

SOMERVILLE BOROUGH SCHOOL DISTRICT

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

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025**

Annual Comprehensive Financial Report

of the

Somerville Borough School District

Somerville, New Jersey

For the Fiscal Year Ended June 30, 2025

Prepared by

Somerville Board of Education

SOMERVILLE BOROUGH SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2025

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal	1
Organizational Chart	7
Roster of Officials	8
Consultants and Advisors.....	9

FINANCIAL SECTION..... 10

Independent Auditors' Report.....	11
-----------------------------------	----

Required Supplementary Information	14
Management's Discussion and Analysis	15

Basic Financial Statements (Sections A. and B.)	24
---	----

A. District-Wide Financial Statements	25
A-1 Statement of Net Position	26
A-2 Statement of Activities.....	28

B. Fund Financial Statements.....	30
B-1 Balance Sheet – Governmental Funds	31
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds.....	33
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	35
B-4 Statement of Net Position – Proprietary Funds.....	37
B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds	38
B-6 Statement of Cash Flows – Proprietary Funds.....	39

Notes to Basic Financial Statements	40
---	----

Required Supplementary Information	83
--	----

L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits Other than Pensions	84
L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System	84
L-2 Schedule of District Contributions – Public Employees Retirement System	85
L-3 Schedule of State's Proportionate Share of the Net Pension Liability Attributable to the District– Teachers' Pension and Annuity Fund	86
L-4 Schedule of State Contributions – Teachers' Pension and Annuity Fund	87
L-5 Schedule of Changes in the State's Proportionate Share of Total OPEB Liability Associated with the District and Related Ratios	88
Notes to Required Supplementary Information	89

SOMERVILLE BOROUGH SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

FINANCIAL SECTION (Cont'd)

C. Budgetary Comparison Schedules.....	90
C-1 Budgetary Comparison Schedule –.....	91
C-2 Combining Budgetary Schedule – Special Revenue Fund	104
C-3 Required Supplementary Information – Budgetary Comparison Schedule - Notes to RSI	106

Other Supplementary Schedules (Sections D. to I.)

D. School Level Schedules (Not Applicable).....	108
E. Special Revenue Fund	109
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis.....	110
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis – District-Wide Total	116
F. Capital Projects Fund.....	117
F-1 Summary Schedule of Revenue Expenditures, and Changes in Fund Balance – Budgetary Basis.....	118
F-1A Schedule of Project Revenue, Expenditures, Project Balances, and Project Status – Budgetary Basis – Van Derveer Elementary School HVAC Replacement.....	119
F-1B Schedule of Project Revenue, Expenditures, Project Balances, and Project Status – Budgetary Basis – Somerville High School HVAC Upgrades.....	120
F-1C Schedule of Project Revenue, Expenditures, Project Balances, and Project Status – Budgetary Basis – Van Derveer Elementary School Playground Replacement.....	121
F-1D Schedule of Project Revenue, Expenditures, Project Balances, and Project Status – Budgetary Basis – Somerville High School Greenhouse Demolition	122
F-1E Schedule of Project Revenue, Expenditures, Project Balances, and Project Status – Budgetary Basis – Van Derveer Elementary School Preschool Addition and Alterations.....	123
F-1F Schedule of Project Revenue, Expenditures, Project Balances, and Project Status – Budgetary Basis – Van Derveer Elementary School Roof Project.....	124
F-1G Schedule of Project Revenue, Expenditures, Project Balances, and Project Status – Budgetary Basis – Somerville Middle School HVAC System Upgrades.....	125
F-1H Schedule of Project Revenue, Expenditures, Project Balances, and Project Status – Budgetary Basis – Somerville Middle School Roof Project.....	126
F-1I Schedule of Project Revenue, Expenditures, Project Balances, and Project Status – Budgetary Basis – Van Derveer Elementary School HVAC System Upgrades.....	127
F-1J Schedule of Project Revenue, Expenditures, Project Balances, and Project Status – Budgetary Basis – Somerville High School HVAC System Upgrades	128
F-1K Schedule of Project Revenue, Expenditures, Project Balances, and Project Status – Budgetary Basis – 2025 Referendum – Van Derveer Elementary School Improvements	129
F-1L Schedule of Project Revenue, Expenditures, Project Balances, and Project Status – Budgetary Basis – 2025 Referendum – Somerville Middle School Improvements	130
F-1M Schedule of Project Revenue, Expenditures, Project Balances, and Project Status – Budgetary Basis – 2025 Referendum – Somerville High School Improvements.....	131
G. Proprietary Funds.....	132
Enterprise Fund:	
G-1 Statement of Net Position	133
G-2 Statement of Revenue, Expenses and Changes in Fund Net Position.....	134
G-3 Statement of Cash Flows	135

SOMERVILLE BOROUGH SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

Other Supplementary Schedules (Sections D. to I.) (Cont'd)

H. Fiduciary Activities (Not Applicable)	136
I. Long-Term Liabilities.....	137
I-1 Schedule of Serial Bonds	138
I-2 Schedule of Obligations Under Financed Purchases	139
I-3 Schedule of Obligations Under Leases (Not Applicable).....	140
I-4 Schedule of Obligations Under Subscription-Based Information Technology Arrangements (Not Applicable).....	141
I-5 Debt Service Fund Budgetary Comparison Schedule.....	142

STATISTICAL SCHEDULES

J. Statistical Section (Unaudited)	143
J-1 Net Position by Component.....	144
J-2 Changes in Net Position.....	145
J-3 Fund Balances - Governmental Funds	147
J-4 Changes in Fund Balance – Governmental Funds	148
J-5 General Fund Other Local Revenue by Source	149
J-6 Assessed Value and Actual Value of Taxable Property	150
J-7 Direct and Overlapping Property Tax Rates	151
J-8 Principal Property Tax Payers	152
J-9 Property Tax Levies and Collections	153
J-10 Ratios of Outstanding Debt by Type	154
J-11 Ratios of Net General Bonded Debt Outstanding	155
J-12 Ratios of Overlapping Governmental Activities Debt.....	156
J-13 Legal Debt Margin Information.....	157
J-14 Demographic and Economic Statistics	158
J-15 Principal Employers.....	159
J-16 Full-Time Equivalent District Employees by Function/Program	160
J-17 Operating Statistics.....	161
J-18 School Building Information	162
J-19 Schedule of Required Maintenance for School Facilities	163
J-20 Insurance Schedule	164
K. SINGLE AUDIT SECTION.....	166
K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	167
K-2 Report on Compliance For Each Major Federal and State Program; Report on Internal Control over Compliance Required by the Uniform Guidance and NJOMB 15-08	169
K-3 Schedule of Expenditures of Federal Awards.....	172
K-4 Schedule of Expenditures of State Awards	174
K-5 Notes to the Schedules of Expenditures of Federal and State Awards	176
K-6 Schedule of Findings and Questioned Costs.....	178
K-7 Summary Schedule of Prior Audit Findings.....	180

INTRODUCTORY SECTION
UNAUDITED

Somerville Board of Education

Administrative Headquarters

51 West Cliff Street

Somerville, NJ 08876

Gary Lubisco, Jr.
Superintendent of Schools
Telephone 908-218-4101

Bryan P. Boyce
Business Administrator/Board Secretary
Telephone: 908-218-4102

November 11, 2025

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

Dear Board Members:

The annual comprehensive financial report of the Somerville Borough School District (the "District") for the fiscal year ended June 30, 2025, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The annual comprehensive financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of officials and a list of consultants and advisors. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES:

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

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

The District provides a full range of educational services appropriate to grade levels Preschool through Grade 12 for the students residing in Somerville Borough, and 9 through 12 for students residing in Branchburg Township. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2024-2025 fiscal year with an average daily enrollment of 2,114 students, which is a decrease of 41 students from the previous year's enrollment.

2) ECONOMIC CONDITION AND OUTLOOK:

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

3) MAJOR INITIATIVES:

The Somerville School District is committed to advancing the academic success of our students through targeted initiatives and the professional development of our staff. To ensure our students have the tools they need to excel, we are reorganizing our data collection and analysis systems to better align with instructional priorities and outcomes.

Infrastructure and Systems for Success

We have made significant investments to improve student learning:

- **Technology & Resources:** We have purchased electronic programs such as Learning Ally and myOn to expand students' access to books outside the classroom. Through the Google Learning Suite, instructional materials are readily available to support both synchronous and asynchronous learning. At Van Derveer, we use iReady Classroom Mathematics, myOn, and American Reading Company, and at the Middle School, we have a 1-to-1 Chromebook environment that utilizes Google Applications for Education.
- **Data-Driven Decision Making:** We built a data collection and analysis system, establishing school-based and district-wide data teams that meet regularly to review progress, analyze trends, and guide decision-making. This system, which connects literacy and other student data to meaningful classroom-level action, has fundamentally changed how we work. Our student information system, Real-Time, streamlines report card delivery and communication while serving as a repository for assessment data, allowing us to quickly identify and respond to individual student needs.

3) MAJOR INITIATIVES: (Cont'd)

Teacher and Staff Development

Teacher and staff development are central to improving academic outcomes and delivering consistent, high-quality instruction in every classroom (Tier 1 Instruction). We are employing two full-time librarians and increasing the use of interventionists to support core academic instruction. To enhance teaching practices, we invest in job-embedded professional learning where providers collaborate with classroom teachers in real-time learning environments.

- Tier 1 Instruction Capacity: Curriculum meetings throughout the year will provide teachers with Tier I MTSS strategies and SEI approaches that benefit all learners. Sessions are designed to be practical and responsive, giving teachers strategies they can use immediately.
- Targeted Professional Learning: Professional learning is the direct result of collaboration and thoughtful design, with offerings including:
 - Using data to lead Tier 1 instruction.
 - Universal screening training.
 - SEI training to support multilingual learners and struggling students.
 - i-Ready and LinkIt! training for assessment data and progress monitoring.
 - Sessions on best practices in special education and inclusive classroom design.

Key Initiatives by Focus Area

Our district goals are intentionally one-year in nature, set to guide us until a long-range strategic planning process is complete in 2026-2027.

Focus Area	Core Action	Desired Outcome
Academic Achievement	Raise NJSLA scores by 3% in ELA and Math	Improved student performance
Tier 1 Instruction	Build staff capacity and consistency	Stronger classroom instruction
Culture & Climate	Use data from a third-party assessment to inform strategies	Enhanced belonging, wellness, and engagement

Somerville High School

- Dual Enrollment: Through our partnership with Raritan Valley Community College (RVCC), students in the Somerville Academy of Liberal Arts (SALA) can earn an Associate's Degree. The Tomorrow's Teacher pathway offers students college credit and hands-on teaching experience.
- Medical Sciences Academy: In partnership with Robert Wood Johnson University Hospital, the Somerville Medical Sciences Academy (SMSA) provides students first-hand exposure to healthcare careers.
- Scheduling and Climate: The shift to block scheduling this year provides extended instructional time and increases elective opportunities. We continue the implementation of restorative practices.

3) MAJOR INITIATIVES: (Cont'd)

Somerville Middle School

- Curriculum: The school is focusing on three key curricular initiatives: a highly rated 6-8 Math program supported by the i-Ready diagnostic tool and daily Spanish instruction in World Language.
- Exploration: The curriculum emphasizes exploration and student choice with new electives like Media Literacy and Coding.

Van Derveer Elementary School

- Literacy: The school has an evidence-based online reading and phonics program which includes frequent assessments and individualized "Power Goals." Additionally, the Foundations program is used in grades K-3 for foundational literacy skills.
- Math: A math program that aligns with the middle school curriculum, supporting ongoing math proficiency.

As we address these needs within our budget, we plan to revise professional development offerings based on evaluation insights and explore the feasibility of hiring literacy and math coaches. Additional funding will be required to expand training on MTSS, ESL best practices, and technology integration.

The Somerville School District remains steadfast in its mission to provide students with the highest-quality academic experiences while equipping educators with the tools and training they need to excel in their professional roles.

