00	16,809.55	28,230.45
Supplies and materials	3,150.00		3,150.00	2,866.70	283.30
Total instructional staff training services	74,445.00	(15,000.00)	59,445.00	27,220.50	32,224.50

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Support services - general administration:					
Salaries	\$ 344,437.00	\$ 1,000.12	\$ 345,437.12	\$ 345,248.16	\$ 188.96
Legal services	45,000.00	5,000.00	50,000.00	38,659.46	11,340.54
Audit fees	44,000.00	6,200.00	50,200.00	45,600.00	4,600.00
Architectural/Engineer Services	20,000.00		20,000.00	4,845.00	15,155.00
Other purchased professional services	26,500.00	37,080.03	63,580.03	42,350.03	21,230.00
Communications/telephone	100,000.00	(4,000.00)	96,000.00	66,588.41	29,411.59
BOE other purchased services	6,000.00		6,000.00	3,626.39	2,373.61
Other purchased services (400-500 series)	45,395.00	4,000.00	49,395.00	45,183.42	4,211.58
Supplies and materials	10,000.00		10,000.00	7,836.17	2,163.83
Judgments against the school district	7,000.00	(7,000.00)			
Miscellaneous expenditures	7,500.00		7,500.00	7,243.04	256.96
BOE membership dues and fees	17,000.00		17,000.00	12,115.60	4,884.40
Total support services - general administration	672,832.00	42,280.15	715,112.15	619,295.68	95,816.47
Support services - school administration:					
Salaries of principals/assistant principals	1,268,986.00		1,268,986.00	1,263,569.78	5,416.22
Salaries of secretarial and clerical assistants	342,340.00	236.75	342,576.75	335,664.08	6,912.67
Purchased professional and technical services	5,667.00		5,667.00	2,120.30	3,546.70
Other purchased services (400-500 series)	5,510.00	(990.00)	4,520.00	1,644.96	2,875.04
Supplies and materials	25,242.00	2,950.07	28,192.07	14,681.19	13,510.88
Other objects	250.00		250.00	3.00	247.00
Total support services - school administration	1,647,995.00	2,196.82	1,650,191.82	1,617,683.31	32,508.51
Central services:					
Salaries	460,465.00	25,152.51	485,617.51	478,061.97	7,555.54
Purchased Technical Services	74,000.00	(3,344.10)	70,655.90	62,091.53	8,564.37
Miscellaneous purchased services (400-500 series)	5,000.00		5,000.00	2,022.14	2,977.86
Supplies and materials	12,500.00		12,500.00	8,868.54	3,631.46
Other objects	1,000.00		1,000.00	311.11	688.89
Total central services	552,965.00	21,808.41	574,773.41	551,355.29	23,418.12
Administration information technology:					
Salaries	281,471.00	3,756.39	285,227.39	285,227.39	
Other purchased services (400-500 series)	11,075.00		11,075.00	9,188.36	1,886.64
Supplies and materials	11,452.00	2,524.13	13,976.13	11,898.48	2,077.65
Total administration information technology	303,998.00	6,280.52	310,278.52	306,314.23	3,964.29
Total central services and administration information technology	856,963.00	28,088.93	885,051.93	857,669.52	27,382.41

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Required maintenance for school facilities:					
Salaries	\$ 490,500.00	\$ 11,778.17	\$ 502,278.17	\$ 472,163.71	\$ 30,114.46
Cleaning, repair and maintenance services	530,637.00	(201,682.04)	328,954.96	232,119.49	96,835.47
General supplies	275,500.00	(31,247.21)	244,252.79	214,915.99	29,336.80
Other objects	8,500.00		8,500.00	4,412.20	4,087.80
Total required maintenance for school facilities	1,305,137.00	(221,151.08)	1,083,985.92	923,611.39	160,374.53
Other operation and maintenance of plant:					
Salaries of Non-Instructional Aides	202,454.00	6,440.44	208,894.44	204,181.98	4,712.46
Salaries - Other	66,623.00	7,252.16	73,875.16	73,875.16	
Cleaning, repair and maintenance services	1,209,000.00	(180,718.35)	1,028,281.65	827,837.77	200,443.88
Rental of Land & Bldg. Other than Lease Purchase Agreement	1,000.00		1,000.00	188.40	811.60
Other purchased property services	430,002.00	6,510.00	436,512.00	368,112.65	68,399.35
Insurance	321,600.00	5.40	321,605.40	281,794.69	39,810.71
Miscellaneous purchased services	2,700.00		2,700.00	960.19	1,739.81
Energy (Natural Gas)	184,000.00	1,122.96	185,122.96	102,881.08	82,241.88
Energy (Gasoline)	7,700.00		7,700.00		7,700.00
Energy (Electricity)	1,212,000.00		1,212,000.00	799,037.86	412,962.14
Total operation and maintenance of plant	3,637,079.00	(159,387.39)	3,477,691.61	2,658,869.78	818,821.83
Care and up keep of grounds					
Cleaning, repair and maintenance services	217,500.00	54,633.81	272,133.81	262,417.09	9,716.72
General Supplies	20,000.00	12,894.38	32,894.38	31,791.36	1,103.02
Total Care and upkeep of grounds	237,500.00	67,528.19	305,028.19	294,208.45	10,819.74
Security					
Professional & Technical Services	233,000.00	19,205.48	252,205.48	250,482.26	1,723.22
Total Security	233,000.00	19,205.48	252,205.48	250,482.26	1,723.22
Total Other operation and maintenance of plant	5,412,716.00	(293,804.80)	5,118,911.20	4,127,171.88	991,739.32

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Student transportation services:					
Salaries for Pupil Transportation (between home and school) - regular	\$ 57,600.00	\$ (55,379.75)	\$ 2,220.25		\$ 2,220.25
Management Fee - ESC & CTSA Trans. Program	55,000.00	20,000.00	75,000.00	\$ 72,139.69	2,860.31
Contracted services - aide in lieu payments - nonpublic schools	140,000.00	(63,165.52)	76,834.48	73,888.15	2,946.33
Contracted services - aide in lieu payments - charter schools	38,000.00		38,000.00	36,524.11	1,475.89
Contracted services (between home and school) - vendors	228,768.00	10,136.00	238,904.00	183,179.10	55,724.90
Contracted services (other than between home and school) - vendors	270,060.00	(16,715.00)	253,345.00	173,937.50	79,407.50
Contracted services (special education students) - joint agreements		1,000.00	1,000.00	1,000.00	
Contracted services (special education students) - ESC and CTSA	1,270,397.00	297,467.20	1,567,864.20	1,354,363.20	213,501.00
Total student transportation	<u>2,059,825.00</u>	<u>193,342.93</u>	<u>2,253,167.93</u>	<u>1,895,031.75</u>	<u>358,136.18</u>
Unallocated benefits- employee benefits:					
Social security contribution	352,770.00		352,770.00	307,678.46	45,091.54
Other retirement contributions - regular	417,000.00		417,000.00	236,761.89	180,238.11
Unemployment compensation	25,000.00		25,000.00		25,000.00
Workmen's compensation	250,000.00	(7,300.12)	242,699.88	139,676.52	103,023.36
Health benefits	6,473,767.00	(205,331.61)	6,268,435.39	5,631,552.53	636,882.86
Tuition reimbursement	67,000.00		67,000.00	36,849.00	30,151.00
Other employee benefits	460,000.00		460,000.00	368,298.43	91,701.57
Total unallocated benefits- employee benefits	<u>8,045,537.00</u>	<u>(212,631.73)</u>	<u>7,832,905.27</u>	<u>6,720,816.83</u>	<u>1,112,088.44</u>
On behalf - TPAF - pension contributions (non budgeted)				6,017,985.00	(6,017,985.00)
On behalf - TPAF - post retirement medical (non budgeted)				1,580,910.00	(1,580,910.00)
On behalf - TPAF - long-term disability insurance (non budgeted)				2,966.00	(2,966.00)
Reimbursed TPAF social security contributions (non budgeted)				1,323,725.82	(1,323,725.82)
Total on behalf - Contributions				<u>8,925,586.82</u>	<u>(8,925,586.82)</u>
Total unallocated benefits including on-behalf	<u>8,045,537.00</u>	<u>(212,631.73)</u>	<u>7,832,905.27</u>	<u>15,646,403.65</u>	<u>(7,813,498.38)</u>
Total undistributed expenditures	<u>\$ 24,269,158.00</u>	<u>\$ (134,432.57)</u>	<u>\$ 24,134,725.43</u>	<u>\$ 29,541,309.91</u>	<u>\$ (5,406,584.48)</u>
TOTAL EXPENDITURES - CURRENT EXPENSE	<u>\$ 41,463,777.00</u>	<u>\$ (24,846.34)</u>	<u>\$ 41,438,930.66</u>	<u>\$ 45,785,162.21</u>	<u>\$ (4,346,231.55)</u>

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONTINUED):					
CAPITAL OUTLAY:					
Equipment:					
Grades 1-5		\$ 14,086.16	\$ 14,086.16	\$ 5,461.18	\$ 8,624.98
Grades 9 - 12	\$ 10,340.00		10,340.00		10,340.00
School-sponsored and other instructional program	44,795.00		44,795.00	44,637.00	158.00
Undistributed expenditures - instruction	50,880.00	(50,880.00)			
Undistributed expenditures - school faculty equipment	22,200.00	(3,935.65)	18,264.35	4,064.35	14,200.00
School Buses - regular	110,000.00	(110,000.00)			
Non-Instructional services		159,616.50	159,616.50	159,336.50	280.00
Total equipment	<u>238,215.00</u>	<u>8,887.01</u>	<u>247,102.01</u>	<u>213,499.03</u>	<u>33,602.98</u>
Facilities acquisition and construction services:					
Architectural/Engineering services	3,000.00	95,898.30	98,898.30	53,573.30	45,325.00
Construction Services	464,700.00	380,000.00	844,700.00	730,927.26	113,772.74
Assessment for Debt Service on SDA Funding	107,452.00		107,452.00	107,452.00	
Total facilities acquisition and construction services	<u>575,152.00</u>	<u>475,898.30</u>	<u>1,051,050.30</u>	<u>891,952.56</u>	<u>159,097.74</u>
Assets acquired under lease and subscription arrangements (non budgeted):					
Undistributed expenditures - other purchased property services				277,130.72	(277,130.72)
Undistributed expenditures - purchased professional services				447,289.34	(447,289.34)
Total assets acquired under lease and subscription arrangements (non budgeted)				<u>724,420.06</u>	<u>(724,420.06)</u>
TOTAL EXPENDITURES - CAPITAL OUTLAY	<u>813,367.00</u>	<u>484,785.31</u>	<u>1,298,152.31</u>	<u>1,829,871.65</u>	<u>(531,719.34)</u>
Transfer of funds to charter schools	417,030.00	15,561.00	432,591.00	429,388.00	3,203.00
Total transfer of funds to charter schools	<u>417,030.00</u>	<u>15,561.00</u>	<u>432,591.00</u>	<u>429,388.00</u>	<u>3,203.00</u>
TOTAL GENERAL FUND EXPENDITURES	<u>42,694,174.00</u>	<u>475,499.97</u>	<u>43,169,673.97</u>	<u>48,044,421.86</u>	<u>(4,874,747.89)</u>
Other financing sources/(uses):					
Leases (non budgeted)				277,130.72	277,130.72
Subscription arrangements (non budgeted)				447,289.34	447,289.34
Total other financing sources/(uses)				<u>724,420.06</u>	<u>724,420.06</u>
Excess/(deficiency) of revenues and other financing sources over/(under) expenditures and other financing sources/(uses)	\$ (2,917,593.00)	\$ (475,499.97)	\$ (3,393,092.97)	\$ 2,195,761.97	\$ 5,588,854.94
Fund Balance, July 1	9,368,365.33		9,368,365.33	9,368,365.33	
Fund Balance, June 30	<u>\$ 6,450,772.33</u>	<u>\$ (475,499.97)</u>	<u>\$ 5,975,272.36</u>	<u>\$ 11,564,127.30</u>	<u>\$ 5,588,854.94</u>

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit C-1
Sheet 11 of 11

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Reconciliation of Original Budget:					
Fund Balance Appropriated	\$ 2,413,893.00		\$ 2,413,893.00		
Withdrawal from Capital Reserve	323,700.00	\$ 475,499.97	799,199.97		
Withdrawal from Maintenance Reserve	<u>180,000.00</u>		<u>180,000.00</u>		
Excess/(deficiency of revenues) over/(under) expenditures	<u>\$ 2,917,593.00</u>	<u>\$ 475,499.97</u>	<u>\$ 3,393,092.97</u>		
Recapitulation of Fund Balance:					
Restricted:					
Capital Reserve - unassigned		\$ 4,000,000.00			
Capital Reserve - designated for subsequent year's expenditures		<u>None</u>		\$ 4,000,000.00	
Maintenance Reserve - unassigned		500,000.00			
Maintenance Reserve - designated for subsequent year's expenditures		<u>None</u>		500,000.00	
Unemployment Compensation				290,189.17	
Reserve for excess surplus (2024-2025)				1,354,679.83	
Restricted - Excess Surplus designated for subsequent year's expenditures				3,682,855.74	
Assigned - Unrestricted designated for subsequent year's expenditures				515,970.26	
Unassigned (2%)				<u>1,220,432.30</u>	
Reconciliation to governmental funds statements (GAAP):				\$ 11,564,127.30	
Last two (2) State Aid Payments not recognized on GAAP basis				<u>2,198,404.00</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 9,365,723.30</u>	