4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

5) BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments, and/or assignments of fund balance at June 30, 2025.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

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

8) RISK MANAGEMENT:

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

9) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education at its last organization meeting. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

The Honorable President and Members of
the Board of Education
Somerville Borough School District
County of Somerset, New Jersey
Page 6

10) ACKNOWLEDGMENTS:

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

Respectfully submitted,

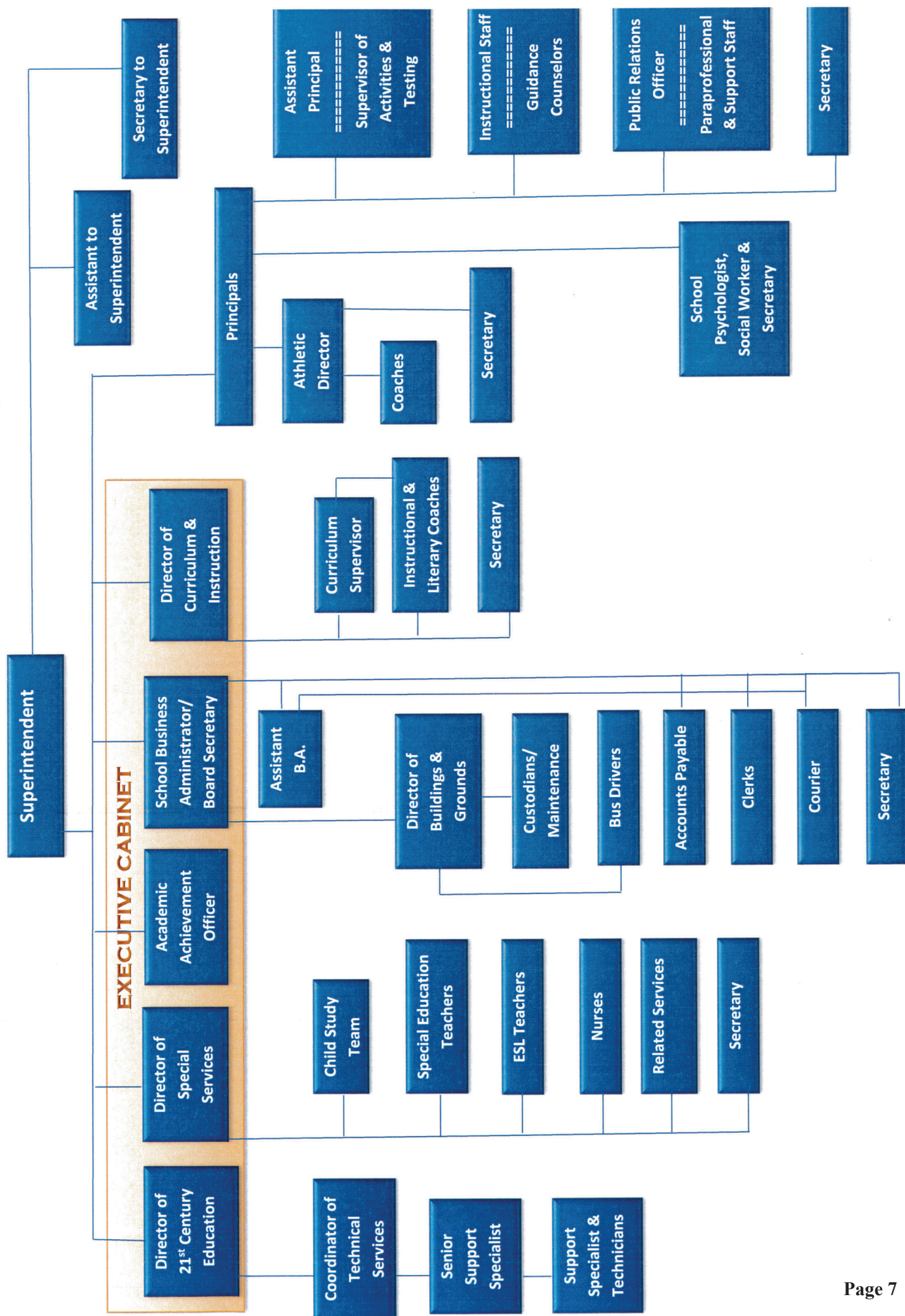
Gary Lubisco, Jr.

Gary Lubisco, Jr
Superintendent of Schools

Bryan P. Boyce

Bryan P. Boyce
Business Administrator/Board Secretary

SOMERVILLE PUBLIC SCHOOLS — ORGANIZATIONAL CHART



**SOMERVILLE BOROUGH SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2025**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
William Kimmick, President	2026
Derek J. Jess, Vice President	2026
Dan Carlson	2025
Stephanie Dale	2027
Mateo Garcia	2025
Jamie Kraska	2027
Lucien Sergile, Jr	2025
Amanda Sherwin	2027
Denise Van Horn	2026
Bindu Shah *	2025

Other Officers

Gary Lubisco, Jr., Superintendent of Schools

Bryan P. Boyce, School Business Administrator/Board Secretary

* Branchburg Board of Education Member

SOMERVILLE BOROUGH SCHOOL DISTRICT
Consultants and Advisors

Architect

FVHD Architects and Planners
1515 Lower Ferry Road
Ewing, NJ 08807

Attorneys

DiFrancesco, Bateman, Kuzman, Davis,
Lehrer & Flaum, PC
15 Mountain Boulevard
Warren, NJ 07059

Fogarty & Hara, Esqs.
21-00 Route 208 South
Fair Lawn, NJ 07410

Audit Firm

Nisivoccia LLP CPAs
Mount Arlington Corporate Center
200 Valley Road Suite 300
Mount Arlington, NJ 07856

Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

1140 Route 22 East, Suite 203
Bridgewater, New Jersey 08807

Official Depositories

TD Bank
50 West Main Street
Somerville, NJ 08876

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

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Somerville Borough School District (the "District"), in the County of Somerset, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position, and, where applicable cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-retirement schedules in Exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, are required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

November 11, 2025
Mount Arlington, New Jersey

Nisiroccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

SOMERVILLE BOROUGH SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

This discussion and analysis of the Somerville Borough School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2025. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Using this Annual Comprehensive Financial Report (ACFR)

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

The Statement of Net Position and Statement of Activities provide information about the activities of the entire District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending. The fund financial statements present all funds of the District. The General Fund is by far the most significant fund.

Overview of the Financial Statements

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

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

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

Reporting the School District as a Whole

District-Wide Statements

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

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

**SOMERVILLE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Statement of Net Position and the Statement of Activities

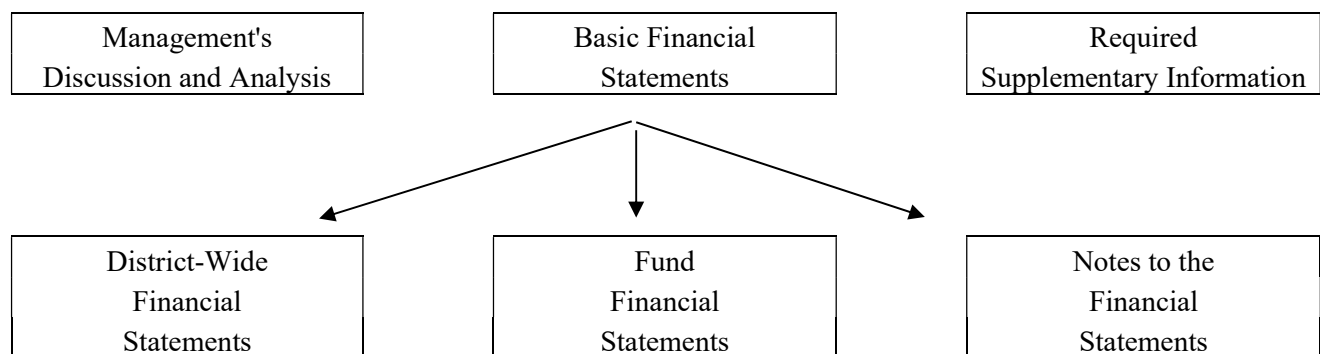
The two statements report the School District's net position and changes in the net position. This change is important because it tells the reader that, for the School District as a whole, whether its financial position improved or diminished. The causes of this change may be the result of many factors. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

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

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

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



**SOMERVILLE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

**SOMERVILLE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Fund Financial Statements

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

Governmental Funds

The District's activities are reported in governmental funds. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Fund

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

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

The Statement of Net Position provides one perspective of the District as a whole. Figure A-3 provides a summary of the District's net position as of June 30, 2025. The District's combined net position was \$57,291,332 on June 30, 2025, \$5,161,076 or 9.90% more than it was the year before. Net Investment in capital assets increased with the voter approved referendum along with ROD HVAC and roof project expenses, acquisitions of district capital assets offset by the continued pay down of the school debt and depreciation expense. The decrease in restricted net position is attributable to the decreases in the capital reserve utilized as local funding for the ROD projects. The increase in unrestricted net position was primarily attributable to the changes in the net pension liability and pension related deferred inflows and outflows and the increase in compensated absences.

**SOMERVILLE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024	
Current and Other Assets	\$ 65,682,551	\$ 24,184,618	\$ 433,231	\$ 548,909	\$ 66,115,782	\$ 24,733,527	
Capital Assets, Net	50,370,757	45,846,728	458,083	282,819	50,828,840	46,129,547	
Total Assets	116,053,308	70,031,346	891,314	831,728	116,944,622	70,863,074	65.03%
Deferred Outflows of Resources	2,355,230	2,731,687			2,355,230	2,731,687	-13.78%
Other Liabilities	1,990,631	2,759,533	35,313	44,256	2,025,944	2,803,789	
Long-Term Liabilities	59,219,788	17,543,540			59,219,788	17,543,540	
Total Liabilities	61,210,419	20,303,073	35,313	44,256	61,245,732	20,347,329	201.00%
Deferred Inflows of Resources	762,788	1,117,176			762,788	1,117,176	-31.72%
Net Position							
Net Investment in Capital Assets	45,344,034	39,888,935	458,083	282,819	45,802,117	40,171,754	
Restricted	12,623,057	15,687,289			12,623,057	15,687,289	
Unrestricted/(Deficit)	(1,531,760)	(4,233,440)	397,918	504,653	(1,133,842)	(3,728,787)	
Total Net Position	\$ 56,435,331	\$ 51,342,784	\$ 856,001	\$ 787,472	\$ 57,291,332	\$ 52,130,256	9.90%

Changes in Net Position

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

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024	
Revenue:							
Program Revenue:							
Charges for Services	\$ 12,027,338	\$ 12,602,668	\$ 443,124	\$ 464,337	\$ 12,470,462	\$ 13,067,005	
Operating Grants & Contributions	10,796,449	12,789,280	647,928	612,335	11,444,377	13,401,615	
Capital Grants & Contributions	1,441,457				1,441,457		
General Revenue:							
Property Taxes	27,112,270	26,613,908			27,112,270	26,613,908	
Unrestricted Federal and State Aid	8,503,870	8,250,550			8,503,870	8,250,550	
Other	1,658,033	1,587,134			1,658,033	1,587,134	
Total Revenue	61,539,417	61,843,540	1,091,052	1,076,672	62,630,469	62,920,212	-0.46%
Expenses:							
Instruction	34,354,599	35,184,785			34,354,599	35,184,785	
Pupil and Instruction Services	8,900,546	9,026,450			8,900,546	9,026,450	
Administrative and Business	5,651,191	5,721,300			5,651,191	5,721,300	
Maintenance and Operations	4,198,325	4,194,039			4,198,325	4,194,039	
Transportation	1,265,501	1,122,711			1,265,501	1,122,711	
Other	2,076,708	2,067,390	1,022,523	975,916	3,099,231	3,043,306	
Total Expenses	56,446,870	57,316,675	1,022,523	975,916	57,469,393	58,292,591	-1.41%
Increase/(Decrease) in Net Position	\$ 5,092,547	\$ 4,526,865	\$ 68,529	\$ 157,758	\$ 5,161,076	\$ 4,627,621	11.53%

**SOMERVILLE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Governmental Activities

The financial position of the District remains strong. However; maintaining financial and programmatic stability has become increasingly difficult due to state aid not keeping pace with the District's enrollment.

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

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

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

**SOMERVILLE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Figure A-5

Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2024/2025	2023/2024	2024/2025	2023/2024
Instruction	\$ 34,354,599	\$ 35,184,785	\$13,594,290	\$ 12,307,604
Pupil and Instruction Services	8,900,546	9,026,450	7,635,515	7,329,373
Administrative and Business	5,651,191	5,721,300	5,166,158	5,152,478
Maintenance and Operations	4,198,325	4,194,039	2,683,279	4,164,128
Transportation	1,265,501	1,122,711	1,025,676	903,754
Other	2,076,708	2,067,390	2,076,708	2,067,390
	<u>\$ 56,446,870</u>	<u>\$ 57,316,675</u>	<u>\$ 32,181,626</u>	<u>\$ 31,924,727</u>

Business-Type Activities

Net position of the District's business-type activity increased by \$68,529 mainly due to the increase in lunch sales and subsidy reimbursement net of increased costs of good sold.

Financial Analysis of the District's Funds

The District's financial position improved despite continuous changes in budgeting laws and the volatility of state aid both of which tend to change often and significantly without sufficient notice to plan for their impact on financial and programmatic plans. Despite these challenges, the District has been able to fund the local portion of the most recent round of Regular Operating District (ROD) grants in the amount of \$6,370,200. Additionally, the District has funded a boiler replacement project at Van Derveer Elementary School and replacement of a school intercom system and auditorium seating at Somerville Middle School.

The current economy has had a direct impact upon the District's revenue sources. Although the Borough of Somerville has several development/redevelopment projects in the execution phase, taxable property in the Borough has decreased 6.5% since 2011 which has a direct negative impact on school property tax rate. The District will remain sensitive to the taxpayer's ability to pay property taxes as they build annual budgets.

General Fund Budgetary Highlights

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

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

- Salary accounts were adjusted to reflect: changes in staff assignments; retirements, resignations and resulting new hires; settlement of collective bargaining agreement; program adjustments necessitated by student population changes.
- Tuition for special education students is budgeted based on the existing and known incoming students at the time the budget is submitted. Students move into and out of the District during the summer as well as the school year which necessitates transferring funds to the appropriate account to pay these special education costs.

**SOMERVILLE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

Capital Assets

Figure A-6
Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024	
Land	\$ 20,079	\$ 20,079			\$ 20,079	\$ 20,079	
Construction in Progress	11,422,057	6,278,146			11,422,057	6,278,146	
Buildings and Building Improvements	36,130,080	36,978,928			36,130,080	36,978,928	
Machinery and Equipment	2,798,541	2,569,575	\$ 458,083	\$ 282,819	3,256,624	2,852,394	
Total Capital Assets (Net of Depreciation)	<u>\$ 50,370,757</u>	<u>\$ 45,846,728</u>	<u>\$ 458,083</u>	<u>\$ 282,819</u>	<u>\$ 50,828,840</u>	<u>\$ 46,129,547</u>	10.19%

During the 2024/2025 school year the District continued work on the District's facilities related to various projects in the District.

Long-Term Liabilities

Figure A-7
Long-Term Liabilities

	Total School District		Percentage Change
	2024/2025	2023/2024	
General Obligation Bonds	\$ 48,060,000	\$ 5,850,000	
Financed Purchases Payable	170,141	231,000	
Net Pension Liability	8,535,275	8,849,647	
Unamortized Bond Premiums	297,952	431,922	
Compensated Absences Payable	2,156,420	2,180,971	
	<u>\$ 59,219,788</u>	<u>\$ 17,543,540</u>	237.56%

- During the 2024/2025 school year the District issued serial bonds in the amount of \$44,020,000 for the voter approved referendum while paying down \$1,810,000 on existing debt
- Net pension liability decreased by \$314,372.
- The other liabilities decreased a combined \$219,380.

**SOMERVILLE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Factor's Bearing on the District's Future

Everyone associated with the Somerville Borough Board of Education is grateful for the community support of the schools. However, due to the instability of the state's financial position, changes in budgeting laws without sufficient notice to plan for the long term impact of those changes and unfunded state mandates, the school district faces an ever-increasing reliance on local property taxes to fund district operations. Chapter 67 – Laws of 2018 (S2) was signed into legislation in June 2018 and has shifted school state aid from adjustment aid districts to underfunded districts and now Somerville School District receives 100% of state aid pursuant to the School Funding Reform Act of 2008.

Future finances will be challenged even further with the continued effect of legislation that impacts the financial operation of the School District. S1701, adopted by the State of New Jersey on June 17, 2004, forced the District to cut its allowable unassigned general fund balance in half (from 6% to 3%), which was reduced to 2% at the end of the 2004/2005 school year and then increased to 4% at the end of the 2020/2021 school year for 2 years returning to the 2% at the end of the 2022/2023 school year. This leaves the District with very little protection in the event of costly emergencies. Furthermore, inflation, increased enrollment of multi-language learners, increased number of students with social and emotional needs, collective bargain agreement settlement rate increases and the cost of transportation are all increasing far more than 2%. In addition, current budget laws do not provide relief to the 2% levy CAP for capital projects. As a result, the District has adopted a strategy to fund facility improvements on an ongoing annual basis to achieve a goal of providing adequate space for instruction, keeping the buildings safe, systems functioning and operating efficiently, and appearances of the facilities presentable so that students are not distracted from learning. The District engaged a professional demographer to perform an enrollment projection which was finalized in July 2024. The purpose of the projection was to determine if the District's current facilities are adequate to accommodate future enrollment attributed to several planned redevelopment projects in both Branchburg and Somerville. The report concluded that PreK – Grade 8 enrollment will decrease by 90 students or 8.4% by 2028-2029 but increase by 93 students or 9% in Grades 9-12. The District will continue to closely monitor enrollment as the redevelopment projects are completed. Perhaps the most significant factors impacting the District's future financial stability revolve around the statutory funding formula. The sharp increase in the calculated wealth of Somerville residents, based on both Equalized Valuation and District Income, has resulted in a significant decrease in State Equalization Aid for the 2025-2026 fiscal year. Fortunately, the State's aid formula limited the total reduction across the four major K-12 aid categories to a 3% maximum decrease for fiscal year 2026. However, the underlying formula relies heavily on the calculation of the District's Local Fair Share and given the continued increase in local wealth measures, particularly the influx of higher-income residents into the community, the long-term prognosis for State Equalization Aid is expected to remain challenging. The District must plan proactively to mitigate future declines in state revenue by maximizing operational efficiencies and exploring alternate funding streams.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 54,029,322	\$ 345,238	\$ 54,374,560
Receivables from Federal Government	373,636	34,551	408,187
Receivables from State Government	607,769	2,277	610,046
Receivables from Other Governments	348,950		348,950
Other Receivables		25,990	25,990
Inventory		25,175	25,175
Restricted Cash and Cash Equivalents	10,322,874		10,322,874
Capital Assets, Net			
Site (Land) and Construction in Progress	11,442,136		11,442,136
Depreciable Buildings and Buildings Improvements & Machinery and Equipment	38,928,621	458,083	39,386,704
Total Assets	116,053,308	891,314	116,944,622
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pensions	1,445,747		1,445,747
District Contribution Subsequent to Measurement Date	845,910		845,910
Deferred Amount on the Refunding	63,573		63,573
Total Deferred Outflows of Resources	2,355,230		2,355,230
LIABILITIES			
Current Liabilities:			
Accounts Payable	1,602,288	6,370	1,608,658
Accrued Interest Payable	62,608		62,608
Payable to State Government	99,850		99,850
Payable to Federal Government			
Unearned Revenue	225,885	28,943	254,828
Noncurrent Liabilities:			
Due Within One Year	883,252		883,252
Due Beyond one Year	58,336,536		58,336,536
Total Liabilities	61,210,419	35,313	61,245,732
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	762,788		762,788
Total Deferred Inflows of Resources	762,788		762,788

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
NET POSITION			
Net Investment in Capital Assets	\$ 45,344,034	\$ 458,083	\$ 45,802,117
Restricted for:			
Capital Projects	6,801,524		6,801,524
Maintenance	371,763		371,763
Tuition	2,501,794		2,501,794
Unemployment Compensation	261,782		261,782
Student Activities	386,011		386,011
Debt Service	123,872		123,872
Excess Surplus	2,176,311		2,176,311
Unrestricted/(Deficit)	<u>(1,531,760)</u>	<u>397,918</u>	<u>(1,133,842)</u>
Total Net Position	<u>\$ 56,435,331</u>	<u>\$ 856,001</u>	<u>\$ 57,291,332</u>

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Regular Instruction	\$ 23,878,642	\$ 11,686,199	\$ 5,268,071		\$ (6,924,372)	\$	\$ (6,924,372)
Special Education Instruction	8,293,119		3,582,498		(4,710,621)		(4,710,621)
Other Special Instruction	1,620,015		160,842		(1,459,173)		(1,459,173)
Other Instruction	562,823		62,699		(500,124)		(500,124)
Support services:							
Tuition	622,835				(622,835)		(622,835)
Student & Instruction Related Services	8,277,711	341,139	923,892		(7,012,680)		(7,012,680)
General Administrative Services	982,121		17,411		(964,710)		(964,710)
School Administrative Services	3,507,799		433,499		(3,074,300)		(3,074,300)
Central Services	942,740		34,123		(908,617)		(908,617)
Administration Information Technology	218,531				(218,531)		(218,531)
Plant Operations and Maintenance	4,198,325		73,589	\$ 1,441,457	(2,683,279)		(2,683,279)
Pupil Transportation	1,265,501	251,656	239,825		(774,020)		(774,020)
Unallocated Depreciation	1,788,015				(1,788,015)		(1,788,015)
Interest on Long-Term Debt	90,597				(90,597)		(90,597)
Capital Outlay	169,109				(169,109)		(169,109)
Transfer to Charter School	28,987				(28,987)		(28,987)
Total Governmental Activities	56,446,870	12,278,994	10,796,449	1,441,457	(31,929,970)		(31,929,970)
Business-Type Activities:							
Food Service	1,022,523	443,124	647,928			\$ 68,529	68,529
Total Business-Type Activities	1,022,523	443,124	647,928			68,529	68,529
Total Primary Government	\$ 57,469,393	\$ 12,722,118	\$ 11,444,377	\$ 1,441,457	(31,929,970)	68,529	(31,861,441)

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 25,326,372		\$ 25,326,372
Property Taxes Levied for Debt Service	1,785,898		1,785,898
Federal and State Aid not Restricted	8,503,870		8,503,870
Interest and Miscellaneous Income	1,406,377		1,406,377
Total General Revenues	37,022,517		37,022,517
Change in Net Position	5,092,547	\$ 68,529	5,161,076
Net Position - Beginning	51,342,784	787,472	52,130,256
Net Position - Ending	\$ 56,435,331	\$ 856,001	\$ 57,291,332

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

FUND FINANCIAL STATEMENTS

SOMERVILLE BOROUGH SCHOOL DISTRICTBALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 8,690,785		\$ 45,338,537		\$ 54,029,322
Interfund Receivable	316,282		5,002,248	\$ 123,872	5,442,402
Receivables from Federal Government		\$ 373,636			373,636
Receivables from State Government	454,930	152,839			607,769
Receivables from Other Governments	260,089	88,861			348,950
Other Receivables					
Restricted Cash and Cash Equivalents	9,936,863	386,011			10,322,874
Total Assets	<u>\$ 19,658,949</u>	<u>\$ 1,001,347</u>	<u>\$ 50,340,785</u>	<u>\$ 123,872</u>	<u>\$ 71,124,953</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 478,287	\$ 76,891	\$ 201,200		\$ 756,378
Interfund Payable	5,002,248	316,282	123,872		5,442,402
Payable to State Government		99,850			99,850
Unearned Revenue		225,885			225,885
Total Liabilities	<u>5,480,535</u>	<u>718,908</u>	<u>325,072</u>		<u>6,524,515</u>
Fund Balances:					
Restricted:					
Capital Reserve Account	6,801,524				6,801,524
Maintenance Reserve Account	371,763				371,763
Tuition Reserve Account - 2026-2027	1,278,105				1,278,105
Tuition Reserve Account - 2025-2026	1,223,689				1,223,689
Excess Surplus - 2026-2027	1,050,000				1,050,000
Excess Surplus - 2025-2026	1,126,311				1,126,311
Capital Projects Fund			43,139,845		43,139,845
Unemployment Compensation	261,782				261,782
Student Activities		386,011			386,011
Debt Service				\$ 123,872	123,872
Committed:					
Capital Projects			6,875,868		6,875,868
Assigned:					
Year-End Encumbrances	934,650				934,650
Subsequent Year's Expenditures	977,146				977,146
Unassigned/(Deficit)	153,444	(103,572)			49,872
Total Fund Balances	<u>14,178,414</u>	<u>282,439</u>	<u>50,015,713</u>	<u>123,872</u>	<u>64,600,438</u>
Total Liabilities and Fund Balances	<u>\$ 19,658,949</u>	<u>\$ 1,001,347</u>	<u>\$ 50,340,785</u>	<u>\$ 123,872</u>	<u>\$ 71,124,953</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