SOUTH RIVER BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>Revenues</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
State Sources:				
Preschool Education	\$ 1,850,371.35	\$ 1,850,371.35	\$ 1,837,406.76	\$ 12,964.59
SDA Emergent	58,479.00	58,479.00	58,479.00	-
Climate Awareness	6,660.00	6,660.00	6,647.80	12.20
Non-Public Home Instruction	1,712.00	1,712.00	1,712.00	-
Non-Public Nursing Services	50,960.00	50,960.00	40,839.00	10,121.00
Non-Public Security Grant	93,275.00	93,275.00	54,090.00	39,185.00
Non-Public Technology	19,110.00	19,110.00	12,137.00	6,973.00
Non-Public Textbooks	30,030.00	30,030.00	29,399.00	631.00
Non-Public Auxiliary Services	74,033.00	74,033.00	66,299.00	7,734.00
Non-Public Handicapped Services	36,422.00	36,422.00	29,791.00	6,631.00
Total State Sources	<u>2,221,052.35</u>	<u>2,221,052.35</u>	<u>2,136,800.56</u>	<u>84,251.79</u>
Federal Sources:				
Title I	429,438.33	429,438.33	283,651.98	145,786.35
Title I - School Improvements	45,857.03	45,857.03	24,490.16	21,366.87
Title II, Part A	70,672.41	70,672.41	59,901.48	10,770.93
Title III	108,484.28	108,484.28	56,219.88	52,264.40
Title III - Immigrant	21,533.00	21,533.00	7,175.95	14,357.05
Title IV	55,924.40	55,924.40	45,793.51	10,130.89
I.D.E.A. Part B, Basic	647,803.00	647,803.00	633,824.00	13,979.00
I.D.E.A. Part B, Preschool	14,541.00	14,541.00	12,369.26	2,171.74
Adult Basic Education	39,000.00	39,000.00	38,839.00	161.00
CARES ESSER I	60,039.33	60,039.33	57,292.31	2,747.02
ARP I.D.E.A. Regular	43,726.93	43,726.93	43,726.77	0.16
ARP I.D.E.A. Preschool	5,356.73	5,356.73	5,356.36	0.37
ARP Learning Acceleration	233,782.00	233,782.00	87,499.96	146,282.04
ARP Mental Health	436,613.00	436,613.00	128,242.00	308,371.00
ARP Homeless	4,974.80	4,974.80	4,974.80	-
ARP Comprehensive	40,000.00	40,000.00	28,382.85	11,617.15
ARP Summer	40,000.00	40,000.00	9,556.14	30,443.86
ARP ESSER	3,981,693.00	3,981,693.00	3,281,034.15	700,658.85
CRRSA Learning Acceleration	35,185.45	35,185.45	35,185.45	-
CRRSA Mental Health	36,036.00	36,036.00	36,036.00	-
CRRSA ESSER II	402,219.41	402,219.41	400,483.41	1,736.00
Total Federal Sources	<u>6,752,880.10</u>	<u>6,752,880.10</u>	<u>5,280,035.42</u>	<u>1,472,844.68</u>
Local Sources:				
Student Activities	355,521.65	355,521.65	192,915.34	162,606.31
Scholarships	23,344.31	23,344.31	2,203.61	21,140.70
Other	12,698.00	12,698.00		12,698.00
Total Local Sources	<u>391,563.96</u>	<u>391,563.96</u>	<u>195,118.95</u>	<u>196,445.01</u>
Total Revenues	\$ 9,365,496.41	\$ 9,365,496.41	\$ 7,611,954.93	\$ 1,753,541.48

SOUTH RIVER BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<u>Expenditures</u>				
Instruction:				
Salaries of Teachers	\$ 1,365,800.44	\$ 1,365,800.44	\$ 1,046,110.70	\$ 319,689.74
Other Salaries for Instruction	250,000.00	250,000.00	250,000.00	-
Purchased Professional/Technical Services	738,963.12	738,963.12	499,844.65	239,118.47
Purchased Professional/Educational Services	5,500.00	5,500.00	4,767.15	732.85
Other Purchased Services	639,006.00	639,006.00	619,246.80	19,759.20
General Supplies	135,296.03	135,296.03	168,293.45	(32,997.42)
Textbooks	30,030.00	30,030.00	29,399.00	631.00
Other Objects	98,690.87	98,690.87	7,568.00	91,122.87
	<u>3,263,286.46</u>	<u>3,263,286.46</u>	<u>2,625,229.75</u>	<u>638,056.71</u>
Total Instruction				
Support Services:				
Salaries of Supervisor for Instruction (Directors)	573,534.39	573,534.39	385,720.22	187,814.17
Salaries of Other Professional Staff	59,760.00	59,760.00	56,079.75	3,680.25
Salaries of Secretarial and Clerical Assistants	45,815.04	45,815.04	45,815.04	-
Salaries of Coaches	71,675.00	71,675.00	71,675.00	-
Purchased Professional/Technical Services	397,713.73	397,713.73	212,876.73	184,837.00
Purchased Professional/Educational Services	64,935.97	64,935.97	48,461.59	16,474.38
Purchased Professional/Head Start	187,500.00	187,500.00	187,500.00	-
Other Purchased Professional Services	21,000.00	21,000.00	21,000.00	-
Purchased Property Services	237,977.00	237,977.00	152,592.00	85,385.00
Employee Benefits	849,391.67	849,391.67	471,045.59	378,346.08
Other Purchased Services	192,072.69	192,072.69	136,803.80	55,268.89
Supplies and Materials	23,796.80	23,796.80	18,960.81	4,835.99
Other Objects	378,865.96	378,865.96	207,309.03	171,556.93
	<u>3,104,038.25</u>	<u>3,104,038.25</u>	<u>2,015,839.56</u>	<u>1,088,198.69</u>
Total Support Services				
Total Expenditures				
	<u>6,367,324.71</u>	<u>6,367,324.71</u>	<u>4,641,069.31</u>	<u>1,726,255.40</u>
Facilities Acquisition and Construction Services				
Instructional Equipment	2,398.00	2,398.00		2,398.00
Noninstructional Equipment	2,995,773.70	2,995,773.70	2,983,075.70	12,698.00
	<u>2,998,171.70</u>	<u>2,998,171.70</u>	<u>2,983,075.70</u>	<u>15,096.00</u>
Total Facilities Acquisition and Construction Services				
Total Outflows				
	<u>\$ 9,365,496.41</u>	<u>\$ 9,365,496.41</u>	<u>\$ 7,624,145.01</u>	<u>\$ 1,741,351.40</u>
Excess (Deficiency) of Revenues Over/(Under)				
Expenditures			<u>\$ (12,190.08)</u>	<u>\$ 12,190.08</u>
Fund Balance July 1				
			<u>183,747.01</u>	
Fund Balance June 30				
			<u>\$ 171,556.93</u>	
Recapitulation:				
Restricted:				
Scholarships			\$ 19,907.99	
Student Activities			<u>151,648.94</u>	
Total Fund Balance				
			<u>\$ 171,556.93</u>	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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" from the budgetary comparison schedule	C-1 \$ 49,515,763.77	C-2 \$ 7,611,954.93
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30, 2022	None	None
June 30, 2023	None	(2,581,704.48)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,896,267.00	None
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	<u>(2,198,404.00)</u>	<u>None</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	B-2 \$ <u>49,213,626.77</u>	B-2 \$ <u>5,030,250.45</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	C-1 \$ 48,044,421.86	C-2 \$ 7,624,145.01
Difference - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
June 30, 2022	None	None
June 30, 2023	<u>None</u>	<u>(2,581,704.48)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	B-2 \$ <u>48,044,421.86</u>	B-2 \$ <u>5,042,440.53</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST TEN (10) FISCAL YEARS

<u>Year</u>	<u>District's proportion of the net pension liability (asset)</u>	<u>District's proportionate share of the net pension liability (asset)</u>	<u>District's covered-employee payroll</u>	<u>District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2023	0.0229930974%	\$ 3,469,975	\$ 2,633,008	132%	62.91%
2022	0.0214040242%	2,535,628	2,117,635	120%	70.33%
2021	0.0203424369%	3,317,319	1,547,595	214%	58.32%
2020	0.0203748219%	3,671,234	1,556,388	236%	56.27%
2019	0.0207625200%	4,088,037	1,464,424	279%	46.10%
2018	0.0223976169%	5,213,807	1,457,479	357%	48.10%
2017	0.0214386607%	6,349,516	1,459,577	435%	40.14%
2016	0.0230460420%	5,174,474	1,487,597	347%	47.92%
2015	0.0241030000%	4,512,839	1,457,609	309%	48.72%
2014	0.0256904111%	4,909,948	1,542,101	318%	52.08%

Notes to Required Supplementary Information:

Benefit Changes - There were none.

Changes of Assumptions - The discount rate remained unchanged from 7.00% as of June 30, 2021 to 7.00% as of June 30, 2022.

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST TEN (10) FISCAL YEARS

<u>Year</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered- employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2023	\$ 289,954	\$ 289,954	None	\$ 2,633,008	11.01%
2022	250,666	250,666	None	2,117,635	11.84%
2021	222,536	222,536	None	1,547,595	14.38%
2020	198,188	198,188	None	1,556,388	12.73%
2019	206,250	206,250	None	1,464,424	14.08%
2018	207,490	207,490	None	1,457,479	14.24%
2017	190,458	190,458	None	1,459,577	13.05%
2016	198,134	198,134	None	1,487,597	13.32%
2015	198,706	198,706	None	1,457,609	13.63%
2014	193,572	193,572	None	1,542,101	12.55%

Notes to Required Supplementary Information:

Benefit Changes - There were none.

Changes of Assumptions - The discount rate changed from 5.40% as of June 30, 2021 to 7.00% as of June 30, 2022.

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHERS PENSION AND ANNUITY FUND (TPAF)
LAST TEN (10) FISCAL YEARS

<u>Year</u>	State's Proportion of Net Pension Liability Attributable to the District	Proportionate Share of Net Pension Liability (Asset)			District's Covered-Employee Payroll	District's Proportionate Share of Net Pension Liability (asset) as Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as Percentage of Total Pension Liability
		<u>District</u>	<u>State</u>	<u>Total</u>			
2023	0.1450734698%	None	\$ 74,849,809	\$ 74,849,809	\$ 18,441,295	None	32.29%
2022	0.1368864674%	None	65,808,427	65,808,427	17,703,659	None	35.52%
2021	0.1279482654%	None	84,252,393	84,252,393	16,772,638	None	24.60%
2020	0.1311757516%	None	80,503,797	80,503,797	16,283,156	None	26.95%
2019	0.1275931009%	None	87,171,990	87,171,990	14,640,989	None	26.49%
2018	0.1302826775%	None	87,841,279	87,841,279	13,851,680	None	25.41%
2017	0.1272410992%	None	100,095,950	100,095,950	13,781,318	None	22.33%
2016	0.1243058644%	None	78,566,615	78,566,615	13,150,301	None	28.71%
2015	0.1211042219%	None	64,726,265	64,726,265	13,198,273	None	33.64%
2014	0.1234879961%	None	62,409,862	62,409,862	12,707,624	None	33.76%

Notes to Required Supplementary Information:

Benefit Changes - There were none.

Changes of Assumptions - The discount rate remained unchanged from 7.00% as of June 30, 2021 to 7.00% as of June 30, 2022

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY FOR PERS AND TPAF AND RELATED RATIOS
LAST SIX (6) FISCAL YEARS***

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 3,805,404	\$ 4,111,931	\$ 2,105,105	\$ 1,959,806	\$ 2,264,418	\$ 2,734,975
Interest cost	1,604,785	1,884,587	1,800,158	2,129,973	2,334,261	2,016,938
Changes of benefit term		(77,326)				
Changes of assumptions	(16,244,535)	71,674	14,786,514	745,584	(6,175,648)	(8,445,012)
Differences between expected and actual experience	279,532	(12,854,216)	13,617,900	(7,156,403)	(6,844,759)	
Benefit payments	(1,589,587)	(1,484,527)	(1,409,247)	(1,535,016)	(1,439,019)	(1,473,735)
Contributions from members	50,995	48,180	42,714	45,502	49,735	54,267
Net changes in total OPEB liability	(12,093,406)	(8,299,697)	30,943,144	(3,810,554)	(9,811,012)	(5,112,567)
Total OPEB liability - beginning	72,648,827	80,948,524	50,005,380	53,815,934	63,626,946	68,739,513
Total OPEB liability - ending	<u>\$ 60,555,421</u>	<u>\$ 72,648,827</u>	<u>\$ 80,948,524</u>	<u>\$ 50,005,380</u>	<u>\$ 53,815,934</u>	<u>\$ 63,626,946</u>
Covered-employee payroll (PERS and TPAF)	<u>\$ 21,074,303</u>	<u>\$ 19,821,294</u>	<u>\$ 18,320,233</u>	<u>\$ 17,839,544</u>	<u>\$ 16,105,413</u>	<u>\$ 15,309,159</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>

Note: Only last six (6) years of information is presented as GASB 75 was implemented during fiscal year ended June 30, 2018. Eventually a full ten (10) years schedule will be compiled.