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

Total Fund Balances From Previous Page	\$ 64,600,438
Capital assets used in governmental activities are not financial resources and therefore not reported in the Funds.	50,370,757
Long-Term Liabilities, including bonds payable, financed purchases and compensated absences payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(50,386,561)
The deferred amount on the refunding is not reported as an expenditure in the governmental funds in the year of the expenditure.	63,573
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(62,608)
Bond premiums are not reported as expenditures in the governmental funds in the year of the expenditure.	(297,952)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(8,535,275)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds.	
Deferred Outflows	1,445,747
Deferred Inflows	(762,788)
Net Position of Governmental Activities	<u>\$ 56,435,331</u>

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 25,326,372			\$ 1,785,898	\$ 27,112,270
Tuition Charges - Individuals	8,815				8,815
Tuition Charges- Other LEA's Within the State	11,671,796				11,671,796
Tuition From Other Governmental Sources within the State	5,588				5,588
Transportation Fees From Other LEA's	251,656				251,656
Rents and Royalties	86,745				86,745
Interest on Capital Reserve	414,077				414,077
Interest on Maintenance Reserve	16,737				16,737
Interest on Tuition Reserve	129,192				129,192
Restricted Miscellaneous		\$ 341,139			341,139
Unrestricted Miscellaneous	576,130	42,616	\$ 183,496		802,242
Total - Local Sources	38,487,108	383,755	183,496	1,785,898	40,840,257
State Sources	21,779,700	1,942,559		209,796	23,932,055
Federal Sources	36,144	1,424,300	1,441,457		2,901,901
Total Revenues	60,302,952	3,750,614	1,624,953	1,995,694	67,674,213
EXPENDITURES					
Current:					
Regular Instruction	14,760,001	2,936,369			17,696,370
Special Education Instruction	5,162,597	616,200			5,778,797
School Sponsored Instruction	1,221,635				1,221,635
Other Special Instruction	407,527				407,527
Support Services and Undistributed Costs:					
Tuition	622,835				622,835
Student & Instruction Related Services	5,695,051	349,307			6,044,358
General Administrative Services	815,898				815,898
School Administrative Services	2,430,600				2,430,600

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES					
Support Services and Undistributed Costs (Cont'd):					
Central Services	\$ 700,675				\$ 700,675
Administration Information Technology	218,531				218,531
Plant Operations and Maintenance	3,881,966				3,881,966
Pupil Transportation	1,025,409				1,025,409
Unallocated Benefits	20,204,177				20,204,177
Debt Service:					
Principal				\$ 1,810,000	1,810,000
Interest and Other Charges				194,500	194,500
Capital Outlay					6,455,680
Transfer of Funds to Charter School	1,236,499	\$ 75,270	\$ 5,143,911		28,987
Total Expenditures	58,412,388	3,977,146	5,143,911	2,004,500	69,537,945
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	1,890,564	(226,532)	(3,518,958)	(8,806)	(1,863,732)
OTHER FINANCING SOURCES/(USES)					
Serial Bonds Issued			44,020,000		44,020,000
Transfers In	87,951	226,072	5,090,200	95,545	5,499,768
Transfers Out	(5,316,272)		(183,496)		(5,499,768)
Total Other Financing Sources/(Uses)	(5,228,321)	226,072	48,926,704	95,545	44,020,000
Net Change in Fund Balances	(3,337,757)	(460)	45,407,746	86,739	42,156,268
Fund Balance - July 1	17,516,171	282,899	4,607,967	37,133	22,444,170
Fund Balance - June 30	\$ 14,178,414	\$ 282,439	\$ 50,015,713	\$ 123,872	\$ 64,600,438

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Total net change in fund balances - governmental funds (from Exhibit B-2)	\$	42,156,268
Amounts reported for governmental activities in the statement of activities (Exhibit A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differ from depreciation and disposal of assets in the period, if any.		
Depreciation Expense	\$	(1,886,782)
Capital Outlays		<u>6,410,811</u>
		4,524,029
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		1,810,000
Proceeds from school bonds issued are a other financing source in the governmental funds, they are not revenue in the statement of activities, issuing debt increases long-term liabilities in the statement of net position.		
		(44,020,000)
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.		
		29,567
The governmental funds report the effect of the deferred amount on refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-)		
		(59,634)
The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (+)		
		133,970
Repayment of financed purchases is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		
		60,859

SOMERVILLE BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

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

Changes in Net Pension Liability	\$ 314,372	
Change in Deferred Outflows	(235,823)	
Change in Deferred Inflows	354,388	
		<u>432,937</u>
Change in net position of governmental activities (Exhibit A-2)		<u>\$ 5,092,547</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	<u>Business-Type Activities - Enterprise Funds Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 345,238
Accounts Receivable:	
Federal Government	34,551
State Government	2,277
Other	25,990
Inventories	<u>25,175</u>
Total Current Assets	<u>433,231</u>
Non-Current Assets:	
Capital Assets:	
Machinery and Equipment	749,337
Less: Accumulated Depreciation	<u>(291,254)</u>
Total Non-Current Assets	<u>458,083</u>
Total Assets	<u>891,314</u>
LIABILITIES:	
Accounts Payable - Vendors	6,370
Unearned Revenue - Donated Commodities	6,763
Unearned Revenue - Prepaid Sales	<u>22,180</u>
Total Liabilities	<u>35,313</u>
NET POSITION:	
Investment in Capital Assets	458,083
Unrestricted	<u>397,918</u>
Total Net Position	<u><u>\$ 856,001</u></u>

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Business-Type Activities - Enterprise Funds <u>Food Service</u>
Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 255,295
Daily Sales - Non Reimbursable Programs	<u>187,829</u>
Total Operating Revenue	<u>443,124</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	296,123
Cost of Sales - Non Reimbursable Programs	213,617
Management Fee	33,440
Salaries, Benefits & Payroll Taxes	371,152
Other	105,391
Depreciation Expense	<u>2,800</u>
Total Operating Expenses	<u>1,022,523</u>
Operating (Loss)	<u>(579,399)</u>
Non-Operating Revenue:	
State Sources:	
State School Breakfast Program	1,188
State School Lunch Program	14,115
State - After the Bell	3,663
New Jersey Exapnded Income Eligibilty - Breakfast	3,123
New Jersey Exapnded Income Eligibilty - Lunch	12,018
Federal Sources:	
National School Lunch Program	408,348
School Breakfast Program	103,230
Food Distribution Program	94,252
Local Food for Schools Cooperative Program	7,348
Summer- EBT	<u>643</u>
Total Non-Operating Revenue	<u>647,928</u>
Change in Net Position	68,529
Net Position - Beginning of Year	<u>787,472</u>
Net Position - End of Year	<u><u>\$ 856,001</u></u>

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Business-Type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 445,252
Payments to Employees	(879,470)
Payments to Suppliers	(56,118)
Net Cash (Used for) Operating Activities	(490,336)
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Equipment	(178,064)
Net Cash (Used for) Capital and Related Financing Activities	(178,064)
Cash Flows from Noncapital Financing Activities:	
Cash Received from State Reimbursements	33,544
Cash Received from Federal Reimbursements	515,749
Net Cash Provided by Noncapital Financing Activities	549,293
Net Decrease in Cash and Cash Equivalents	(119,107)
Cash and Cash Equivalents, July 1	464,345
Cash and Cash Equivalents, June 30	\$ 345,238
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (579,399)
Adjustment to Reconcile Operating Loss to Net Cash (Used for) Operating Activities:	
Depreciation	2,800
Federal Food Distribution Program	94,252
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	1,741
(Increase)/Decrease in Other Receivables	(787)
Increase/(Decrease) in Accounts Payable	(13,170)
Increase/(Decrease) in Unearned Revenue - Donated Commodities	1,312
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	2,915
Net Cash (Used for) Operating Activities	\$ (490,336)

Non-Cash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$95,564 and used \$94,252 of those commodities during the fiscal year.

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Somerville Borough School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenue identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

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

The District reports the following governmental funds:

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

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by Board Resolution.

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

The District reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting:

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

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

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2025 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Budget amendments/transfers must be made by resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue"	\$ 60,345,094	\$ 3,363,883
Difference - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		
Current Year Encumbrances:		
Federal		(14,822)
State		(14,500)
Local		(1,329)
Prior Year Encumbrances:		
Federal		375,465
State		24,490
Local		9,719
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	948,945	111,280
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(991,087)</u>	<u>(103,572)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 60,302,952</u>	<u>\$ 3,750,614</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 58,412,388	\$ 3,598,123
Difference - Budgetary to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for Financial Reporting Purposes.		<u>379,023</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 58,412,388</u>	<u>\$ 3,977,146</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

	<u>Capital Projects Fund</u>	
	<u>Revenue</u>	<u>Fund Balance</u>
Revenue/Fund Balance	\$ 4,430,296	\$ 54,848,605
Reconciliation to Governmental Funds Statements (GAAP):		
Grant Revenue not Recognized on GAAP Basis	<u>(2,805,343)</u>	<u>(4,832,892)</u>
Revenue/Fund Balance per Governmental Funds (GAAP)	<u>\$ 1,624,953</u>	<u>\$ 50,015,713</u>

E. Cash, Cash Equivalents, and Investments:

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

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

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

F. Interfund Transactions:

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

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2025.

K. Capital Assets:

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

K. Capital Assets: (Cont'd)

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

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

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

L. Lease Assets:

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

M. Subscription Assets

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

N. Long Term Liabilities:

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

O. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2025.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

P. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by (GASB). A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

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

Q. Lease Payable

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

R. Subscription Payable

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

S. Unearned Revenue:

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

T. Fund Balance Appropriated:

General Fund: Of the \$14,178,414 General Fund fund balance at June 30, 2025, \$934,650 is assigned for year-end encumbrances; \$6,801,524 is restricted in the capital reserve account; \$261,782 is restricted for unemployment compensation; \$371,763 is restricted in the maintenance reserve account; \$1,223,689 is restricted in the tuition reserve account and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2026; \$1,278,105 is restricted in the tuition reserve account for fiscal year ending June 30, 2027; \$2,176,311 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701); \$1,126,311 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2026; current year excess surplus in the amount of \$1,050,000 will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2027; \$977,146 is assigned and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2026; and \$153,444 is unassigned which is \$991,087, less than the calculated maximum unassigned fund balance, on a Budgetary basis, due to the final two state aid payments which are not recognized until the fiscal year ending June 30, 2026 on a GAAP basis.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

T. Fund Balance Appropriated: (Cont'd)

Special Revenue Fund: Of the \$282,439 Special Revenue Fund fund balance at June 30, 2025, \$386,011 is restricted for Student Activities and the deficit fund balance of \$103,572 is unassigned. This deficit is due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2026 on a GAAP basis.

Capital Projects Fund: Of the \$50,015,713 Capital Projects Fund fund balance at June 30, 2025, \$43,139,845 is restricted and \$6,875,868 is committed, which is \$4,832,892 less than on a GAAP basis due to the Preschool Facilities Expansion grant and SDA grants not being recognized on a GAAP basis until certain milestones are accomplished and the required documentation is submitted to the Grantor for reimbursements.

Debt Service Fund: The District has \$123,872 of restricted fund balance in the Debt Service Fund at June 30, 2025.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus at June 30, 2025 as outlined above.

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

U. Deficit Net Position/ Fund Balance:

The District has a deficit in unrestricted net position of \$1,531,760 in governmental activities, which is primarily a result of accrued interest payable, compensated absences payable, net pension liability and the related deferred inflows and outflows. The District has a deficit in fund balance of \$103,572 in the Special Revenue Fund as of June 30, 2025 as a result of the last two state aid payments that are not recognized on a GAAP basis. These deficits do not mean that the District is facing financial difficulties and is a permitted practice by generally accepted accounting principles.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

V. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District has deferred outflows of resources at June 30, 2025 on the deferred amount on refunding of debt related to the District refunding bonds, and for pensions. The District has deferred inflows of resources at June 30, 2025 for pensions.

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

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

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

W. Fund Balance Restrictions, Commitments and Assignments:

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

Fund balance restrictions have been established for excess surplus, a capital reserve, a tuition reserve, a maintenance reserve, unemployment compensation, student activities, the capital projects funds and the debt service fund. The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body.

The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the capital projects fund at June 30, 2025.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

W. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2025.