Notes to Required Supplementary Information:

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.5% long-term trend rate after eight (8) years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to 4.5% long-term trend rate after eight (8) years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Economic Assumptions - The discount rate utilized as of June 30, 2020, June 30, 2021, and June 30, 2022 was 2.21%, 2.16%, and 3.54%.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Total Brought Forward (Exh. E-1a)	I.D.E.A. Part B		ARP I.D.E.A.		Title I	Title I SIA	Title II	Title III		Title IV	Totals 2023
		Regular Program	Preschool	Regular Program	Preschool				Part A	Title III		
REVENUES:												
State sources	\$ 2,136,800.56											
Federal sources	4,107,526.07	\$ 633,824.00	\$ 12,369.26	\$ 43,726.77	\$ 5,356.36	\$ 283,651.98	\$ 24,490.16	\$ 59,901.48	\$ 56,219.88	\$ 7,175.95	\$ 45,793.51	\$ 2,136,800.56
Local sources	195,118.95											5,280,035.42
Total revenues	\$ 6,439,445.58	\$ 633,824.00	\$ 12,369.26	\$ 43,726.77	\$ 5,356.36	\$ 283,651.98	\$ 24,490.16	\$ 59,901.48	\$ 56,219.88	\$ 7,175.95	\$ 45,793.51	\$ 7,611,954.93
EXPENDITURES:												
Instruction:												
Salaries of teachers	\$ 758,060.40					\$ 268,850.00			\$ 1,085.00		\$ 18,115.30	\$ 1,046,110.70
Other salaries of aides	250,000.00											250,000.00
Purchased professional/technical services	464,278.63						\$ 21,641.58		2,145.44		11,779.00	499,844.65
Purchased professional/educational services	4,767.15											4,767.15
Other purchased services	3,640.80	\$ 614,906.00									700.00	619,246.80
Supplies and materials	129,290.71		\$ 7,152.00	\$ 9,513.77		5,024.69	1,348.58		9,785.33		6,178.37	168,293.45
Textbooks	29,399.00											29,399.00
Other objects	3,573.00								3,675.00		320.00	7,568.00
Total instruction	1,643,009.69	614,906.00	7,152.00	9,513.77		273,874.69	22,990.16		16,690.77		37,092.67	2,625,229.75
Support services:												
Salaries of supervisors	344,454.55							\$ 16,657.89	21,918.28	\$ 2,689.50		385,720.22
Salaries of other professional services	56,079.75											56,079.75
Salaries of secretarial and clerical assistants	45,815.04											45,815.04
Salaries of masters	71,675.00											71,675.00
Personal services-employee benefits	465,799.16					3,180.57			364.17	315.85	1,385.84	471,045.59
Purchased professional/technical services	158,408.00	11,418.00		34,213.00	\$ 4,727.73	1,700.00	1,500.00		910.00			212,876.73
Purchased professional/educational services	3,750.00	7,500.00										48,461.59
Purchased professional/head start	187,500.00							37,211.59				187,500.00
Other purchased professional services	21,000.00											21,000.00
Purchased property services	152,592.00											152,592.00
Other purchased services	104,521.80					3,730.00			15,205.00		7,315.00	136,803.80
Supplies and materials	6,645.94		5,217.26		628.63	1,166.72		6,032.00	1,131.66	4,170.60		18,960.81
Other objects	207,309.03											207,309.03
Total support services	1,825,550.27	18,918.00	5,217.26	34,213.00	5,356.36	9,777.29	1,500.00	59,901.48	39,529.11	7,175.95	8,700.84	2,015,839.56
Facilities acquisition and construction services:												
Instructional equipment												
Noninstructional equipment	2,983,075.70											2,983,075.70
Total facilities acquisition and construction services	2,983,075.70											2,983,075.70
Total expenditures	\$ 6,451,635.66	\$ 633,824.00	\$ 12,369.26	\$ 43,726.77	\$ 5,356.36	\$ 283,651.98	\$ 24,490.16	\$ 59,901.48	\$ 56,219.88	\$ 7,175.95	\$ 45,793.51	\$ 7,624,145.01
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(12,190.08)											(12,190.08)
Fund Balance, July 1	183,747.01											183,747.01
Fund Balance, June 30	\$ 171,556.93											\$ 171,556.93

BOARD OF EDUCATION
 BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
 SPECIAL REVENUE FUND - BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Total Brought Forward (Exh. E-1b)	ARP							CRRSA			Totals Carried Forward 2023	
		Cares Relief	Mental Health	Homeless	Comprehensive	Summer	Learning Acceleration	ESSER	ESSER II	Learning Acceleration	Mental Health		
REVENUES:													
State sources	\$ 2,136,800.56												\$ 2,136,800.56
Federal sources	38,839.00	\$ 57,292.31	\$ 128,242.00	\$ 4,974.80	\$ 28,382.85	\$ 9,556.14	\$ 87,499.96	\$ 3,281,034.15	\$ 400,483.41	\$ 35,185.45	\$ 36,036.00		4,107,526.07
Local sources	195,118.95												195,118.95
Total revenues	\$ 2,370,758.51	\$ 57,292.31	\$ 128,242.00	\$ 4,974.80	\$ 28,382.85	\$ 9,556.14	\$ 87,499.96	\$ 3,281,034.15	\$ 400,483.41	\$ 35,185.45	\$ 36,036.00		\$ 6,439,445.58
EXPENDITURES:													
Instruction:													
Salaries of teachers	\$ 627,470.00				\$ 4,805.00			\$ 121,700.00		\$ 4,085.40			\$ 758,060.40
Other salaries of aides	250,000.00												250,000.00
Purchased professional/technical services	151,834.00				780.00	\$ 195.00		135,250.32	\$ 134,882.11	29,920.20	\$ 11,417.00		464,278.63
Purchased professional/educational services	4,767.15												4,767.15
Other purchased services								3,640.80					3,640.80
Supplies and materials	24,199.73	\$ 5,290.31			1,485.00	9,361.14		2,567.81	85,206.87	1,179.85			129,290.71
Textbooks	29,399.00												29,399.00
Other objects					3,573.00								3,573.00
Total instruction	1,087,669.88	5,290.31			10,643.00	9,556.14		263,158.93	220,088.98	35,185.45	11,417.00		1,643,009.69
Support services:													
Salaries of supervisors							\$ 67,694.96	222,357.38	54,402.21				344,454.55
Salaries of other professional services	56,079.75												56,079.75
Salaries of secretarial and clerical assistants	45,815.04												45,815.04
Salaries of masters	71,675.00												71,675.00
Personal services-employee benefits	408,841.25				551.40		4,452.00	7,947.84	44,006.67				465,799.16
Purchased professional/technical services	1,867.00		\$ 128,242.00				11,250.00	625.00					158,408.00
Purchased professional/educational services	3,750.00												3,750.00
Purchased professional/head start	187,500.00												187,500.00
Other purchased professional services	21,000.00												21,000.00
Purchased property services	54,090.00	52,002.00						33,000.00	13,500.00				152,592.00
Other purchased services	300.00			\$ 4,974.80	17,188.45		4,103.00	1,275.00	68,485.55		8,195.00		104,521.80
Supplies and materials	6,645.94												6,645.94
Other objects	207,309.03												207,309.03
Total support services	1,064,873.01	52,002.00	128,242.00	4,974.80	17,739.85		87,499.96	265,205.22	180,394.43		24,619.00		1,825,550.27
Facilities acquisition and construction services:													
Instructional equipment													
Noninstructional equipment	230,405.70							2,752,670.00					2,983,075.70
Total facilities acquisition and construction services	230,405.70							2,752,670.00					2,983,075.70
Total expenditures	\$ 2,382,948.59	\$ 57,292.31	\$ 128,242.00	\$ 4,974.80	\$ 28,382.85	9,556.14	\$ 87,499.96	\$ 3,281,034.15	\$ 400,483.41	\$ 35,185.45	\$ 36,036.00		\$ 6,451,635.66
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(12,190.08)												(12,190.08)
Fund Balance, July 1	183,747.01												183,747.01
Fund Balance, June 30	\$ 171,556.93												\$ 171,556.93

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Total Brought Forward (Exh. E-1c)	Adult Basic Education	New Jersey Chapter 226	SDA Emergent	Climate Awareness	Nonpublic Security Grant	Nonpublic Technology	Nonpublic Textbooks	New Jersey Chapter 192 Auxiliary			Totals Carried Forward 2023
			Nonpublic Nursing Services						Nonpublic Comp. Education	Nonpublic E.S.L.	Nonpublic Transp.	
REVENUES:												
State sources	\$ 1,868,909.76		\$ 40,839.00	\$ 58,479.00	\$ 6,647.80	\$ 54,090.00	\$ 12,137.00	\$ 29,399.00	\$ 53,719.00	\$ 10,824.00	\$ 1,756.00	\$ 2,136,800.56
Federal sources		\$ 38,839.00										38,839.00
Local sources	195,118.95											195,118.95
Total revenues	\$ 2,064,028.71	\$ 38,839.00	\$ 40,839.00	\$ 58,479.00	\$ 6,647.80	\$ 54,090.00	\$ 12,137.00	\$ 29,399.00	\$ 53,719.00	\$ 10,824.00	\$ 1,756.00	\$ 2,370,758.51
EXPENDITURES:												
Instruction:												
Salaries of teachers	\$ 607,340.00	\$ 20,130.00										\$ 627,470.00
Other salaries of aides	250,000.00											250,000.00
Purchased professional/technical services	31,503.00	1,056.00	\$ 40,839.00				\$ 12,137.00		\$ 53,719.00	\$ 10,824.00	\$ 1,756.00	151,834.00
Purchased professional/educational services	4,767.15											4,767.15
Other purchased services												
Supplies and materials	18,333.93	1,085.00			\$ 4,780.80							24,199.73
Textbooks								\$ 29,399.00				29,399.00
Other objects												
Total instruction	911,944.08	22,271.00	40,839.00		4,780.80		12,137.00	29,399.00	53,719.00	10,824.00	1,756.00	1,087,669.88
Support services:												
Salaries of supervisors												56,079.75
Salaries of other professional services	46,587.75	9,492.00										45,815.04
Salaries of secretarial and clerical assistants	41,615.04	4,200.00										41,615.04
Salaries of masters	71,675.00											71,675.00
Personal services-employee benefits	406,265.25	2,576.00										408,841.25
Purchased professional/technical services					1,867.00							1,867.00
Purchased professional/educational services	3,750.00											3,750.00
Purchased professional/head start	187,500.00											187,500.00
Other purchased professional services	21,000.00											21,000.00
Purchased property services						\$ 54,090.00						54,090.00
Other purchased services		300.00										300.00
Supplies and materials	6,645.94											6,645.94
Other objects	207,309.03											207,309.03
Total support services	992,348.01	16,568.00			1,867.00	54,090.00						1,064,873.01
Facilities acquisition and construction services:												
Instructional equipment												
Noninstructional equipment	171,926.70			\$ 58,479.00								230,405.70
Total facilities acquisition and construction services	171,926.70			58,479.00								230,405.70
Total expenditures	\$ 2,076,218.79	\$ 38,839.00	\$ 40,839.00	\$ 58,479.00	\$ 6,647.80	\$ 54,090.00	\$ 12,137.00	\$ 29,399.00	\$ 53,719.00	\$ 10,824.00	\$ 1,756.00	\$ 2,382,948.59
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(12,190.08)											(12,190.08)
Fund Balance, July 1	183,747.01											183,747.01
Fund Balance, June 30	\$ 171,556.93											\$ 171,556.93

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	New Jersey				Preschool Education	Local				Totals Carried Forward 2023
	Chapter 193 Handicapped			Nonpublic Home Instruction		Student Activity Fund				
	Nonpublic Exam. and Class.	Nonpublic Supplemental Instruction	Nonpublic Corrective Speech			Scholarship Fund	Middle School	High School	Athletics	
REVENUES:										
State sources	\$ 17,054.00	\$ 3,716.00	\$ 9,021.00	\$ 1,712.00	\$ 1,837,406.76					\$ 1,868,909.76
Federal sources										
Local sources						\$ 2,203.61	\$ 52,958.82	\$ 139,956.52		195,118.95
Total revenues	\$ 17,054.00	\$ 3,716.00	\$ 9,021.00	\$ 1,712.00	\$ 1,837,406.76	\$ 2,203.61	\$ 52,958.82	\$ 139,956.52		\$ 2,064,028.71
EXPENDITURES:										
Instruction:										
Salaries of teachers					\$ 607,340.00					\$ 607,340.00
Other salaries of aides					250,000.00					250,000.00
Purchased professional/technical services	\$ 17,054.00	\$ 3,716.00	\$ 9,021.00	\$ 1,712.00						31,503.00
Purchased professional/educational services					4,767.15					4,767.15
Other purchased services										
Supplies and materials					18,333.93					18,333.93
Textbooks										
Other objects										
Total instruction	17,054.00	3,716.00	9,021.00	1,712.00	880,441.08					911,944.08
Support services:										
Salaries of supervisors										
Salaries of other professional services					46,587.75					46,587.75
Salaries of secretarial and clerical assistants					41,615.04					41,615.04
Salaries of masters					71,675.00					71,675.00
Personal services-employee benefits					406,265.25					406,265.25
Purchased professional/technical services										
Purchased professional/educational services					3,750.00					3,750.00
Purchased professional/head start					187,500.00					187,500.00
Other purchased professional services					21,000.00					21,000.00
Purchased property services										
Other purchased services										
Supplies and materials					6,645.94					6,645.94
Other objects						\$ 3,436.32	\$ 51,821.34	\$ 152,051.37		207,309.03
Total support services					785,038.98	3,436.32	51,821.34	152,051.37		992,348.01
Facilities acquisition and construction services:										
Instructional equipment										
Noninstructional equipment					171,926.70					171,926.70
Total facilities acquisition and construction services					171,926.70					171,926.70
Total expenditures	\$ 17,054.00	\$ 3,716.00	\$ 9,021.00	\$ 1,712.00	\$ 1,837,406.76	\$ 3,436.32	\$ 51,821.34	\$ 152,051.37		\$ 2,076,218.79
Excess/(Deficit) of Revenues										
Over/(Under) Expenditures						(1,232.71)	1,137.48	(12,094.85)		(12,190.08)
Fund Balance, July 1						21,140.70	30,242.64	131,581.17	\$ 782.50	183,747.01
Fund Balance, June 30						\$ 19,907.99	\$ 31,360.12	\$ 119,486.32	\$ 782.50	\$ 171,556.93

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
PRESCHOOL - ALL PROGRAMS
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
State sources	\$ 1,850,371.32	\$ 1,850,371.35	\$ 1,837,406.76	\$ 12,964.59
Total revenues	<u>\$ 1,850,371.32</u>	<u>\$ 1,850,371.35</u>	<u>\$ 1,837,406.76</u>	<u>\$ 12,964.59</u>
EXPENDITURES:				
Instruction:				
Salaries of teachers	\$ 582,575.00	\$ 607,340.00	\$ 607,340.00	-
Other salaries for instructors	250,000.00	250,000.00	250,000.00	-
Purchased professional/educational services	1,000.00	5,500.00	4,767.15	\$ 732.85
General supplies	19,264.62	19,264.62	18,333.93	930.69
Total instruction	<u>\$ 852,839.62</u>	<u>\$ 882,104.62</u>	<u>\$ 880,441.08</u>	<u>\$ 1,663.54</u>
Support services:				
Salaries of other professional staff	\$ 50,268.00	\$ 50,268.00	\$ 46,587.75	\$ 3,680.25
Salaries of Secretarial and Clerical Assistants	40,195.00	41,615.04	41,615.04	-
Salaries of master teacher	66,135.00	71,675.00	71,675.00	-
Personal services - employee benefits	410,677.00	410,677.00	406,265.25	4,411.75
Purchased professional/educational services	4,830.00	4,830.00	3,750.00	1,080.00
Purchased professional/head start	187,500.00	187,500.00	187,500.00	-
Other purchased professional services	21,000.00	21,000.00	21,000.00	-
Supplies and materials	45,000.00	8,774.99	6,645.94	2,129.05
Total support services	<u>\$ 825,605.00</u>	<u>\$ 796,340.03</u>	<u>\$ 785,038.98</u>	<u>\$ 11,301.05</u>
Facilities acquisition and construction services:				
Noninstructional equipment	\$ 171,926.70	\$ 171,926.70	\$ 171,926.70	-
Total facilities acquisition and construction services	<u>\$ 171,926.70</u>	<u>\$ 171,926.70</u>	<u>\$ 171,926.70</u>	<u>-</u>
Total expenditures	<u>\$ 1,850,371.32</u>	<u>\$ 1,850,371.35</u>	<u>\$ 1,837,406.76</u>	<u>\$ 12,964.59</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2022-2023 PreK Aid Allocation	\$ 1,659,180.00
Add: Actual PreK Aid Carryover June 30, 2022	191,191.32
Add: Prior Year Accounts Payable Cancelled	<u>11.33</u>
Total Funds Available for 2022-2023 Budget	\$ 1,850,382.65
Less: 2022-2023 Budgeted PreK (Including prior year budgeted carryover)	<u>\$ 1,837,406.76</u>
Available & Unbudgeted Funds as of June 30, 2023	<u>\$ 12,975.89</u>

NONCURRENT DEBT

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
NONCURRENT DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2023**

<u>Issue</u>	<u>Original</u>		<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2022</u>	<u>Retired</u>	<u>Balance June 30, 2023</u>
	<u>Date of Original Issue</u>	<u>Amount of Issue</u>	<u>Date</u>	<u>Amount</u>				
Series 2012 Refunding Bonds	6/1/2012	\$ 3,845,000.00	6/1/2023	\$ 445,000.00	4.00%	\$ 445,000.00	\$ 445,000.00	
School Bonds Series 2015 (Various Improvements)	5/6/2015	\$ 2,453,000.00	6/1/2024	\$ 428,000.00	2.25%	1,103,000.00	225,000.00	\$ 878,000.00
			6/1/2025	450,000.00	2.50%			
Refunding School Bonds - Series 2020	6/1/2021	\$ 3,425,000.00	6/1/2024	\$ 515,000.00	4.00%	<u>2,400,000.00</u>	<u>515,000.00</u>	<u>1,885,000.00</u>
			6/1/2025	515,000.00	4.00%			
			6/1/2026	515,000.00	4.00%			
			6/1/2027	340,000.00	4.00%			
Total						\$ <u>3,948,000.00</u>	\$ <u>1,185,000.00</u>	\$ <u>2,763,000.00</u>

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:				
Local Sources:				
Local Tax Levy	\$ <u>1,315,280.00</u>	\$ <u>1,315,280.00</u>	\$ <u>1,302,972.00</u>	\$ <u>(12,308.00)</u>
Total - Local Sources	<u>1,315,280.00</u>	<u>1,315,280.00</u>	<u>1,302,972.00</u>	<u>(12,308.00)</u>
 Total Revenues	 \$ <u>1,315,280.00</u>	 \$ <u>1,315,280.00</u>	 \$ <u>1,302,972.00</u>	 \$ <u>(12,308.00)</u>
EXPENDITURES:				
Regular Debt Service:				
Interest on Bonds	\$ 130,280.00	\$ 139,180.00	\$ 139,180.00	
Redemption of Principal	<u>1,185,000.00</u>	<u>1,185,000.00</u>	<u>1,185,000.00</u>	
Total Regular Debt Service	<u>1,315,280.00</u>	<u>1,324,180.00</u>	<u>1,324,180.00</u>	
Total Expenditures	\$ <u>1,315,280.00</u>	\$ <u>1,324,180.00</u>	\$ <u>1,324,180.00</u>	
Other Financing Sources:				
Transfer from General Fund			\$ <u>8,900.00</u>	\$ <u>8,900.00</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures		\$ (8,900.00)	\$ (12,308.00)	\$ (3,408.00)
Fund Balance, July 1	\$ <u>12,308.17</u>	\$ <u>12,308.17</u>	\$ <u>12,308.17</u>	
Fund Balance, June 30	<u>\$ 12,308.17</u>	<u>\$ 3,408.17</u>	<u>\$ 0.17</u>	<u>\$ (3,408.00)</u>

STATISTICAL TABLES (SECTION)
(UNAUDITED)

SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
INTRODUCTION TO STATISTICAL TABLES (SECTION)
(UNAUDITED)

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

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

FINANCIAL TRENDS

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
NET POSITION BY COMPONENT
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Invested in capital assets, net of related debt	\$ 25,708,837	\$ 23,918,290	\$ 26,943,881	\$ 28,643,432	\$ 29,027,869	\$ 28,904,507	\$ 28,532,988	\$ 28,539,291	\$ 29,365,153	\$ 30,718,889
Restricted	146,522	5,111,611	2,466,373	470,477	341,130	591,728	623,577	1,303,609	454,228	9,013,287
Unrestricted	363,857	(6,367,573)	(3,668,297)	(3,800,159)	(3,553,741)	(3,154,601)	(2,062,655)	(689,322)	2,675,441	(3,896,982)
Total governmental activities net position	\$ 26,219,216	\$ 22,662,328	\$ 25,741,957	\$ 25,313,750	\$ 25,815,258	\$ 26,341,633	\$ 27,093,909	\$ 29,153,578	\$ 32,494,822	\$ 35,835,194
Business-type activities										
Invested in capital assets, net of related debt	\$ 81,156	\$ 127,822	\$ 190,893	\$ 242,156	\$ 291,583	\$ 330,561	\$ 320,003	\$ 311,053	\$ 359,632	\$ 496,054
Restricted									54,235	
Unrestricted	159,277	170,039	170,343	162,453	178,401	304,005	463,526	476,330	689,879	771,934
Total business-type activities net position	\$ 240,433	\$ 297,861	\$ 361,236	\$ 404,609	\$ 469,984	\$ 634,566	\$ 783,529	\$ 787,383	\$ 1,103,746	\$ 1,267,988
District-wide										
Invested in capital assets	\$ 25,789,993	\$ 24,046,112	\$ 27,134,725	\$ 28,885,588	\$ 29,319,452	\$ 29,235,067	\$ 28,852,990	\$ 28,850,344	\$ 29,994,785	\$ 31,214,944
Restricted	146,522	5,111,611	2,466,373	470,477	341,130	591,728	623,577	1,303,609	508,463	9,013,287
Unrestricted (Deficit)	523,134	(6,197,534)	(3,497,193)	(3,637,706)	(3,375,340)	(2,850,596)	(1,599,129)	(212,992)	3,365,320	(3,125,048)
Total district net position	\$ 26,459,649	\$ 22,960,189	\$ 26,103,905	\$ 25,718,359	\$ 26,285,242	\$ 26,976,199	\$ 27,877,438	\$ 29,940,961	\$ 33,868,568	\$ 37,103,182

Source: ACFR Exhibit A-1.

Note: In 2015, the effective date of GASB No. 68 related to pension liabilities (TPAF & PERS), an adjustment was made for the provision of the net pension liability for PERS. Amounts from years prior to 2015 are not available.

In 2018, the effective date of GASB No. 75 related to post-employment benefits (health benefits), an adjustment was made for the provision of the liability - amounts for years prior to 2017 are not available.

In 2021, GASB No.84 related to fiduciary accounting was implemented.

In 2022, GASB No. 87 related to lease agreements was implemented.

In 2023, GASB No. 96 related to subscription-based information technology agreements was implemented.

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CHANGE IN NET POSITION
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

Expenses	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Instruction										
Regular	\$ 12,241,777	\$ 13,420,550	\$ 14,068,135	\$ 16,940,567	\$ 13,704,037	\$ 13,330,211	\$ 12,829,743	\$ 14,868,402	\$ 14,245,503	\$ 15,084,162
Special education	3,769,556	4,455,953	5,051,427	5,815,225	7,523,082	7,801,707	8,405,073	10,137,954	9,694,247	8,992,584
Other special education	464,961	532,647	748,801	874,350	821,318	1,339,957	1,156,134	1,402,755	1,475,144	1,658,279
Other instruction	821,453	921,934	998,756	1,150,549	1,086,788	975,102	938,622	1,052,064	1,058,871	1,184,939
Support Services:										
Tuition	1,459,294	1,390,316	1,456,789	1,579,407	1,754,246	1,232,033	1,131,987	666,949	485,661	246,269
Student & instruction related services	3,844,589	4,536,243	4,761,164	5,870,139	5,690,662	5,668,676	3,308,818	3,074,035	3,929,614	3,332,408
School Administrative services	1,707,108	1,963,236	2,081,738	2,537,395	2,415,281	2,318,410	4,346,642	4,675,804	4,754,524	4,856,742
General administration	1,429,557	1,620,069	1,656,649	2,084,059	1,820,535	1,810,477	2,994,220	3,305,110	3,755,909	4,306,287
Plant operations and maintenance	3,788,275	4,482,944	4,799,132	6,212,261	5,380,033	5,269,669	4,736,117	6,283,963	5,948,497	5,974,880
Pupil transportation	1,887,978	2,017,717	1,994,186	2,473,038	2,548,180	2,227,863	2,285,841	1,843,716	2,608,281	2,829,470
Charter schools	160,833	198,091	199,526	248,461	295,331	401,161	389,786	353,001	376,414	429,388
Interest on long-term debt	513,367	447,051	417,363	367,736	336,144	301,809	234,905	249,761	216,202	177,015
Total governmental activities expenses	\$ 32,088,748	\$ 35,986,751	\$ 38,233,666	\$ 46,153,188	\$ 43,375,637	\$ 42,677,074	\$ 42,757,886	\$ 47,913,514	\$ 48,548,867	\$ 49,072,423
Business-type activities:										
Food service	\$ 874,188	\$ 885,215	\$ 910,714	\$ 996,555	\$ 1,029,696	\$ 1,118,337	\$ 982,138	\$ 907,312	\$ 1,474,382	\$ 1,261,165
Total business-type activities expense	\$ 874,188	\$ 885,215	\$ 910,714	\$ 996,555	\$ 1,029,696	\$ 1,118,337	\$ 982,138	\$ 907,312	\$ 1,474,382	\$ 1,261,165
Total district expenses	\$ 32,962,936	\$ 36,871,966	\$ 39,144,380	\$ 47,149,743	\$ 44,405,333	\$ 43,795,411	\$ 43,740,025	\$ 48,820,825	\$ 50,023,249	\$ 50,333,588
Program Revenues										
Governmental activities:										
Operating grants and contributions	\$ 1,936,324	\$ 1,867,726	\$ 1,750,606	\$ 1,408,526	\$ 1,571,417	\$ 2,310,784	\$ 2,879,200	\$ 4,119,832	\$ 5,493,736	\$ 4,266,680
Total governmental activities program revenues	1,936,324	1,867,726	1,750,606	1,408,526	1,571,417	2,310,784	2,879,200	4,119,832	5,493,736	4,266,680
Business-type activities:										
Charges for services										
Food service	\$ 381,611	\$ 378,447	\$ 377,545	\$ 377,711	\$ 375,788	\$ 496,171	\$ 295,137	\$ 10,609	\$ 37,834	\$ 322,178
Operating grants and contributions	504,874	566,508	596,543	662,217	719,284	786,748	835,965	843,763	1,798,167	1,103,229
Total business type activities program revenues	886,485	944,955	974,088	1,039,928	1,095,072	1,282,919	1,131,101	854,372	1,836,001	1,425,407
Total district program revenues	\$ 2,822,809	\$ 2,812,681	\$ 2,724,694	\$ 2,448,454	\$ 2,666,489	\$ 3,593,703	\$ 4,010,302	\$ 4,974,204	\$ 7,329,737	\$ 5,692,087
Net (Expense)/Revenue										
Governmental activities	\$ (30,152,424)	\$ (34,119,025)	\$ (36,483,060)	\$ (44,744,662)	\$ (41,804,221)	\$ (40,366,289)	\$ (39,878,686)	\$ (43,793,682)	\$ (43,055,131)	\$ (44,805,743)
Business-type activities	12,297	59,740	63,374	43,373	65,376	164,582	148,963	(52,939)	361,619	164,242
Total district-wide net expense	\$ (30,140,127)	\$ (34,059,285)	\$ (36,419,686)	\$ (44,701,289)	\$ (41,738,845)	\$ (40,201,708)	\$ (39,729,723)	\$ (43,846,622)	\$ (42,693,512)	\$ (44,641,501)