X. Revenue – Exchange and Nonexchange Transactions:

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

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

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

Y. Operating Revenue and Expenses:

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

Z. Management Estimates:

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

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

AA. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

Deposits:

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

Deposits: (Cont'd)

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools; or
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L.; 1977,c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities; if
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.). ;
 - (b) the custody of collateral is transferred to a third party;

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

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

Investments (Cont'd)

- (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L.1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2025, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking and Savings Accounts	\$ 8,123,869		\$ 8,123,869
New Jersey Cash Management Fund	2,750,445	\$ 10,322,874	13,073,319
New Jersey Asset Rebate Management Program (NJ ARM)	43,500,246		43,500,246
	<u>\$ 54,374,560</u>	<u>\$ 10,322,874</u>	<u>\$ 64,697,434</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2025, was \$64,697,434 and the bank balance was \$69,704,305. The District did not hold any investments during the fiscal year ended June 30, 2025. The balances in New Jersey Cash Management and New Jersey ARM are uninsured and unregistered.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

NOTE 4. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2025 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 20,079			\$ 20,079
Construction in Progress	6,278,146	\$ 5,143,911		11,422,057
Total Capital Assets not Being Depreciated	6,298,225	5,143,911		11,442,136
Capital Assets Being Depreciated:				
Site Improvements	412,800			412,800
Buildings and Building Improvements	63,943,399	897,910		64,841,309
Machinery, Equipment and Vehicles	7,035,260	368,990		7,404,250
Total Capital Assets Being Depreciated	71,391,459	1,266,900		72,658,359
Governmental Activities Capital Assets	77,689,684	6,410,811		84,100,495
Less Accumulated Depreciation for:				
Site Improvements	(412,800)			(412,800)
Buildings and Building Improvements	(26,964,471)	(1,746,758)		(28,711,229)
Machinery, Equipment and Vehicles	(4,465,685)	(140,024)		(4,605,709)
Total Accumulated Depreciation	(31,842,956)	(1,886,782)		(33,729,738)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$45,846,728	\$ 4,524,029	\$ -0-	\$ 50,370,757
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	571,273	178,064		749,337
Less Accumulated Depreciation	(288,454)	(2,800)		(291,254)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 282,819	\$ 175,264	\$ -0-	\$ 458,083

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

NOTE 4. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 2,318
Student & Instruction Related Services	863
General Administration	59,675
Plant Operations and Maintenance	9,929
Pupil Transportation	25,982
Unallocated	1,788,015
	<u>\$ 1,886,782</u>

The District had active construction projects totaling \$54,848,605 as of June 30, 2025. These projects include HVAC upgrades, greenhouse demolition, roof projects, various improvements, playground replacement and preschool addition and alterations. The District also began a voter approved referendum for improvements to district schools in May. At year end, the District had \$8,468,271 in outstanding construction encumbrances.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2025, the District obtained the required approvals from the County Superintendent for transfers made in the capital outlay accounts.

NOTE 6. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 6. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2024 to June 30, 2025 fiscal year is as follows:

Beginning Balance at June 30, 2024		\$ 9,672,742
Increased by:		
Interest Earnings	\$ 414,077	
Transferred by Board Resolution - June 10, 2025	963,730	
Budget Appropriation	<u>25,000</u>	
		<u>1,402,807</u>
		11,075,549
Decreased by:		
Withdrawal by Board Resolution	183,825	
Transfer to Capital Projects Fund - Budget Withdrawal	<u>4,090,200</u>	
		<u>4,274,025</u>
Ending Balance at June 30, 2025		<u><u>\$ 6,801,524</u></u>

The balance in the capital reserve account at June 30, 2025 does not exceed the LRFP balance of local support costs of uncompleted capital projects. The withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2025, the following changes occurred in liabilities reported in the District-wide financial statements:

	Balance June 30, 2023	Accrued	Retired	Balance June 30, 2024	Balance Due Within One Year
Serial Bonds Payable	\$ 5,850,000	\$ 44,020,000	\$ 1,810,000	\$ 48,060,000	\$ 755,000
Financed Purchases Payable	231,000		60,859	170,141	53,764
Net Pension Liability	8,849,647		314,372	8,535,275	
Unamortized Bond Issuance Premium	431,922		133,970	297,952	74,488
Compensated Absences Payable	<u>2,180,971</u>	<u>60,709</u>	<u>85,260</u>	<u>2,156,420</u>	
	<u><u>\$ 17,543,540</u></u>	<u><u>\$ 44,080,709</u></u>	<u><u>\$ 2,404,461</u></u>	<u><u>\$ 59,219,788</u></u>	<u><u>\$ 883,252</u></u>

A. Bonds Payable:

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

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

A. Bonds Payable: (Cont'd)

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

On May 15, 2025, the District issued debt in the amount of \$44,020,000 with interest rates ranging from 1.25%-4.25% with consent of the taxpayers through a referendum to complete various improvements to all schools. The bonds mature on July 15, 2027 through 2047.

The District had bonds outstanding as of June 30, 2025 as follows:

<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
School Refunding Bonds	7/15/2029	3.00%-4.00%	\$ 4,040,000
School Bonds, Series 2025	7/15/2047	1.25%-4.25%	44,020,000
			<u>\$ 48,060,000</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 755,000	\$ 1,863,800	\$ 2,618,800
2027	2,285,000	1,833,000	4,118,000
2028	1,960,000	1,786,400	3,746,400
2029	2,005,000	1,715,800	3,720,800
2030	2,055,000	1,643,450	3,698,450
2030-2035	11,500,000	6,993,750	18,493,750
2036-2040	11,500,000	4,693,750	16,193,750
2040-2045	11,500,000	2,385,125	13,885,125
2045-2047	4,500,000	286,875	4,786,875
	<u>\$ 48,060,000</u>	<u>\$ 23,201,950</u>	<u>\$ 71,261,950</u>

B. Unamortized Bond Premium

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$74,488 and the long-term portion is \$223,464.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

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

C. Bonds Authorized But Not Issued:

As of June 30, 2025, the Board had no bonds authorized but not issued.

D. Financed Purchases Payable:

The District has a financed purchase agreement for chromebooks totaling \$231,000 of which \$60,859 had been liquidated as of June 30, 2025. The financed purchase agreement is for a term of four years. The following is a schedule of the future minimum financed purchase payments under the financed purchase agreements, and the present value of the net minimum financed purchases payments at June 30, 2025.

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2026	\$ 62,934
2027	62,935
2028	<u>62,934</u>
Total Minimum Financed Purchases Payments	188,803
Less: Amount Representing Interest	<u>(18,662)</u>
Present Value of Net Minimum Financed Purchases Payments	<u>\$ 170,141</u>

The current portion of the financed purchases payable at June 30, 2025 is \$53,764 and the long-term portion is \$116,377. The General Fund will be used to liquidate the financed purchases payable.

E. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the long-term liabilities. The current portion of compensated absences liability at June 30, 2025 is \$-0- and the long-term portion is \$2,156,420. Compensated absences will be liquidated by the General Fund.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2025, no liability existed for compensated absences in the Food Service Fund.

F. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2025 is \$-0- and the long-term portion is \$8,535,275. See Note 10 for further information on the PERS.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 8. MAINTENANCE RESERVE ACCOUNT

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

The activity of the maintenance reserve for the July 1, 2024 to June 30, 2025 fiscal year is as follows:

Beginning Balance at June 30, 2024	\$ 355,027
Interest Earnings	<u>16,736</u>
Ending Balance at June 30, 2025	<u><u>\$ 371,763</u></u>

NOTE 9. TUITION RESERVE ACCOUNT

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

As of June 30, 2025, the District has \$2,176,311 in the tuition reserve for which \$1,223,689 and \$1,278,105 will be used to pay for any tuition adjustments for the fiscal years ending June 30, 2026 and 2027, respectively.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 10. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2024, the State's pension contribution was more than the actuarial determined amount.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

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

District contributions to PERS amounted to \$854,740 for the current fiscal year. During the fiscal year ended June 30, 2024, the State of New Jersey contributed \$27,518 to the PERS for normal pension benefits on behalf of the District.

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

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under the legislation 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 statement of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entity's total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must disclose pension expense as well as revenue associated with the employers in an amount equal to the nonemployer contributing entity's total proportionate share of the collective pension expense associated with the local participating employer.

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

At June 30, 2025, the District reported a liability of \$8,535,275 for its proportionate share of the net pension liability, which was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the District's proportion was 0.0628%, which was an increase of 0.0017% as of June 30, 2023.

For the fiscal year ended June 30, 2025, the District recognized an actual pension expense of \$421,794 for PERS. Additionally, for the fiscal year ended June 30, 2024, the State recognized pension expense for PERS on behalf of the District in the amount of \$27,518 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2025 financial statements.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2024.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2020	5.16		\$ (62,026)
	2021	5.13	\$ 10,603	
	2022	5.04		(35,086)
			<u>10,603</u>	<u>(97,112)</u>
Changes in Proportion	2020	5.16		(27,425)
	2021	5.13	248,932	
	2022	5.04		(219,771)
	2023	5.08	805,872	
	2024	5.08	<u>209,363</u>	
			<u>1,264,167</u>	<u>(247,196)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2021	5.00		(585,892)
	2022	5.00		929,426
	2023	5.00		(241,016)
	2024	5.00		<u>(498,275)</u>
				<u>(395,757)</u>
Difference Between Expected and Actual Experience	2020	5.16	3,455	
	2021	5.13		(8,432)
	2022	5.04		(14,291)
	2023	5.08	43,905	
	2024	5.08	<u>123,617</u>	
			<u>170,977</u>	<u>(22,723)</u>
District Contribution Subsequent to the Measurement Date	2024	1.00	<u>845,910</u>	
			<u>\$ 2,291,657</u>	<u>\$ (762,788)</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding the district contribution subsequent to the measurement date) related to pensions will be recognized in the pension expense as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2025	\$ 35,700
2026	514,304
2027	147,264
2028	(20,864)
2029	6,555
	<u>\$ 682,959</u>

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

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

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2024 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2024		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the of the Net Pension Liability	\$ 11,341,283	\$ 8,535,275	\$ 6,147,379

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's annual financial statements which can be found at www.nj.gov/treasury/pensions/annual-reports.shtml.

Benefits Provided

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2024, the State's pension contribution was more than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2025, the State of New Jersey contributed \$7,449,143 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required benefit of \$319,847.

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

At June 30, 2025, the District reported a liability of \$87,681,044 for its proportionate share of the net pension liability, which was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the District's proportion was 0.1774%, which was an increase of 0.0078% as of June 30, 2023.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>87,681,044</u>
Total	<u><u>\$ 87,681,044</u></u>

For the fiscal year ended June 30, 2024, the State recognized pension benefit on behalf of the District in the amount of \$319,847 and the District recognized pension benefit and revenue for that same amount in the fiscal year ended June 30, 2025 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	8.30		\$ 480,199,664
	2018	8.29		1,060,765,245
	2019	8.04		1,016,333,107
	2020	7.99	\$ 603,633,698	
	2021	7.93		7,317,559,989
	2022	7.83	<u>67,989,902</u>	
			<u>671,623,600</u>	<u>9,874,858,005</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	2017	8.30	\$ 8,453,764	
	2018	8.29	186,086,527	
	2019	8.04		\$ 39,486,140
	2020	7.99		3,217,090
	2021	7.93	97,106,767	
	2022	7.83		12,735,529
	2023	7.93	144,751,819	
	2024	7.84		211,440,707
			<u>436,398,877</u>	<u>266,879,466</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2021	5.00		888,658,452
	2022	5.00		(1,659,667,329)
	2023	5.00		357,972,332
	2024	5.00		816,400,864
			<u></u>	<u>403,364,319</u>
			<u>\$ 1,108,022,477</u>	<u>\$ 10,545,101,790</u>

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

Fiscal Year Ending June 30,	Total
2025	\$ (3,681,028,670)
2026	(1,839,302,001)
2027	(1,977,654,443)
2028	(1,907,819,552)
2029	2,992,761
Thereafter	<u>(34,177,408)</u>
	<u>\$ (9,436,989,313)</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2024) 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, 2024 are summarized in the following table:

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contribution from the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2024 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2024		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
Total Net Pension Liability	\$ 104,221,333	\$ 87,681,044	\$ 73,750,993

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$46,724 for the fiscal year ended June 30, 2025. Employee contributions to DCRP amounted to \$62,669 for the fiscal year ended June 30, 2025.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 11. RISK MANAGEMENT

Property, Liability and Health Benefits

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains its health benefit coverage through Horizon Blue Cross/Blue Shield.

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

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

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

The audit report for the fiscal year ended June 30, 2025 was not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2024 is as follows:

	New Jersey Schools Insurance Group (NJSIG)
Total Assets	\$ 452,862,436
Net Position	\$ 208,313,945
Total Revenue	\$ 187,698,949
Total Expenses	\$ 178,093,729
Change in Net Position	\$ 7,005,220
Member Dividends	\$ 2,600,000

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

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

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

New Jersey Unemployment Compensation Insurance

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

The following is a summary of District contributions, employee contributions, interest earnings, reimbursements to the State for benefits paid and the ending balance of the District's Unemployment Compensation Restricted Fund Balance in the General Fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022-2023	\$ -0-	\$ 72,010	\$ 5,636	\$ 98,149	\$ 347,829
2023-2024	-0-	74,419	9,558	141,451	290,355
2024-2025	-0-	76,266	8,776	113,615	261,782

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The following interfund balances existed as at June 30, 2025:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 316,282	\$ 5,002,248
Special Revenue Fund		316,282
Capital Projects Fund	5,002,248	123,872
Debt Service	123,872	
	<u>\$ 5,442,402</u>	<u>\$ 5,442,402</u>

The interfund between General Fund and Special Revenue Fund is due to the cash deficit in the Special Revenue Fund due to the timing of reimbursements for grants. The interfund between General Fund and Capital Projects Fund is due to the local contribution for SDA due from the General Fund grants net against the interest earnings in the referendum account not turned over to the General Fund before year end. The interfund between the Capital Projects Fund and the Debt Service Fund represents interest earned in the Capital Projects Fund which was not turned over to the Debt Service Fund before year end.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 13. DEFERRED COMPENSATION

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

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

NOTE 14. TAX CALENDAR

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

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

NOTE 15. ECONOMIC DEPENDENCY

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

NOTE 16. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

The District is periodically involved in other pending lawsuits. The District estimates that the potential claims against it resulting from such other litigation and not covered by insurance would not materially affect the financial statements of the District.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 16. CONTINGENT LIABILITIES (Cont'd)

Encumbrances

At June 30, 2025, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ 934,650	\$ 30,651	\$ 8,468,271	\$ 9,433,572
<u> </u>	<u> </u>	<u> </u>	<u> </u>

On the District's Governmental Funds Balance Sheet as of June 30, 2025, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$30,651 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. The \$8,468,271 of year-end encumbrances in the Capital Projects Fund are included in the committed fund balance amount on the Governmental Funds Balance Sheet as of June 30, 2025.

NOTE 17. ACCOUNTS PAYABLE

	Governmental Funds			District Contribution Subsequent to the Measurement Date	Total Governmental Activities	Business- Type Activities Proprietary Funds
	General Fund	Special Revenue Fund	Capital Projects Fund			
Vendors	\$ 231,228	\$ 76,891	\$ 201,200		\$ 509,319	\$ 6,370
Payroll Deductions and Withholdings	247,059				247,059	
Due to State of New Jersey				\$ 845,910	845,910	
	<u>\$ 478,287</u>	<u>\$ 76,891</u>	<u>\$ 201,200</u>	<u>\$ 845,910</u>	<u>\$ 1,602,288</u>	<u>\$ 6,370</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

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

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

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

Employees Covered by Benefit Terms

At June 30, 2023, the plan membership consisted of the following:

Retiree Plan Members and Spouses of Retirees Currently Receiving Benefit Payments	153,556
Active Plan Members	<u>219,185</u>
Total	<u><u>372,741</u></u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

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

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

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024.

Actuarial Assumptions and Other Inputs

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

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

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

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

Mortality Rates

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long term rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.93%. This represents the municipal bond return rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

	<u>Total OPEB Liability</u>
Balance at June 30, 2023	\$ 78,757,625
Changes for Year:	
Service Cost	3,608,026
Interest on the Total OPEB Liability	2,954,482
Changes of Assumptions	6,714,777
Differences between Expected and Actual Experience	(101,998)
Gross Benefit Payments by the State	(2,256,386)
Contributions from Members	<u>77,261</u>
Net Changes	<u>10,996,162</u>
Balance at June 30, 2024	<u><u>\$ 89,753,787</u></u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

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

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

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2024, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2024		
	At 1%	At	At 1%
	Decrease	Discount Rate	Increase
	(2.93%)	(3.93%)	(4.93%)
Total OPEB Liability Attributable to the District	\$ 105,120,907	\$ 89,753,787	\$ 77,260,014

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2023, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2024		
	1%	Healthcare	1%
	Decrease	Cost Trend Rate	Increase
Total OPEB Liability Attributable to the District	\$ 74,765,558	\$ 89,753,787	\$ 109,276,944

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

For the fiscal year ended June 30, 2025 the District recognized OPEB expense of \$3,837,802 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources.

At June 30, 2024 the State had deferred outflows of resources and deferred inflows of resources excluding changes in proportion related to OPEB associated with the District from the following sources:

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

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

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 1,721,266
	2018	9.51		2,101,385
	2019	9.29	\$ 331,541	
	2020	9.24	8,552,282	
	2021	9.24	50,517	
	2022	9.13		13,725,583
	2023	9.30	124,650	
	2024	9.33	5,995,078	
			15,054,068	17,548,234
Differences Between Expected and Actual Experience	2018	9.51		1,986,462
	2019	9.29		3,902,252
	2020	9.24	7,971,062	
	2021	9.24		9,714,777
	2022	9.13	1,413,538	
	2023	9.30		1,157,956
	2024	9.33	213,510	
			9,598,110	16,761,447
Changes in Proportion	N/A	N/A		
			4,257,319	1,019,826
			\$ 28,909,497	\$ 35,329,507

N/A - Not Available

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

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

Fiscal Year Ending June 30,	Total
2025	\$ (3,183,672)
2026	(2,669,527)
2027	(1,267,941)
2028	333,237
2029	(2,313,751)
Thereafter	(555,849)
	<u>\$ (9,657,503)</u>

NOTE 19. TAX ABATEMENTS

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

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

The Borough of Somerville recognized revenue in the amount of \$4,282,546 from payment in lieu of taxes ("PILOT") agreement. The taxes which would have been paid for 2024 without the abatement would have been \$8,083,245 of which \$4,721,531 would have been for the local school tax.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,				
	2016	2017	2018	2019	2020
District's proportion of the net pension liability	0.0519459671%	0.0548689596%	0.0567481496%	0.0567180100%	0.0547280791%
District's proportionate share of the net pension liability	\$ 11,660,829	\$ 16,250,612	\$ 13,210,062	\$ 11,167,494	\$ 9,861,170
District's covered employee payroll	\$ 3,675,028	\$ 3,843,946	\$ 3,876,762	\$ 3,825,748	\$ 3,866,610
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	317.30%	422.76%	340.75%	291.90%	255.03%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	40.14%	48.10%	53.60%	56.27%

	Fiscal Year Ending June 30,				
	2021	2022	2023	2024	2025
District's proportion of the net pension liability	0.0507953034%	0.0559772793%	0.0531231157%	0.0610978934%	0.0628145911%
District's proportionate share of the net pension liability	\$ 8,283,386	\$ 6,631,348	\$ 8,017,009	\$ 8,849,647	\$ 8,535,275
District's covered employee payroll	\$ 4,029,327	\$ 3,917,094	\$ 4,332,479	\$ 4,759,525	\$ 4,952,514
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	205.58%	169.29%	185.04%	185.94%	172.34%
Plan fiduciary net position as a percentage of the total pension liability	58.32%	70.33%	62.91%	65.23%	68.22%

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

	Fiscal Year Ending June 30,				
	2016	2017	2018	2019	2020
Contractually required contribution	\$ 446,596	\$ 492,461	\$ 559,987	\$ 598,548	\$ 570,491
Contributions in relation to the contractually required contribution	(446,596)	(492,461)	(559,987)	(598,548)	(570,491)
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 3,843,946	\$ 3,876,762	\$ 3,825,748	\$ 3,866,610	\$ 4,029,327
Contributions as a percentage of covered employee payroll	11.62%	12.70%	14.64%	15.48%	14.16%

	Fiscal Year Ending June 30,				
	2021	2022	2023	2024	2025
Contractually required contribution	\$ 591,020	\$ 643,743	\$ 669,908	\$ 816,590	\$ 854,740
Contributions in relation to the contractually required contribution	(591,020)	(643,743)	(669,908)	(816,590)	(854,740)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 3,917,094	\$ 4,332,479	\$ 4,759,525	\$ 4,952,514	\$ 4,903,306
Contributions as a percentage of covered employee payroll	15.09%	14.86%	14.08%	16.49%	17.43%

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

	Fiscal Year Ending June 30,			
	2016	2017	2018	2019
State's proportion of the net pension liability attributable to the District	0.1722106861%	0.1665277727%	0.1679416150%	0.1722765513%
State's proportionate share of the net pension liability attributable to the District	\$ 108,844,508	\$ 131,001,349	\$ 113,232,293	\$ 109,598,642
District's covered employee payroll	\$ 16,820,295	\$ 17,622,689	\$ 18,022,261	\$ 17,899,833
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	647.10%	743.37%	628.29%	612.29%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	22.33%	25.41%	26.49%

	Fiscal Year Ending June 30,			
	2021	2022	2023	2024
State's proportion of the net pension liability attributable to the District	0.1678030800%	0.1675537515%	0.1786826637%	0.1696387425%
State's proportionate share of the net pension liability attributable to the District	\$ 110,496,309	\$ 80,551,782	\$ 92,190,276	\$ 86,571,179
District's covered employee payroll	\$ 19,687,965	\$ 19,710,132	\$ 20,390,094	\$ 21,114,563
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	561.24%	408.68%	452.13%	410.01%
Plan fiduciary net position as a percentage of the total pension liability	24.60%	35.52%	32.29%	34.68%

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

	Fiscal Year Ending June 30,				
	2016	2017	2018	2019	2020
Contractually required contribution	\$ 6,645,937	\$ 9,842,929	\$ 7,844,160	\$ 6,389,218	\$ 6,179,972
Contributions in relation to the contractually required contribution	(1,333,286)	(1,822,962)	(2,537,026)	(3,357,764)	(3,680,564)
Contribution deficiency/(excess)	<u>\$ 5,312,651</u>	<u>\$ 8,019,967</u>	<u>\$ 5,307,134</u>	<u>\$ 3,031,454</u>	<u>\$ 2,499,408</u>
District's covered employee payroll	\$ 17,622,689	\$ 18,022,261	\$ 17,899,833	\$ 18,034,210	\$ 19,687,965
Contributions as a percentage of covered employee payroll	7.57%	10.12%	14.17%	18.62%	18.69%

	Fiscal Year Ending June 30,				
	2021	2022	2023	2024	2025
Contractually required contribution	\$ 6,871,131	\$ 1,895,419	\$ 2,481,098	\$ 2,126,802	\$ (319,847)
Contributions in relation to the contractually required contribution	(4,870,585)	(7,355,752)	(6,934,934)	(7,559,684)	(7,449,143)
Contribution deficiency/(excess)	<u>\$ 2,000,546</u>	<u>\$ (5,460,333)</u>	<u>\$ (4,453,836)</u>	<u>\$ (5,432,882)</u>	<u>\$ (7,768,990)</u>
District's covered employee payroll	\$ 19,710,132	\$ 20,390,094	\$ 21,114,563	\$ 21,403,201	\$ 22,840,382
Contributions as a percentage of covered employee payroll	24.71%	36.08%	32.84%	35.32%	32.61%

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

	Fiscal Years Ending June 30,					
	2017	2018	2019	2020	2021	2022
Service Cost	\$ 3,784,731	\$ 3,124,493	\$ 2,687,917	\$ 2,803,573	\$ 5,218,033	\$ 4,553,953
Interest Cost	2,457,659	2,842,543	2,545,318	2,153,968	2,287,328	1,966,058
Changes in Assumptions	(10,730,828)	(7,339,870)	888,051	17,944,932	86,990	(19,901,542)
Change of Benefit Terms					(93,851)	
Difference Between Expected and Actual Experiences		(10,109,229)	(8,747,939)	17,434,746	(15,820,378)	1,280,236
Member Contributions	65,753	59,111	54,197	51,838	58,476	62,475
Gross Benefit Payments	(1,785,672)	(1,710,300)	(1,828,328)	(1,710,264)	(1,801,774)	(1,947,439)
Net Change in Total OPEB Liability	(6,208,357)	(13,133,252)	(4,400,784)	38,678,793	(10,065,176)	(13,986,259)
Total OPEB Liability - Beginning	83,302,832	77,094,475	63,961,223	59,560,439	98,239,232	88,174,056
Total OPEB Liability - Ending	\$ 77,094,475	\$ 63,961,223	\$ 59,560,439	\$ 98,239,232	\$ 88,174,056	\$ 74,187,797
District's Covered Employee Payroll *	\$ 20,495,323	\$ 21,466,635	\$ 21,899,023	\$ 21,725,581	\$ 21,900,820	\$ 23,717,292
Total OPEB Liability as a Percentage of Covered Employee Payroll	376%	298%	272%	452%	403%	313%
					333%	363%
					\$ 23,627,226	\$ 24,722,573
					\$ 78,757,625	\$ 89,753,787
					\$ 74,187,797	\$ 78,757,625

* - Covered payroll for the fiscal years ending June 30, 2017 through 2024 are based on the payroll on the June 30, 2016 through 2024 census data.