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CHANGE IN NET POSITION
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 13,394,657	\$ 14,015,039	\$ 14,474,933	\$ 14,977,299	\$ 15,276,846	\$ 16,005,333	\$ 16,325,440	\$ 16,820,436	\$ 16,820,436	\$ 17,472,046
Taxes levied for debt service	1,978,530	1,956,510	1,941,922	1,467,020	1,448,003	1,456,869	1,439,930	1,326,135	1,346,280	1,324,180
Unrestricted grants and contributions	15,494,146	16,988,442	20,283,606	27,372,018	24,721,541	22,598,361	22,638,657	26,682,045	27,361,757	29,011,274
Restricted grants	191,453	2,345,614	2,359,714	296,693						
Tuition Received	60,266	37,155	40,411	48,525	46,680	28,722				
Miscellaneous income	164,350	326,392	364,650	147,823	825,208	495,632	429,879	686,372	846,653	338,113
Write off of fixed assets	(183,283)									
Special and extraordinary revenue		42,447	97,208	7,078	(12,550)	307,749	(162,944)	(17,250)	26,670	502
Total governmental activities	\$ 31,100,119	\$ 35,711,599	\$ 39,562,444	\$ 44,316,455	\$ 42,305,728	\$ 40,892,665	\$ 40,670,962	\$ 45,497,738	\$ 46,401,796	\$ 48,146,115
Business-type activities:										
Special and extraordinary revenue		\$ (2,311)						\$ 56,794	\$ (45,256)	
Total business-type activities	\$ -	\$ (2,311)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,794	\$ (45,256)	\$ -
Total district-wide	\$ 31,100,119	\$ 35,709,288	\$ 39,562,444	\$ 44,316,455	\$ 42,305,728	\$ 40,892,665	\$ 40,670,962	\$ 45,554,532	\$ 46,356,540	\$ 48,146,115
Change in Net Position										
Governmental activities	\$ 947,695	\$ 1,592,574	\$ 3,079,384	\$ (428,207)	\$ 501,507	\$ 526,376	\$ 792,276	\$ 1,704,055	\$ 3,346,665	\$ 3,340,372
Business-type activities	12,297	57,429	63,374	43,373	65,376	164,582	148,963	3,855	316,363	164,242
Total district	\$ 959,992	\$ 1,650,003	\$ 3,142,758	\$ (384,834)	\$ 566,883	\$ 690,957	\$ 941,238	\$ 1,707,910	\$ 3,663,028	\$ 3,504,614

Source: ACFR Exhibit A-2.

Note: In 2015 the effective date of GASB No. 68 related to pension liabilities (TPAF & PERS), an adjustment was made for the provision of the net pension liability for PERS. Amounts from years prior to 2015 are not available.

In 2018, the effective date of GASB No. 75 related to post-employment benefits (health benefits) an adjustment was made for the provision of the liability - amounts for years prior to 2017 are not available.

In 2021 GASB No.84 related to fiduciary accounting was implemented.

In 2022, GASB No. 87 related to lease agreements was implemented.

In 2023, GASB No. 96 related to subscription-based information technology agreements was implemented.

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Reserved										
Unreserved										
Restricted	\$ 1,153,048	\$ 1,662,184	\$ 1,843,197	\$ 859,588	\$ 1,163,684	\$ 2,412,292	\$ 3,028,827	\$ 5,015,079	\$ 6,922,032	\$ 8,349,753
Assigned		16,298	16,298	829,930	1,309,537	559,585	783,595	8,516	30,916	515,970
Maintenance					80,000	130,000	186,000	372,957	528,050	500,000
Unassigned								194,837		
Total general fund	\$ 1,153,048	\$ 1,678,482	\$ 1,859,495	\$ 1,689,518	\$ 2,553,222	\$ 3,101,877	\$ 3,998,422	\$ 5,591,388	\$ 7,480,998	\$ 9,365,723
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue fund							(16,928)			
Restricted:										
Special revenue fund								178,889	183,747	171,557
Capital projects fund	138,929	5,041,134	2,609,203	229,946	2,893	2,389	3,289	3,289		
Debt service fund	7,639	71,329	70,963	38,378	1	270	41,445	9,019	12,308	
Total all other governmental funds	\$ 146,568	\$ 5,112,463	\$ 2,680,166	\$ 268,324	\$ 2,894	\$ 2,659	\$ 27,805	\$ 191,197	\$ 196,055	\$ 171,557

Source: ACFR Exhibit B-1.

Note: In 2015 the effective date of GASB No. 68 related to pension liabilities (TPAF & PERS), an adjustment was made for the provision of the net pension liability for PERS. Amounts from years prior to 2015 are not available.

In 2018, the effective date of GASB No. 75 related to post-employment benefits (health benefits), an adjustment was made for the provision of the liability - amounts for years prior to 2017 are not available.

In 2021 GASB No.84 related to fiduciary accounting was implemented.

In 2022, GASB No. 87 related to lease agreements was implemented.

In 2023, GASB No. 96 related to subscription-based information technology agreements was implemented.

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax levy	\$15,373,187	\$15,971,549	\$16,416,855	\$16,444,319	\$16,724,849	\$17,462,202	\$17,765,370	\$18,146,571	\$18,166,716	\$18,796,226
Tuition	60,266	37,155	40,411	48,525	46,680	28,722				
Interest earnings	386	756	2,105	405						
Miscellaneous	163,964	325,636	369,058	154,818	805,710	500,782	429,879	770,760	1,020,985	545,422
State sources	15,920,661	16,407,002	16,756,987	17,131,612	17,989,644	20,085,657	21,928,112	24,329,383	29,978,926	33,106,663
Federal sources	1,509,809	1,631,621	1,492,254	1,600,904	1,529,034	1,614,646	1,547,914	2,481,348	3,980,768	3,098,538
Total revenue	33,028,273	34,373,719	35,077,670	35,380,583	37,095,917	39,692,009	41,671,275	45,728,061	53,147,395	55,546,849
Expenditures										
Instruction										
Regular instruction	9,374,943	9,250,349	9,224,780	9,270,752	8,037,924	8,554,697	8,508,694	8,926,499	9,197,934	10,102,586
Special education instruction	2,728,685	2,886,019	3,109,241	3,105,054	4,382,554	4,972,376	5,574,250	6,719,946	7,060,660	6,723,356
Other special instruction	336,579	344,984	460,900	466,861	478,457	854,014	766,749	842,168	952,460	1,110,629
Other instruction	594,624	597,115	614,752	614,339	633,106	621,476	622,495	631,625	683,684	793,610
Support Services:										
Tuition	1,459,294	1,390,316	1,456,789	1,579,407	1,754,246	1,232,033	1,131,987	666,949	485,661	246,269
Student & inst. related services	2,978,436	3,093,400	3,098,710	3,173,212	3,416,994	3,832,077	2,194,410	2,063,166	3,034,858	2,851,879
General administration	1,046,271	1,049,282	1,019,696	1,112,788	1,060,548	1,153,898	1,985,768	1,984,279	2,425,088	2,907,568
School administrative services	1,249,407	1,271,543	1,281,346	1,354,848	1,407,017	1,477,627	2,882,696	2,807,199	3,069,867	3,252,793
Plant operations and maintenance	2,772,582	2,903,500	2,953,949	3,317,052	3,134,126	3,358,596	3,140,996	3,772,685	3,956,608	4,127,172
Pupil transportation	1,381,783	1,306,829	1,227,456	1,320,485	1,484,436	1,419,917	1,515,971	1,106,907	1,684,097	1,895,032
Employee benefits	6,412,842	7,020,944	7,822,593	8,331,678	8,431,897	9,644,051	10,174,283	12,444,205	15,527,658	16,042,660
Charter schools	160,833	198,091	199,526	248,461	295,331	401,161	389,786	353,001	376,414	429,388
Capital outlay	756,417	598,934	2,569,031	2,567,859	482,138	208,710	418,868	649,857	1,451,658	2,603,920
Debt service:										
Principal	1,890,000	1,915,000	1,884,000	1,145,000	1,160,000	1,160,000	1,180,000	1,145,000	1,165,000	1,185,000
Interest	508,425	431,625	406,186	354,605	326,380	296,600	218,755	222,580	181,280	139,180
Total expenditures	33,651,121	34,257,931	37,328,955	37,962,402	36,485,155	39,187,231	40,705,707	44,336,066	51,252,927	54,411,042
Excess (Deficiency) of revenues over (under) expenditures	(622,848)	115,788	(2,251,285)	(2,581,819)	610,762	504,777	965,568	1,391,996	1,894,468	1,135,807

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Other Financing sources (uses)										
Proceeds from borrowing										
Capital leases (non-budgeted)		\$ 220,000								\$ 277,131
Subscriptions (non-budgeted)										447,289
Bond Proceeds	\$ 227,500	2,453,000						\$ 9,020		
Grant Awarded		2,768,982								
Grant Receivable Cancelled		(68,601)								
Transfers in	386									8,900
Transfers out	(386)				\$ (12,488)					(8,900)
Total other financing sources (uses)	<u>227,500</u>	<u>5,373,381</u>	<u>-</u>	<u>-</u>	<u>(12,488)</u>	<u>-</u>	<u>-</u>	<u>9,020</u>	<u>-</u>	<u>724,420</u>
Net change in fund balances	<u>\$ (395,348)</u>	<u>\$ 5,489,169</u>	<u>\$ (2,251,285)</u>	<u>\$ (2,581,819)</u>	<u>\$ 598,275</u>	<u>\$ 504,777</u>	<u>\$ 965,568</u>	<u>\$ 1,401,015</u>	<u>\$ 1,894,468</u>	<u>\$ 1,860,227</u>
Debt service as a percentage of noncapital expenditures	7.29%	6.97%	6.59%	4.24%	4.13%	3.74%	3.47%	3.13%	2.70%	2.56%

Source: ACFR Exhibit B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

In 2021 GASB No.84 related to fiduciary accounting was implemented.

In 2022, GASB No. 87 related to lease agreements was implemented.

In 2023, GASB No. 96 related to subscription-based information technology agreements was implemented.

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	<u>Interest on Investments</u>	<u>Miscellaneous</u>	<u>Athletic Events</u>	<u>Refund of Prior Year Expenditures</u>	<u>Tuition</u>	<u>Annual Totals</u>
2014	\$ 2,400	\$ 41,586	\$ 5,026	\$ 114,953	\$ 60,266	\$ 224,231
2015	1,978	73,430	6,024	229,663	37,155	348,250
2016	2,401	39,980	6,823	272,930	40,411	362,545
2017	3,529	62,611	6,317	75,366	48,525	196,348
2018	11,385	54,437	6,446	667,264	46,680	786,212
2019	64,939	25,581	6,065	392,118	28,722	517,425
2020	45,010	17,420	5,473	288,512	59,122	415,537
2021	2,266	27,800	-	554,568	67,458	652,092
2022	1,005	56,196	6,428	692,228	9,531	765,388
2023	58,963	107,079	8,420	139,212	16,921	330,595

Source: District records

REVENUE CAPACITY

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN (10) FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Tax-Exempt Property	Net Valuation	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2014	2,926,800	360,673,400	24,320,900	17,247,100	8,774,700	413,942,900	198,325	97,657,100	511,798,325	1,319,732,478	3.857
2015	2,965,000	358,560,500	24,954,400	17,237,400	8,774,700	412,492,000	-	49,583,200	462,075,200	1,293,849,676	3.980
2016	2,929,800	357,919,900	24,922,700	17,141,900	8,774,700	411,689,000	-	48,880,600	460,569,600	1,314,187,237	3.995
2017	3,006,500	357,199,100	24,841,400	17,097,400	9,068,000	411,212,400	-	48,999,800	460,212,200	1,354,166,813	4.068
2018	3,009,200	356,487,700	24,601,200	17,118,400	9,260,200	410,476,700	-	53,040,800	463,517,500	1,386,482,532	4.254
2019	3,047,500	355,815,200	24,504,000	16,998,400	9,613,200	409,978,300	-	54,329,300	464,307,600	1,423,394,580	4.334
2020	11,729,100	1,259,103,300	85,872,900	98,636,700	55,791,400	1,511,133,400	-	130,134,100	1,641,267,500	1,450,246,131	1.201
2021	11,477,800	1,258,076,900	85,596,300	98,636,700	55,791,400	1,509,579,100	-	130,939,300	1,640,518,400	1,527,021,701	1.204
2022	11,595,600	1,260,539,500	87,290,400	98,636,700	55,423,900	1,513,486,100	-	131,020,900	1,644,507,000	1,692,710,951	1.242
2023	11,326,700	1,263,674,800	87,370,600	98,666,700	55,423,900	1,516,462,700	-	132,540,500	1,649,003,200	1,856,936,603	1.245

Source: Municipal Tax Assessor

Note: Revaluation effective in 2020.

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 the County Board of Taxation requests Treasury to order a reassessment

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

b Tax rates are per \$100 of assessed valuation

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Borough of South River School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	(From J-6) Total Direct School Tax Rate	Municipality of South River	County of Middlesex	
2014	3.385	0.472	3.857	1.994	1.267	7.118
2015	3.509	0.471	3.980	2.057	1.248	7.285
2016	3.639	0.356	3.995	2.181	1.276	7.452
2017	3.716	0.352	4.068	2.363	1.314	7.745
2018	3.900	0.354	4.254	2.443	1.342	8.039
2019	3.952	0.382	4.334	2.558	1.345	8.237
2020	1.113	0.088	1.201	0.711	0.375	2.287
2021	1.115	0.089	1.204	0.733	0.400	2.337
2022	1.156	0.086	1.242	0.755	0.431	2.428
2023	1.177	0.068	1.245	0.773	0.453	2.471

Source: Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- 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.

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
 COUNTY OF MIDDLESEX
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE (9) YEARS AGO
 (UNAUDITED)**

	2023				2014		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
LIT Industrial LP	\$ 49,100,900	1	3.24%	LIT Industrial LP	\$ 7,266,200	1	1.75%
LIT Northend LLC	32,810,300	2	2.16%	LIT Northend LLC	4,942,500	2	1.19%
Leonardine Garden	14,776,600	3	0.97%	Lighthouse South River LG LLC	2,350,000	3	0.57%
Village Green Living LLC	9,745,300	4	0.64%	Emess Apts Ltd.	1,571,400	4	0.38%
Emess Apts Ltd.	8,554,800	5	0.56%	East Coast Village Green Apts	1,200,000	5	0.29%
Absolutely Property Management	4,174,500	6	0.28%	425 Whitehead Ave LLC	980,000	6	0.24%
Willet Garden & Kasztl Willets LLC	3,439,300	7	0.23%	Riyad Samih	820,400	7	0.20%
425 Whitehead, LLC	3,338,600	8	0.22%	Zifovski, Zlatan & Lube	801,700	8	0.19%
Sherwood Court	3,251,300	9	0.21%	Felmore Associates	700,000	9	0.17%
Zifovski, Zlatan & Lube	3,157,100	10	0.21%	Sherwood Court	633,100	10	0.15%
Total	\$ 132,348,700		8.73%		\$ 21,265,300		5.13%
Total Assessed Valuation	\$ 1,516,462,700				\$ 414,141,225		

Source: Municipal Tax Assessor

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	29,524,807	28,976,314	97.49%	488,129
2015	30,073,830	29,350,585	97.60%	636,498
2016	30,696,741	30,044,664	97.88%	583,562
2017	31,882,585	31,128,301	97.63%	692,610
2018	33,031,601	32,381,286	98.03%	583,781
2019	33,823,851	33,266,659	98.35%	524,499
2020	34,572,067	34,060,000	98.52%	462,788
2021	35,339,555	34,855,353	98.62%	1,093,837
2022	36,797,446	36,324,438	98.71%	433,873
2023	37,571,835	37,046,712	98.60%	464,000 <i>est.</i>

Source: 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.

DEBT CAPACITY

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Leases	Subscription Arrangements	Leases			
2014	12,504,000	250,134	-	234,822	12,988,956	2.53%	811
2015	13,042,000	370,458	-	177,430	13,589,888	3.02%	849
2016	11,158,000	271,726	-	119,171	11,548,897	2.56%	721
2017	10,013,000	182,756	-	60,032	10,255,788	2.27%	640
2018	8,853,000	92,191	-	-	8,945,191	1.98%	559
2019	7,693,000	-	-	-	7,693,000	1.70%	481
2020	6,258,000	-	-	-	6,258,000	1.39%	391
2021	5,113,000	-	-	-	5,113,000	0.94%	317
2022	3,948,000	122,042	-	238,971	4,309,013	0.79%	267
2023	2,763,000	222,563	70,000	180,764	3,236,327	0.59%	201

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

a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Deductions</u>	<u>Net General</u> <u>Bonded Debt</u> <u>Outstanding</u>	<u>Percentage of</u> <u>Actual Taxable</u> <u>Value ^a of</u> <u>Property</u>	<u>Per Capita ^b</u>
2014	12,504,000	-	12,504,000	2.44%	781
2015	13,042,000	-	13,042,000	2.83%	815
2016	11,158,000	-	11,158,000	2.43%	697
2017	10,013,000	-	10,013,000	2.17%	675
2018	8,853,000	-	8,853,000	1.91%	553
2019	7,693,000	-	7,693,000	1.66%	481
2020	6,258,000	-	6,258,000	0.38%	391
2021	5,113,000	-	5,113,000	0.34%	317
2022	3,948,000	-	3,948,000	0.26%	245
2023	2,763,000	-	2,763,000	0.18%	171

Notes:

- Details regarding the district's outstanding debt can be found in the notes to the financial statements.
- a** See Exhibit NJ J-6 for property tax data.
- b** Population data can be found in Exhibit NJ J-14.

Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding.

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2023
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of South River	\$ 26,447,963	100%	\$ 26,447,963
County of Middlesex	464,093,646	1.3692%	6,354,370
Other debt			<u>None</u>
Subtotal, overlapping debt			32,802,333
Borough of South River District Direct Debt:			
Issued and outstanding - Bonds	\$ 2,763,000	100%	\$ 2,763,000
Authorized but not Issued - Bonds and Notes	<u>None</u>	100%	<u>None</u>
Total direct and overlapping debt			<u><u>\$ 35,565,333</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Middlesex 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 South River Borough. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

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

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
LEGAL DEBT MARGIN INFORMATION
LAST TEN (10) FISCAL YEARS
(UNAUDITED)**

Legal Debt Margin Calculation for Fiscal Year 2023

	Equalized valuation basis
	2022 \$ 1,847,517,212
	2021 1,682,919,844
	2020 <u>1,523,319,960</u>
	<u>\$ 5,053,757,016</u>
Average equalized valuation of taxable property	\$ 1,684,585,672
Debt limit (4 % of average equalization value)	67,383,427 ^a
Total Net Debt Applicable to Limit	<u>2,763,000</u>
Legal debt margin	<u>\$ 64,620,427</u>

	Fiscal Year									
	<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>
Debt limit	\$ 54,699,271	\$ 52,716,622	\$ 52,572,821	\$ 53,085,280	\$ 54,296,731	\$ 55,382,780	\$ 56,586,787	\$ 58,449,420	\$ 61,957,107	\$ 67,383,427
Total net debt applicable to limit	<u>13,000,172</u>	<u>15,810,982</u>	<u>12,546,371</u>	<u>10,446,656</u>	<u>8,933,771</u>	<u>7,693,000</u>	<u>6,258,000</u>	<u>5,113,000</u>	<u>3,948,000</u>	<u>2,763,000</u>
Legal debt margin	<u>\$ 41,699,099</u>	<u>\$ 36,905,640</u>	<u>\$ 40,026,450</u>	<u>\$ 42,638,624</u>	<u>\$ 45,362,960</u>	<u>\$ 47,689,780</u>	<u>\$ 50,328,787</u>	<u>\$ 53,336,420</u>	<u>\$ 58,009,107</u>	<u>\$ 64,620,427</u>
Total net debt applicable to the limit as a percentage of debt limit	23.77%	29.99%	23.86%	19.68%	16.45%	13.89%	11.06%	8.75%	6.37%	4.10%

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

^a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

DEMOGRAPHIC AND ECONOMIC INFORMATION

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2014	16,008	451,073,424	28,178	13.40%
2015	16,008	451,073,424	28,178	8.20%
2016	16,008	451,073,424	28,178	7.10%
2017	16,008	451,073,424	28,178	6.30%
2018	16,008	451,073,424	28,178	5.50%
2019	16,008	451,073,424	28,178	5.40%
2020	16,008	451,073,424	28,178	4.40%
2021	16,118	545,175,232	33,824	10.70%
2022	16,118	545,175,232	33,824	7.80%
2023	16,118	545,175,232	33,824	5.10%

Source:

^a Population information provided by the 2010 census for 2014-2020 and the 2020 census for 2021-2023.

^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 2010 census for 2014-2020 and the 2020 census for 2021-2023 published by the New Jersey Department of Labor.

^d Unemployment data provided by the New Jersey Department of Labor and Workforce Development - previous year benchmark.

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE (9) YEARS AGO
(UNAUDITED)

<u>Employer</u>	<u>2023</u>			<u>2014</u>		
	<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>
South River Board of Education	293	1	0.00%	233	1	0.00%
Borough of South River	192	2	0.00%	103	2	0.00%
Wawa	52	3	0.00%	18	4	0.00%
Rite Aid	21	4	0.00%	9	5	0.00%
U.S. Postal Service	19	5	0.00%	26	3	0.00%
	<u>577</u>		<u>0.00% (1)</u>	<u>389</u>		<u>0.00% (1)</u>

Source: Borough of South River

(1) Total employment within Municipality not available from authoritative source.

OPERATING INFORMATION

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN (10) 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	131	131	131	131	132	151	153	163	163	158
Special education	38	38	48	48	48	47	48	55	57	55
Other special education	-	-	-	-						
Vocational	-	-	-	-						
Other instruction	-	-	-	-						
Nonpublic school programs	-	-	-	-						
Adult/continuing education programs	-	-	-	-						
Support Services:										
Student & instruction related services	26	26	26	26	26	42	42	42	42	42
General administration	3	3	3	3	2	2	2	2	2	2
School administrative services	16	16	17	17	17	18	18	18	18	19
Other administrative services										
Central services	6	6	6	6	6	7	7	7	7	7
Administrative Information Technology										
Plant operations and maintenance	6	6	6	6	6	5	5	5	5	5
Pupil transportation										
Other support services	6	6	6	6	6	6	6	6	6	6
Special Schools										
Food Service										
Child Care										
Total	<u>232.00</u>	<u>232.00</u>	<u>243.00</u>	<u>243.00</u>	<u>243.00</u>	<u>278.00</u>	<u>281.00</u>	<u>298.00</u>	<u>300.00</u>	<u>294.00</u>

Source: District Personnel Records

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
 COUNTY OF MIDDLESEX
 OPERATING STATISTICS
 LAST TEN (10) FISCAL YEARS
 (UNAUDITED)**

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio				Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Primary (K-1) ^e	Elementary (2-5)	Middle School (6-8)	Senior High School				
2014	2,323	30,496,279	13,128	13.31%	176.00	1:19	1:20	1:17	1:17	2321.0	2,245	3.66%	96.73%
2015	2,277	31,312,373	13,752	4.75%	176.00	1:18	1:20	1:16	1:17	2280.0	2,151	-1.77%	94.34%
2016	2,218	32,469,737	14,639	6.45%	179.00	1:18	1:20	1:16	1:17	2211.0	2,103	-3.03%	95.12%
2017	2,210	33,894,938	15,337	4.77%	181.00	1:18	1:20	1:16	1:17	2208.0	2,074	-0.14%	93.93%
2018	2,193	34,516,637	15,739	2.62%	182.00	1:18	1:20	1:16	1:17	2192.1	2,073	-0.72%	94.56%
2019	2,262	37,521,722	16,588	5.39%	198.00	1:15	1:15	1:15	1:15	2236.1	2,106	2.01%	94.18%
2020	2,319	38,888,084	16,769	1.09%	201.00	1:14	1:15	1:15	1:16	2311.0	2,153	3.35%	93.16%
2021	2,306	42,318,629	18,352	9.44%	218.00	1:14	1:15	1:15	1:16	2287.0	2,172	-1.04%	94.97%
2022	2,374	48,454,989	20,411	11.22%	203.00	1:11	1:10	1:11	1:13	2396.0	2,214	4.77%	92.40%
2023	2,484	50,482,942	20,323	-0.43%	213.00	1:11	1:08	1:09	1:11	2448.8	2,268	2.20%	92.62%

Sources: District records

Note: Enrollment based on June district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d Cost per pupil calculated by dividing operating expenditures by enrollment; not intended to represent the statutory calculation of cost per pupil.