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

There were none.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2023 actuarial valuation the salary increases were 2.75 – 5.65% based on years of service while in the July 1, 2022 actuarial valuation the salary increases were 2.75% – 4.25% based on years of service.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEN PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2024 was 3.93%. The discount rate for June 30, 2023 was 3.65%, a change of .28%.

The health care trend rates in the valuation as of June 30, 2024 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long term rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

The health care trend rates in the valuation as of June 30, 2023 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

BUDGETARY COMPARISON SCHEDULES

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 25,326,372		\$ 25,326,372	\$ 25,326,372	
Tuition From Individuals				8,815	\$ 8,815
Tuition From Other LEAs Within the State	11,969,120		11,969,120	11,671,796	(297,324)
Tuition From Other Governmental Sources within the State				5,588	5,588
Transportation Fees From Other LEAs	200,000		200,000	251,656	51,656
Rents and Royalties	30,000		30,000	86,745	56,745
Unrestricted Miscellaneous Revenues	190,000		190,000	576,130	386,130
Interest Earned on Tuition Reserve Funds				129,192	129,192
Interest Earned on Maintenance Reserve				16,737	16,737
Interest Earned on Capital Reserve Funds	15,000		15,000	414,077	399,077
Total Revenues from Local Sources	37,730,492		37,730,492	38,487,108	756,616
Revenues from State Sources:					
Categorical Transportation Aid	204,865		204,865	204,865	
Extraordinary Aid	175,000		175,000	273,056	98,056
Categorical Special Education Aid	1,698,214		1,698,214	1,698,214	
Equalization Aid	7,696,856		7,696,856	7,696,856	
Categorical Security Aid	443,956		443,956	443,956	
Other State Aids				3,953	3,953
Homeless Tuition				96,049	96,049
TPAF Post Retirement Contributions (Non-Budgeted)				2,203,608	2,203,608
TPAF Pension Contributions (Non-Budgeted)				7,449,143	7,449,143
TPAF Non-Contributory Insurance (Non-Budgeted)				92,275	92,275
TPAF Long-Term Disability Insurance (Non-Budgeted)				4,251	4,251
Reimbursed TPAF Social Security Contributions				1,655,616	1,655,616
Total Revenues from State Sources	10,218,891		10,218,891	21,821,842	11,602,951

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Federal Sources:					
Medicaid Reimbursement	\$ 54,927		\$ 54,927	\$ 36,144	\$ (18,783)
Total Revenues from Federal Sources	<u>54,927</u>		<u>54,927</u>	<u>36,144</u>	<u>(18,783)</u>
TOTAL REVENUE	<u>48,004,310</u>		<u>48,004,310</u>	<u>60,345,094</u>	<u>12,340,784</u>
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	469,159	\$ (10,850)	458,309	451,339	6,970
Grades 1-5 - Salaries of Teachers	3,698,270	6,871	3,705,141	3,657,521	47,620
Grades 6-8 - Salaries of Teachers	2,579,454	(146,368)	2,433,086	2,359,166	73,920
Grades 9-12 - Salaries of Teachers	6,915,135	11,675	6,926,810	6,783,002	143,808
Regular Programs - Home Instruction:					
Salaries of Teachers	25,000	(3,500)	21,500	17,842	3,658
Purchased Professional-Educational Services	36,600	16,708	53,308	42,916	10,392
Other Purchased Services (400-500 series)	200		200		200
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	120,620	7,750	128,370	116,270	12,100
Purchased Professional-Educational Services	54,170	67,087	121,257	109,790	11,467
Purchased Technical Services	23,350		23,350	13,886	9,464
Other Purchased Services (400-500 series)	829,264	(1,294)	827,970	614,874	213,096
General Supplies	816,685	(87,005)	729,680	574,524	155,156
Textbooks	3,000	8,227	11,227	5,425	5,802
Other Objects	17,205	400	17,605	13,446	4,159
Total Regular Programs - Instruction	<u>15,588,112</u>	<u>(130,299)</u>	<u>15,457,813</u>	<u>14,760,001</u>	<u>697,812</u>
Special Education - Instruction:					
Learning and/or Language Disabilities - Mild to Moderate:					
Salaries of Teachers	378,917	(19,904)	359,013	359,013	
Other Salaries for Instruction	352,135	(40,160)	311,975	291,875	20,100
Other Purchased Services (400-500 series)	600		600	305	295
General Supplies	7,841		7,841	6,102	1,739
Total Learning and/or Language Disabilities - Mild to Moderate	<u>739,493</u>	<u>(60,064)</u>	<u>679,429</u>	<u>657,295</u>	<u>22,134</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Multiple Disabilities:					
Salaries of Teachers	\$ 653,224	\$ 40,387	\$ 693,611	\$ 692,837	\$ 774
Other Salaries for Instruction	563,088	50,220	613,308	584,618	28,690
Other Purchased Services (400-500 series)	425		425	350	75
General Supplies	14,650	(2,500)	12,150	9,896	2,254
Total Multiple Disabilities	1,231,387	88,107	1,319,494	1,287,701	31,793
Resource Room/Resource Center:					
Salaries of Teachers	2,533,068	23,540	2,556,608	2,506,961	49,647
Other Salaries for Instruction	431,226	(72,742)	358,484	346,274	12,210
General Supplies	21,371	(2,350)	19,021	17,601	1,420
Other Objects	15,000		15,000	5,871	9,129
Total Resource Room/Resource Center	3,000,665	(51,552)	2,949,113	2,876,707	72,406
Preschool Disabilities - Full-Time:					
Salaries of Teachers	110,574	32,551	143,125	141,600	1,525
Other Salaries for Instruction	155,949	44,796	200,745	199,191	1,554
General Supplies	2,220		2,220	103	2,117
Total Preschool Disabilities - Full-Time	268,743	77,347	346,090	340,894	5,196
TOTAL SPECIAL EDUCATION - INSTRUCTION	5,240,288	53,838	5,294,126	5,162,597	131,529
Basic Skills/Remedial - Instruction:					
General Supplies	880	15	895	247	648
Total Basic Skills/Remedial - Instruction	880	15	895	247	648
Bilingual Education - Instruction:					
Salaries of Teachers	338,166	76,759	414,925	391,910	23,015
General Supplies	8,000	(1,603)	6,397	1,056	5,341
Total Bilingual Education - Instruction	346,166	75,156	421,322	392,966	28,356

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	\$ 244,872	\$ 27,097	\$ 271,969	\$ 271,968	\$ 1
Purchased Services (300-500 series)	15,453	(10,000)	5,453	4,949	504
Supplies and Materials	45,290	(21,996)	23,294	20,784	2,510
Other Objects	4,500	2,550	7,050	3,167	3,883
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	310,115	(2,349)	307,766	300,868	6,898
School-Sponsored Athletics - Instruction:					
Salaries	605,711	19,843	625,554	625,551	3
Purchased Services (300-500 series)	207,909	(24,888)	183,021	168,590	14,431
Supplies and Materials	99,065	(23,393)	75,672	70,028	5,644
Other Objects	25,520	32,328	57,848	56,598	1,250
Total School-Sponsored Athletics - Instruction	938,205	3,890	942,095	920,767	21,328
Before/After School Programs - Instruction:					
Salaries of Teacher Tutors	18,000		18,000	14,314	3,686
Total Before/after School Programs - Instruction	18,000		18,000	14,314	3,686
Summer School - Instruction:					
Salaries of Teacher Tutors	6,000		6,000		6,000
Total Summer School - Instruction	6,000		6,000		6,000
TOTAL INSTRUCTION	22,447,766	\$ 251	22,448,017	21,551,760	896,257
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Regular	20,041	16,751	36,792	36,791	1
Tuition to Other LEAs Within the State-Special	302,770	(78,036)	224,734		224,734
Tuition to County Voc. School Dist.-Regular	33,000	9,798	42,798	42,798	
Tuition to CSSD & Reg. Day Schools	212,816	(105,000)	107,816	5,434	102,382
Tuition to Priv. Sch. for the Handicap. W/I State	548,369	45,000	593,369	537,812	55,557
Total Undistributed Expenditures - Instruction	1,116,996	(111,487)	1,005,509	622,835	382,674

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expend. - Attend. & Social Work:					
Salaries	\$ 50,212		\$ 50,212	\$ 50,212	
Other Purchased Services (400-500 series)	450		450	383	67
Total Undist. Expend. - Attendance and Social Work	50,662		50,662	50,595	67
Undistributed Expenditures - Health Services:					
Salaries	354,943	\$ (167)	354,776	352,216	2,560
Purchased Professional and Technical Services	20,175	(5,423)	14,752	13,750	1,002
Supplies and Materials	12,800	(2,910)	9,890	9,567	323
Other Objects	1,700	(968)	732	732	
Total Undist. Expenditures - Health Services	389,618	(9,468)	380,150	376,265	3,885
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	901,225	30,932	932,157	902,191	29,966
Purchased Professional - Educational Services	20,589	55,770	76,359	67,979	8,380
Supplies and Materials	11,125	1,475	12,600	9,814	2,786
Other Objects				(7,036)	7,036
Total Undist. Expend. - Speech, OT, PT, Related Svcs	932,939	88,177	1,021,116	972,948	48,168
Undist.Expend.-Other Supp.Serv.Students-Extra.Serv.:					
Salaries	318,706	7,000	325,706	308,273	17,433
Purchased Professional - Educational Services	93,800		93,800	59,962	33,838
Total Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.	412,506	7,000	419,506	368,235	51,271
Undist.Expend.-Guidance:					
Salaries of Other Professional Staff	1,103,183	(24,325)	1,078,858	1,054,198	24,660
Salaries of Secretarial and Clerical Assistants	169,420		169,420	169,420	
Other Purchased Prof. and Tech. Services	36,760	14,154	50,914	49,774	1,140
Other Purchased Services (400-500 series)	13,825		13,825	13,595	230
Supplies and Materials	6,549	167	6,716	5,539	1,177
Total Undist Expend. - Guidance	1,329,737	(10,004)	1,319,733	1,292,526	27,207

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	\$ 857,251	\$ 20,767	\$ 878,018	\$ 852,501	\$ 25,517
Salaries of Secretarial and Clerical Assistants	77,937	1,392	79,329	79,329	
Other Purchased Prof. and Tech. Services	81,700	(1,942)	79,758	63,795	15,963
Other Purchased Services (400-500 series)	9,250	1,248	10,498	7,449	3,049
Residential Costs	700		700	389	311
Supplies and Materials	12,225	1,030	13,255	8,719	4,536
Other Objects		200	200	200	
Total Undist Expend. - Child Study Team	1,039,063	22,695	1,061,758	1,012,382	49,376
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	521,572	61,000	582,572	481,510	101,062
Salaries of Other Professional Staff	87,350	(45,000)	42,350	16,770	25,580
Salaries of Secretarial and Clerical Assistants	67,252		67,252	67,251	1
Unused Vacation Payment to Terminated/Retired Staff		45,000	45,000	44,987	13
Purchased Professional - Educational Services	21,000	3,500	3,500	3,500	
Other Purchased Services (400-500 series)	10,000	(3,500)	17,500	3,000	14,500
Supplies and Materials	13,000		10,000	3,995	6,005
Other Objects			13,000	3,664	9,336
Total Undist. Expend.-Improv. of Inst. Serv.	720,174	61,000	781,174	624,677	156,497
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	251,307		251,307	250,182	1,125
Salaries of Technology Coordinators	602,262	7,091	609,353	609,352	1
Other Purchased Services (400-500 series)	42,282	(6,772)	35,510	33,817	1,693
Supplies and Materials	17,235		17,235	15,696	1,539
Total Undist Expend-Edu. Media Serv./Sch. Library	913,086	319	913,405	909,047	4,358