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHOOL BUILDING INFORMATION
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
District Building										
<u>Primary (2005)</u>										
Square Feet	58,350	58,350	58,350	58,350	58,350	58,350	58,350	58,350	58,350	58,350
Capacity (Students)	440	440	440	440	440	440	440	440	440	440
Enrollment	535	507	501	469	475	486	438	426	438	517
<u>Elementary (1997)</u>										
Square Feet	78,770	78,770	78,770	78,770	78,770	78,770	78,770	78,770	78,770	78,770
Capacity (Students)	540	540	540	540	540	540	540	540	540	540
Enrollment	623	616	587	567	548	582	651	655	638	665
<u>Middle School (1997)</u>										
Square Feet	73,180	73,180	73,180	73,180	73,180	73,180	73,180	73,180	73,180	73,180
Capacity (Students)	559	559	559	559	559	559	559	559	559	559
Enrollment	552	542	516	534	533	525	538	512	550	533
<u>High School (1957)</u>										
Square Feet	102,768	102,768	102,768	102,768	102,768	102,768	102,768	102,768	102,768	102,768
Capacity (Students)	625	625	625	625	625	625	625	625	625	625
Enrollment	613	611	614	640	635	669	692	713	748	769
<u>Other</u>										
Central Administration										
Square Feet	2,274	2,274	2,274	2,274	2,274	2,274	2,274	2,274	2,274	2,274

Number of Schools at June 30, 2023

- Primary = 1
- Elementary = 1
- Middle School = 1
- Senior High School = 1

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the end of fiscal year district count.

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-xxx
 11-000-262-xxx

	* School Facilities Project # (s)	High School	Middle School	Elementary School	K-2 Primary School	Administration Office	Total
2014	N/A	249,938	229,762	236,623	98,066	27,455	\$ 841,844
2015	N/A	257,256	207,698	206,528	115,288	39,125	825,895
2016	N/A	262,150	192,800	180,100	133,500	23,418	791,968
2017	N/A	217,150	326,100	324,175	147,350	26,543	1,041,318
2018	N/A	194,651	194,586	174,107	107,725	35,200	706,269
2019	N/A	291,209	218,135	196,616	138,204	27,394	871,558
2020	N/A	216,748	208,930	206,075	140,423	24,429	796,605
2021	N/A	452,050	235,290	214,263	200,827	46,044	1,148,474
2022	N/A	314,451	220,507	230,953	210,761	30,771	1,007,443
2023	N/A	370,576	275,139	281,042	234,140	30,086	1,190,983
Total School Facilities		<u>\$ 2,826,179</u>	<u>\$ 2,308,947</u>	<u>\$ 2,250,482</u>	<u>\$ 1,526,284</u>	<u>\$ 310,465</u>	<u>\$ 9,222,357</u>

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

Source: District records

BOARD OF EDUCATION
SOUTH RIVER BOROUGH SCHOOL DISTRICT
COUNTY OF MIDDLESEX
INSURANCE SCHEDULE
JUNE 30, 2023
UNAUDITED

<u>Type of Policy</u>	<u>Coverage</u>	<u>Deductible</u>
MULTI PERIL PACKAGE POLICY		
PROPERTY		
Blanket Building and Contents	\$ 86,306,233	\$ 5,000
Extra Expense	50,000,000	
Computers and Media	Included	1,000
ENERGY SYSTEMS		
Boiler and Machinery	86,306,233	
COMMERCIAL LIABILITY		
Bodily Injury/Property Damage	31,000,000	Each occurrence
Products and Completed Operation	31,000,000	
Personal Injury/Advertising Inj.	31,000,000	
Medical Expense	10,000	
Employee Benefits Liability	31,000,000	
Sexual Abuse	15,000,000	Each occurrence
Sexual Abuse NJSIG Agg.	27,000,000	
CRIME		
Money and Securities	50,000	
Employee Dishonesty	100,000	
Forgery or Alteration	100,000	
Computer Fraud	100,000	
BUSINESS AUTO		
Bodily Injury/Prop Damage Liab.	31,000,000	
Personal Injury Protection	Statutory	
Medical Payments (PIP)	10,000	
Uninsured/Underinsured	1,000,000	
Comprehensive Deductible		1,000
Collision Deductible		1,000
SCHOOL BOARD LEGAL		
Coverage A		
Limit of Liability	30,000,000	
Each Claim	5,000	
Coverage B		
Limit of Liability	300,000	5,000
Each Claim	100,000	
CATASTROPHE ACCESS PLAN		
Limit of Liability	25,000,000	
WORKERS COMPENSATION		
Section B	3,000,000	

BOARD OF EDUCATION
SOUTH RIVER BOROUGH SCHOOL DISTRICT
COUNTY OF MIDDLESEX
INSURANCE SCHEDULE
JUNE 30, 2023
UNAUDITED

<u>Type of Policy</u>	<u>Coverage</u>	<u>Deductible</u>
ENVIRONMENTAL LIABILITY		
Limit of Liability	\$ 1,000,000 Each Loss 1,000,000 Aggregate	\$ 10,000
STUDENT ACCIDENT		
Limit of Liability	1,000,000	
Interscholastic Sports	10,000,000	
BONDS		
Board Secretary - Johnny Rosa	25,000	
Treasurer of School Monies - Joseph Zanga	257,000	
ENVIRONMENTAL LIABILITY		
First Party Personal Property	100,000	
Microbial Matter Clean up Cost Deductible		100,000
Microbial Matter Damages Deductible		50,000
CYBER BREACH RESPONSE		
Policy Aggregate of Liability	10,000,000	
Agg. Sublimit per Schedule Insured	2,000,000	
Privacy Breach Response Services:		
Notified Individuals Limit	2,000,000 Aggregate 250,000 sublimit per Scheduled Insured	
Computer Expert/Legal Services and Aggregate Limit Liability	2,500,000 Aggregate	
PR/Crisis Mgmt. Expenses Combin	1,000,000 sublimit per Scheduled Insured	
Each Claim Retention	20,000 (Scheduled Insureds with 10,000 or more students) 10,000 (Scheduled Insureds with 9,999 or few students)	
Privacy Breach Response Retentions	Various amounts	

SINGLE AUDIT SECTION

SAMUEL KLEIN AND COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Exhibit K-1
Sheet 1 of 2

**INDEPENDENT AUDITORS 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**

Honorable President and Members
of the Board of Education
Borough of South River Board of Education
County of Middlesex, 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 audit requirements as prescribed by the Office of School Finance Department, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of South River Board of Education, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Borough of South River Board of Education's basic financial statements, and have issued our report thereon dated April 18, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the South River Borough School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South River Borough School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

**INDEPENDENT AUDITORS 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 (CONTINUED)**

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education of the Borough of South River School 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 determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY, LLP

Freehold, New Jersey
April 18, 2024

SAMUEL KLEIN AND COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Exhibit K-2
Sheet 1 of 3

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

Honorable President and Members
of the Board of Education
Borough of South River Board of Education
County of Middlesex, New Jersey

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Borough of South River Board of Education, State of New Jersey's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement and New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Borough of South River Board of Education, State of New Jersey's major federal and state programs for the year ended June 30, 2023. The Borough of South River Board of Education, State of New Jersey's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (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 Borough of South River Board of Education, State of New Jersey 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 Borough of South River Board of Education, State of New Jersey's compliance with the compliance requirements referred to above.

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

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 Borough of South River Board of Education, State of New Jersey's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Borough of South River Board of Education, State of New Jersey's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB 15-08 will always detect material noncompliance when it exists. The risk of not detecting 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 Borough of South River Board of Education, State of New Jersey's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB 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 best basis, evidence regarding the Borough of South River Board of Education, State of New Jersey'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 Borough of South River Board of Education, State of New Jersey'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, but not for the purpose of expressing an opinion on the effectiveness of the Borough of South River Board of Education, State of New Jersey'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.

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

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and New Jersey OMB 15-08.

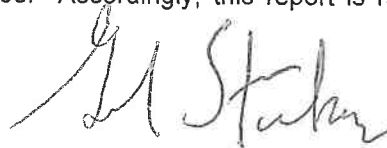
Report on Internal Control over Compliance

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

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

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

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



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY, LLP

Freehold, New Jersey
April 18, 2024

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor Program Title	Assistance Listing Number	Federal FAIN Number	Grant Period	Award Amount	June 30, 2022		Cash Received	Budgetary Expenditures	Adjustment	June 30, 2023		Due to Grantor
					Deferred Revenue	(Accounts Receivable)				Deferred Revenue	(Accounts Receivable)	
General Fund:												
US Department of Education												
Passed-Through State Department of Education:												
FFCRA - SEMI	93.778	2105NJ5MAP	7/1/21-6/30/22	\$ 8,515.52	\$ 8,515.52		\$ (8,515.52)					
Medical Assistance Program	93.778	2005NJ5MAP	7/1/22-6/30/23	93,172.00		\$ 182,812.74	(182,812.74)					
Medical Assistance Program	93.778	2005NJ5MAP	7/1/21-6/30/22	136,547.45		\$ (28,746.16)	28,746.16					
Total General Fund					\$ 8,515.52	\$ (28,746.16)	\$ 211,558.90	\$ (191,328.26)				
Enterprise Fund:												
U.S. Department of Agriculture												
Passed-Through State Department of Education:												
Food Distribution Program	10.565	231NJ304N1199	7/1/22-6/30/23	\$ 97,667.64		\$ 97,667.64	\$ (95,030.42)		\$ 2,637.22			
Food Distribution Program	10.565	221NJ304N1099	7/1/21-6/30/22	111,146.43	\$ 3,395.55		(3,395.55)					
National School Lunch Program	10.555	221NJ304N1099	7/1/20-6/30/22	1,191,648.05		\$ (98,983.44)	98,983.44					
National School Lunch Program	10.555	231NJ304N1199	7/1/22-6/30/23	742,084.95		602,571.10	(742,084.95)			\$ (139,513.85)		
School Breakfast Program	10.553	221NJ304N1099	7/1/20-6/30/22	434,842.77		(32,744.85)	32,744.85					
School Breakfast Program	10.553	231NJ304N1199	7/1/22-6/30/23	226,983.17			187,186.51	(226,983.17)			(39,796.66)	
Total Enterprise Fund					\$ 3,395.55	\$ (131,728.29)	\$ 1,019,153.54	\$ (1,067,494.09)		\$ 2,637.22	\$ (179,310.51)	
Special Revenue Fund:												
U.S. Department of Education:												
Passed-Through State Department of Education:												
Title I, Part A	84.010	S010A220030	7/1/22-9/30/23	\$ 417,228.00		\$ 115,257.00	\$ (283,651.98)	\$ 0.08		\$ (168,394.90)		
Title I, Part A	84.010	S010A210030	7/1/21-9/30/22	506,308.00		\$ (194,346.71)	193,422.00	924.71		(0.00)		
Title I SIA	84.010	S010A220030	7/1/22-9/30/23	45,800.00			23,211.00	(24,490.16)	0.03	(1,279.13)		
Title I SIA	84.010	S010A210030	7/1/21-9/30/22	11,800.00		(152.97)	153.00	(0.03)		0.00		
Title II, Part A	84.367A	S367A220029	7/1/22-9/30/23	67,168.00			14,162.00	(59,901.48)	0.41	(45,739.07)		
Title II, Part A	84.367A	S367A210029	7/1/21-9/30/22	71,025.00		(45,192.99)	45,191.00	1.99		(0.00)		

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor Program Title	Assistance Listing Number	Federal FAIN Number	Grant Period	Award Amount	June 30, 2022			June 30, 2023			
					Deferred Revenue	(Accounts Receivable)	Cash Received	Budgetary Expenditures	Adjustment	Deferred Revenue	(Accounts Receivable)
Title III	84.365	S365A220030	7/1/22-9/30/23	\$ 87,590.00			\$ 14,064.00	\$ (56,219.88)	\$ (0.06)	\$ (42,155.94)	
Title III	84.365	S365A210030	7/1/21-9/30/22	62,554.00		\$ (29,402.89)	27,145.00		2,257.89		
Title III Immigrant	84.365	S365A220030	7/1/22-9/30/23	21,500.00			380.00	(7,175.95)	(0.22)		(6,796.17)
Title III Immigrant	84.365	S365A210030	7/1/21-9/30/22	11,618.00		(4,193.22)	4,193.00		0.22		0.00
Title IV	84.424A	S424A220031	7/1/22-9/30/23	42,028.00			11,942.00	(45,793.51)	0.40		(33,851.11)
Title IV	84.424A	S424A210031	7/1/21-9/30/22	43,580.00		(15,658.60)	15,659.00		(0.40)		0.00
I.D.E.A. Preschool	84.173A	H173A220114	7/1/22-9/30/23	17,053.00			17,053.00	(12,369.26)	\$ 4,683.74		
I.D.E.A. Preschool	84.173A	H173A210114	7/1/21-9/30/22	17,119.00		(35.48)	36.00		(0.52)		0.00
ARP I.D.E.A. Preschool	84.173X	H173X210114	3/13/20-9/30/24	6,315.27		(813.27)	6,170.00	(5,356.56)	(0.17)		(0.00)
I.D.E.A. Part B	84.027A	H027A220100	7/1/22-9/30/23				344,195.00	(633,824.00)	(0.25)		(289,629.25)
I.D.E.A. Part B	84.027A	H027A210100	7/1/21-9/30/22	609,551.00		(157,989.25)	157,989.00		0.25		
ARP I.D.E.A. Regular	84.027X	H027X210100	3/13/20-9/30/24	100,784.07		(13,836.07)	43,730.00	(43,726.77)	(0.16)		(13,833.00)
ARP Homeless	84.425W	S425W210031	3/13/20-9/30/24	16,007.00		(11,032.20)	11,032.00	(4,974.80)			(4,975.00)
ARP ESSER	84.425U	S425U210027	3/13/20-9/30/24	4,398,193.00		(417,700.00)	944,873.00	(3,281,034.15)	14,500.00		(2,739,361.15)
ARP Mental Health	84.425U	S425U210027	3/13/20-9/30/24	445,613.00		(4,450.00)	116,282.00	(128,242.00)			(16,410.00)
ARP Comprehensive	84.425U	S425U210027	3/13/20-9/30/24	40,000.00			19,050.00	(28,382.85)			(9,332.85)
ARP Learning Acceleration	84.425U	S425U210027	3/13/20-9/30/24	233,782.00			41,317.00	(87,499.96)			(46,182.96)
ARP Summer	84.425U	S425U210027	3/13/20-9/30/24	40,000.00			3,627.00	(9,556.14)			(5,929.14)
Perkins Grant	84.048	V048A210030	7/1/21-6/30/22	15,466.00		(3,333.55)	3,334.00		(0.45)		0.00
Adult Basic Education	84.002	N/A	7/1/21-6/30/23	39,000.00		(30,043.12)	31,222.00	(38,839.00)	16.23		(37,643.89)
CARES Relief	84.425D	S425D200027	3/31/20-9/30/22	601,107.00	\$ 7,066.84			(57,292.31)	1,471.47		(48,754.00)
CRRSA ESSER II	84.425D	S425D210027	3/31/20-9/30/23	1,956,983.00		(217,001.59)	195,325.00	(400,483.20)	4,418.73		(417,741.06)
CRRSA Learning Acceleration	84.425D	S425D210027	3/31/20-9/30/23	125,589.00		(44,627.55)	40,150.00	(35,185.45)			(39,663.00)
CRRSA Mental Health	84.425D	S425D210027	3/31/20-9/30/23	45,000.00				(36,036.00)			(36,036.00)
Total Special Revenue Fund					\$ 7,066.84	\$ (1,189,809.46)	\$ 2,440,164.00	\$ (5,280,035.41)	\$ 23,590.15	\$ 4,683.74	\$ (4,003,707.62)
Total Federal Financial Assistance					\$ 18,977.91	\$ (1,350,283.91)	\$ 3,670,876.44	\$ (6,538,857.76)	\$ 23,590.15	\$ 7,320.96	\$ (4,183,018.13)

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	June 30, 2022			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balance	Balance, June 30, 2023			MEMO	
				Due to Grantor	Deferred Revenue	(Accounts Receivable)				Deferred Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education														
General Fund:														
Categorical Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	\$ 1,910,698.00				\$ 1,910,698.00	\$ (1,910,698.00)				\$ (189,970.00)	\$ (1,910,698.00)	
Categorical Security Aid	23-495-034-5120-084	7/1/22-6/30/23	645,142.00				645,142.00	(645,142.00)				(64,143.00)	(645,142.00)	
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	19,053,066.00				19,053,066.00	(19,053,066.00)				(1,894,344.00)	(19,053,066.00)	
Categorical Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	502,357.00				502,357.00	(502,357.00)				(49,947.00)	(502,357.00)	
Extraordinary Aid	23-495-034-5120-044	7/1/22-6/30/23	429,478.00					(429,478.00)		\$ (429,478.00)			(429,478.00)	
Extraordinary Aid	22-495-034-5120-044	7/1/21-6/30/22	622,442.00		\$ (622,442.00)		622,442.00							
Non-public Transportation	23-495-034-5120-014	7/1/22-6/30/23	23,066.00					(23,066.00)			(23,066.00)		(23,066.00)	
Non-public Transportation	22-495-034-5120-014	7/1/21-6/30/22	38,860.00			(38,860.00)	38,860.00							
Reimbursed T.P.A.F. Social Security Contribution	22-495-034-5094-003	7/1/21-6/30/22	1,261,276.65			(61,941.55)	61,941.55				0.00			
Reimbursed T.P.A.F. Social Security Contribution	23-495-034-5094-003	7/1/22-6/30/23	1,323,725.82				1,323,725.82	(1,323,725.82)					(1,323,725.82)	
On-behalf TPAF - Pension	23-495-034-5094-002	7/1/22-6/30/23	6,017,985.00				6,017,985.00	(6,017,985.00)					(6,017,985.00)	
On-behalf TPAF - Post Retirement Medical	23-495-034-5094-001	7/1/22-6/30/23	1,580,910.00				1,580,910.00	(1,580,910.00)					(1,580,910.00)	
On-behalf TPAF - Long Term Disability	23-495-034-5094-004	7/1/22-6/30/23	2,966.00				2,966.00	(2,966.00)					(2,966.00)	
Total General Fund					\$ (723,243.55)		\$ 31,760,093.37	\$ (31,489,393.82)			\$ (452,544.00)	\$ (2,198,404.00)	\$ (31,489,393.82)	
Enterprise Fund:														
National School Breakfast Program	23-100-010-3350-021	7/1/22-6/30/23	\$ 11,171.40				\$ 8,990.50	\$ (11,171.40)			\$ (2,180.90)		\$ (11,171.40)	
National School Lunch Program	23-100-010-3350-023	7/1/22-6/30/23	23,272.27				18,757.62	(23,272.27)			(4,514.65)		(23,272.27)	
National School Lunch Program	22-100-010-3350-023	7/1/21-6/30/22	28,043.74		\$ (2,277.98)		2,277.98							
SSO Supplemental	23-100-010-3350-023	7/1/22-6/30/23	2,049.40				2,049.49	(2,049.49)					(2,049.49)	
Total Enterprise Fund					\$ (2,277.98)		\$ 32,075.59	\$ (36,493.16)			\$ (6,695.55)		\$ (36,493.16)	
Special Revenue Fund:														
N.J. Nonpublic Aid:														
Textbook Aid	22-100-034-5120-064	7/1/21-6/30/22	\$ 24,308.00	\$ 452.00					\$ (452.00)					
Textbook Aid	23-100-034-5120-064	7/1/22-6/30/23	30,030.00				\$ 30,030.00	\$ (29,399.00)			\$ 631.00		\$ (29,399.00)	
Nursing	22-100-034-5120-070	7/1/21-6/30/22	45,360.00	950.00					(950.00)					
Nursing	23-100-034-5120-070	7/1/22-6/30/23	50,960.00				50,960.00	(40,839.00)			10,121.00		(40,839.00)	

**BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	June 30, 2022			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balance	Balance June 30, 2023			MEMO	
				Due to Grantor	Deferred Revenue	(Accounts Receivable)				Deferred Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
Security	22-100-034-5120-509	7/1/21-6/30/22	70,875.00	\$ 17,915.00					\$ (17,915.00)					
Security	23-100-034-5120-509	7/1/22-6/30/23	93,275.00			\$ 93,275.00	\$ (54,090.00)				\$ 39,185.00		\$ (54,090.00)	
Technology	22-100-034-5120-373	7/1/21-6/30/22	17,010.00	52.00					(52.00)					
Technology	23-100-034-5120-373	7/1/22-6/30/23	19,110.00			19,110.00	(12,137.00)				6,973.00		(12,137.00)	
Special Revenue Fund: (Continued)														
Auxiliary Services:														
Compensatory Education	22-100-034-5120-067	7/1/21-6/30/22	32,249.00	7,909.00					(7,909.00)					
Compensatory Education	23-100-034-5120-067	7/1/22-6/30/23	59,695.00			59,695.00	(53,719.00)				5,976.00		(53,719.00)	
Transportation Aid	23-100-034-5120-067	7/1/22-6/30/23	3,512.00			3,512.00	(1,756.00)				1,756.00		(1,756.00)	
English as a Second Language	22-100-034-5120-067	7/1/21-6/30/22	18,270.00	8,222.00					(8,222.00)					
English as a Second Language	23-100-034-5120-067	7/1/21-6/30/23	10,826.00			10,826.00	(10,824.00)				2.00		(10,824.00)	
Handicapped Services:														
Home Instruction	23-100-034-5121-068	7/1/21-6/30/22	1,712.00						(1,712.00)	\$ (1,712.00)		\$ (1,712.00)	(1,712.00)	
Supplemental Instruction	22-100-034-5120-066	7/1/21-6/30/22	6,608.00	1,652.00					(1,652.00)					
Supplemental Instruction	23-100-034-5120-066	7/1/22-6/30/23	3,716.00			3,716.00	(3,716.00)						(3,716.00)	
Examination and Classification	22-100-034-5120-066	7/1/21-6/30/22	16,115.00	9,290.00					(9,290.00)					
Examination and Classification	23-100-034-5120-066	7/1/22-6/30/23	23,685.00			23,685.00	(17,054.00)				6,631.00		(17,054.00)	
Corrective Speech	22-100-034-5120-066	7/1/21-6/30/22	13,950.00	4,650.00					(4,650.00)					
Corrective Speech	23-100-034-5120-066	7/1/22-6/30/23	9,021.00			9,021.00	(9,021.00)						(9,021.00)	
SDA Emergent	22-100-034-5120-519	7/1/21-6/30/22	52,800.00	\$ 6,000.00		58,479.00	(58,479.00)		\$ 6,000.00				(58,479.00)	
Climate Awareness		7/1/22-6/30/23	6,660.00			6,647.00	(6,647.80)		0.80		(0.00)		(6,647.80)	
Preschool Expansion Aid	22-495-034-5120-086	7/1/21-6/30/22	1,628,090.00		29,299.32				(29,299.32)					
Preschool Expansion Aid	21-495-034-5120-086	7/1/20-6/30/21	1,659,180.03			1,656,109.03	(1,837,406.76)		29,310.62	5,061.29		(164,963.00)	(1,837,406.76)	
Total Special Revenue Fund			\$ 51,092.00	\$ 35,299.32	\$ (725,521.53)	\$ 2,025,065.03	\$ (2,136,800.56)	\$ (51,079.90)	\$ 11,061.29	\$ (1,712.00)	\$ 71,275.00	\$ (166,675.00)	\$ (2,136,800.56)	
Total State Financial Assistance			\$ 51,092.00	\$ 35,299.32	\$ (725,521.53)	\$ 33,817,233.99	\$ (33,662,687.54)	\$ (51,079.90)	\$ 11,061.29	\$ (460,951.55)	\$ 71,275.00	\$ (2,365,079.00)	\$ (33,662,687.54)	
Less On-behalf TPAF:														
Pension	22-495-034-5094-002						\$ 6,017,985.00							
Post-Retirement Medical	22-495-034-5094-001						1,580,910.00							
Non Contributory Insurance	22-495-034-5094-004						2,966.00							
Total for State Assistance Major Program							\$ (26,060,826.54)							

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2023

1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Borough of South River School District. The information in this Schedule is presented in accordance with the requirements of Title 2, *US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and NJOMB 15-08. The Board of Education is defined in Note 1 (A) to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules or expenditures of federal awards and state financial assistance.

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2, *US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and NJOMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two (2) state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last two (2) 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 revenues, whereas the GAAP basis does not.

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED JUNE 30, 2023

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$302,137 for the General Fund and \$2,581,705 for the Special Revenue Fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 182,812.74	\$ 31,187,256.82	\$ 31,370,069.56
Special Revenue Fund	2,915,725.34	1,919,406.16	4,835,131.50
Food Service Fund	<u>1,066,735.86</u>	<u>36,493.07</u>	<u>1,103,228.93</u>
	<u>\$ 4,165,273.94</u>	<u>\$ 33,143,156.05</u>	<u>\$ 37,308,429.99</u>

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. FEDERAL AND STATE LOANS OUTSTANDING

The District had no loans outstanding payable to federal or state entities at June 30, 2023.

6. OTHER

The amount reported as TPAF Pension Contributions and Post Retirement Medical Contributions represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2023. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share social security contributions for TPAF members for the year ended June 30, 2023.

The State of New Jersey also makes TPAF post-retirement medical and pension contribution expenditures on-behalf of the District. These expenditures are not subject to New Jersey OMB Circular 15-08 because the contributions are made by the State directly and do not have any compliance related requirements, and therefore have not been included on the Schedule of State Awards, as directed by the funding agency.

7. INDIRECT COSTS

The District did not use the 10% di minimus indirect cost rate.

**BOARD OF EDUCATION
 BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
 COUNTY OF MIDDLESEX
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified, dated
April 18, 2024

Internal control over financial reporting:

1. Material weakness(es) identified? _____ yes X no
2. Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes X none reported
- Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

1. Material weakness(es) identified? _____ yes X no
2. Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified, dated
April 18, 2024

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of *Uniform Guidance*? _____ yes X no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Cluster: Title I & Title SIA
84.027, 84.027X 84.173, 84.173X	Cluster: IDEA Regular & IDEA Preschool
10.553 & 10.555	Cluster: National School Lunch/Breakfast Program
84.425U	Cluster: American Rescue Plan ARP ESSER, Mental Health, Comprehensive, Learning Acceleration, Summer

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ yes X no

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results (Continued)

State Financial Assistance

Internal control over major programs:

1. Material weakness(es) identified? _____ yes X no
2. Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified, dated
April 18, 2024

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08? _____ yes X no

Identification of major programs:

<u>GMIS Number</u>	<u>Name of State Program or Cluster</u>
<u>23-495-034-5120-089</u>	Cluster: <u>Categorical Special Education</u>
<u>23-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>23-495-034-5094-003</u>	<u>Reimbursed TPAF FICA Contribution</u>
<u>23-495-034-5120-086</u>	<u>Preschool Education</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes _____ no

Section II - Schedule of Financial Statement Findings

No financial statement findings noted that are required to be reported under *Government Auditing Standards*.

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

No federal or state award findings or questioned costs noted that are required to be reported in accordance with the Uniform Guidance or NJ OMB 15-08.

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023

FOR THE YEAR ENDED JUNE 30, 2022:

There were no findings for the year ended June 30, 2022.