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist.Expend.-Instructional Staff Training Services:					
Salaries of Other Professional Staff	\$ 8,000	\$ 6,000	\$ 14,000	\$ 12,765	\$ 1,235
Purchased Professional - Educational Service	72,150	(17,573)	54,577	27,025	27,552
Other Purchased Prof. And Tech. Services	12,000	3,813	15,813	15,813	
Other Purchased Services (400-500 series)	38,753	4,501	43,254	32,773	10,481
Supplies and Materials	3,500		3,500		3,500
Other Objects	13,000		13,000		13,000
Total Undist.Expend.-Instructional Staff Training Services	147,403	(3,259)	144,144	88,376	55,768
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	318,442	(14,517)	303,925	303,924	1
Legal Services	215,000		215,000	198,018	16,982
Audit Fees	45,000	2,000	47,000	43,000	4,000
Architectural/Engineering Services	23,000	(5,131)	17,869	1,553	16,316
Other Purchased Professional Services	26,000		26,000	12,686	13,314
Purchased Technical Services	5,000		5,000	4,158	842
Communications / Telephone	53,500		53,500	38,332	15,168
BOE Other Purchased Services	11,500		11,500	6,845	4,655
Other Purch. Serv. (400-500 series other than 530 & 585)	232,000	(20,773)	211,227	151,909	59,318
General Supplies	4,500		4,500	3,123	1,377
Judgments Against The School District	107,995	(44,787)	63,208	25,000	38,208
Miscellaneous Expenditures	14,300		14,300	8,344	5,956
BOE Membership Dues and Fees	22,900		22,900	19,006	3,894
Total Undist. Expend.-Support Serv.-Gen. Admin.	1,079,137	(83,208)	995,929	815,898	180,031
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	1,706,837	34,060	1,740,897	1,697,780	43,117
Salaries of Secretarial and Clerical Assistants	614,104	3,508	617,612	617,095	517
Unused Vacation Payment to Terminated/Retired Staff		16,404	16,404	16,403	1
Purchased Professional and Technical Services		5,493	5,493	5,265	228

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-School Admin.:					
Other Purchased Services (400-500 series)	\$ 13,800	\$ 676	\$ 14,476	\$ 12,280	\$ 2,196
Supplies and Materials	53,920	994	54,914	36,374	18,540
Other Objects	68,420	(4,750)	63,670	45,403	18,267
Total Undist. Expend.-Support Serv.-School Adm.	2,457,081	56,385	2,513,466	2,430,600	82,866
Undist. Expend. - Central Services:					
Salaries	637,702	5,604	643,306	641,923	1,383
Unused Vacation Payment to Terminated/Retired Staff		6,503	6,503	6,503	
Purchased Technical Services	6,200	16,050	22,250	21,260	990
Miscellaneous Purchased Services (400-500 series other than 594)	30,550		30,550	22,463	8,087
Supplies and Materials	9,000		9,000	6,841	2,159
Other Objects	2,600		2,600	1,685	915
Total Undist. Expend. - Central Services	686,052	28,157	714,209	700,675	13,534
Undist. Expend. - Admin. Info. Technology:					
Salaries		13,134	13,134	13,134	
Purchased Technical Services	202,587	(6,254)	196,333	177,971	18,362
Other Purchased Services (400-500 series)	34,780	(13,940)	20,840	10,621	10,219
Supplies and Materials	27,200	6,006	33,206	14,220	18,986
Other Objects	2,030	570	2,600	2,585	15
Total Undist. Expend. - Admin. Info. Technology	266,597	(484)	266,113	218,531	47,582
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	346,442	(31,176)	315,266	293,374	21,892
Cleaning, Repair, and Maintenance Services	462,733	(126,055)	336,678	302,584	34,094
General Supplies	161,207	18,300	179,507	159,797	19,710
Other Objects	6,100		6,100	3,849	2,251
Total Undist. Expend.- Required Maint. for School Facilities	976,482	(138,931)	837,551	759,604	77,947

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services:					
Salaries	\$ 134,888		\$ 134,888	\$ 134,887	\$ 1
Salaries of Non-Instructional Aides	843,396	\$ (941)	842,455	783,971	58,484
Purchased Professional and Technical Services	12,000	1,400	13,400	12,545	855
Cleaning, Repair, and Maintenance Services	673,000	(1,400)	671,600	658,364	13,236
Rental of Land & Bldg. Oth. than Lease Pur. Agrmt.	14,500	2,382	16,882	16,636	246
Other Purchased Property Services	88,740	33,878	122,618	110,240	12,378
Insurance	161,000	94,000	255,000	252,483	2,517
Miscellaneous Purchased Services	5,000	1,391	6,391	6,391	
General Supplies	102,714		102,714	87,011	15,703
Energy (Natural Gas)	315,000	(82,095)	232,905	171,374	61,531
Energy (Electricity)	600,000	(7,453)	592,547	592,546	1
Interest - Energy Savings Impr Prog Bonds	1,000		1,000	150	850
Total Undist. Expend.-Custodial Services	2,951,238	41,162	2,992,400	2,826,598	165,802
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	82,475	(13,791)	68,684	67,284	1,400
General Supplies	13,000	16,775	29,775	27,024	2,751
Total Care And Upkeep Of Grounds	95,475	2,984	98,459	94,308	4,151
Security:					
Salaries	188,764		188,764	187,830	934
Purchased Professional and Technical Services	9,150		9,150	6,862	2,288
Cleaning, Repair, and Maintenance Services	12,000		12,000		12,000
General Supplies	42,000	(2,984)	39,016	6,764	32,252
Total Security	251,914	(2,984)	248,930	201,456	47,474
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	4,275,109	(97,769)	4,177,340	3,881,966	295,374

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Student Transportation Serv.:					
Salaries of Non-Instructional Aides	\$ 128,652	\$ (3,600)	\$ 125,052	\$ 120,455	\$ 4,597
Sal. for Pupil Trans. (Bet. Home and Sch.)-Reg.		3,600	3,600		3,600
Sal. for Pupil Trans. (Bet. Home and Sch.)-Spl. Ed.	425,815	(74,064)	351,751	319,190	32,561
Sal. for Pupil Trans. (Oth. than Bet. Home & Sch)	71,000	85,538	156,538	156,537	1
Other Purchased Professional and Technical Services	4,700	(2,438)	2,262	1,390	872
Cleaning, Repair, and Maint. Services	33,500	23,140	56,640	49,722	6,918
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts		2,354	2,354	2,354	
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	119,863	(73,118)	46,745	31,485	15,260
Contract. Serv.(Spl. Ed. Students)-Joint Agrmnts		4,300	4,300	4,300	
Contract. Serv.(Reg. Students)-ESCs & CTSAs	75,000	67,223	142,223	135,817	6,406
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSAs	70,000	59,554	129,554	115,070	14,484
Misc. Purchased Serv. - Transportation	40,000	(11,167)	28,833	28,565	268
Transportation Supplies	72,500	(6,000)	66,500	59,742	6,758
Other Objects	1,000		1,000	782	218
Total Undist. Expend.-Student Trans. Serv.	1,042,030	75,322	1,117,352	1,025,409	91,943
UNALLOCATED BENEFITS					
Group Insurance					
Social Security Contributions	737,000		737,000	677,551	59,449
Other Retirement Contributions - PERS	929,177	(46,724)	882,453	854,740	27,713
Other Retirement Contributions - Regular		46,724	46,724	46,724	
Unemployment Compensation		28,573	28,573	28,573	
Workers Compensation	245,993	(52,060)	193,933	192,134	1,799
Health Benefits	7,609,643	(141,806)	7,467,837	6,744,455	723,382
Tuition Reimbursement	199,507	(6,090)	193,417	154,220	39,197
Other Employee Benefits	18,000	(249)	17,751	15,627	2,124
Unused Sick Payment to Terminated/Retired Staff	85,000	260	85,260	85,260	
TOTAL UNALLOCATED BENEFITS	9,824,320	(171,372)	9,652,948	8,799,284	853,664

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				\$ 2,203,608	(2,203,608)
TPAF Pension Contributions (Non-Budgeted)				7,449,143	(7,449,143)
TPAF Non-Contributory Insurance (Non-Budgeted)				92,275	(92,275)
TPAF Long-Term Disability Insurance (Non-Budgeted)				4,251	(4,251)
Reimbursed TPAF Social Security Contributions				1,655,616	(1,655,616)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				11,404,893	(11,404,893)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 9,824,320	\$ (171,372)	\$ 9,652,948	20,204,177	(10,551,229)
TOTAL UNDISTRIBUTED EXPENDITURES	26,682,510	(147,996)	26,534,514	35,595,142	(9,060,628)
TOTAL GENERAL CURRENT EXPENSE	49,130,276	(147,745)	48,982,531	57,146,902	(8,164,371)
CAPITAL OUTLAY					
Equipment:					
Grades 1-5	20,000	(20,000)			
Grades 6-8	29,395	(5,115)	24,280	8,465	15,815
Grades 9-12	25,000	5,700	30,700	29,941	759
At-Risk Programs	2,545	(2,545)			
School-Sponsored and Other Instructional Programs		27,395	27,395	25,046	2,349
Undistributed:					
Undist. Expend. - Supp Serv. - Related & Extraord.		4,230	4,230	4,230	
Undist. Expend.-Support Serv. - Inst. Staff		3,272	3,272		3,272
Undistributed Expenditures - Admin. Info. Tech.		46,683	46,683	43,216	3,467
Undist. Expend. - Required Maint for School Fac.		5,850	5,850	5,850	
Undist. Expend. - Care and Upkeep of Grounds		41,785	41,785		41,785
Total Equipment	76,940	107,255	184,195	116,748	67,447

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Facilities Acquisition and Construction Serv.:					
Salaries		\$ 5,078	\$ 5,078	\$ 5,078	
Legal Services	\$ 16,000	(11,602)	4,398	1,206	\$ 3,192
Architectural/Engineering Services	719,942	(472,767)	247,175	216,870	30,305
Construction Services	798,090	850,344	1,648,434	795,334	853,100
Other Objects	213,925	(175,725)	38,200	7,424	30,776
Assessment for Debt Service on SDA Funding	93,839		93,839	93,839	
Total Facilities Acquisition and Const. Serv.	1,841,796	195,328	2,037,124	1,119,751	917,373
TOTAL CAPITAL OUTLAY	1,918,736	302,583	2,221,319	1,236,499	984,820
Transfer of Funds to Charter Schools		28,987	28,987	28,987	
TOTAL EXPENDITURES	51,049,012	183,825	51,232,837	58,412,388	(7,179,551)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(3,044,702)	(183,825)	(3,228,527)	1,932,706	(5,161,233)
Other Financing Sources/(Uses):					
Interest Earned - Capital Projects Fund				87,951	87,951
Local Contrib. - Trans to Special Revenue Fund - Inclusion	(226,072)		(226,072)	(226,072)	
Capital Outlay - Transfer to Capital Projects Fund	(1,350,000)		(1,350,000)	(1,000,000)	350,000
Capital Reserve - Transfer to Capital Projects	(4,090,200)		(4,090,200)	(4,090,200)	
Total Other Financing Sources/(Uses)	(5,666,272)		(5,666,272)	(5,228,321)	350,000
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(8,710,974)	(183,825)	(8,894,799)	(3,295,615)	5,599,184
Fund Balance, July 1	18,465,116		18,465,116	18,465,116	
Fund Balance, June 30	\$ 9,754,142	\$ (183,825)	\$ 9,570,317	\$ 15,169,501	\$ 5,599,184
Recapitulation:					

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Restricted Fund Balance:					
Capital Reserve				\$ 6,801,524	
Maintenance Reserve				371,763	
Tuition Reserve - Designated for 2025-2026				1,223,689	
Tuition Reserve - Designated for 2026-2027				1,278,105	
Excess Surplus - Restricted For 2026-2027				1,050,000	
Excess Surplus - Restricted For 2025-2026				1,126,311	
Unemployment Compensation				261,782	
Assigned Fund Balance:					
Year End Encumbrances				934,650	
Designated for Subsequent Year's Expenditures				977,146	
Unassigned Fund Balance				1,144,531	
				<u>15,169,501</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(991,087)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 14,178,414</u>	

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 50,143	\$ 268,255	\$ 318,398	\$ 375,365	\$ 56,967
State Sources	1,935,689	103,918	2,039,607	1,924,861	(114,746)
Federal Sources	2,015,340	1,084	2,016,424	1,063,657	(952,767)
Total Revenues	4,001,172	373,257	4,374,429	3,363,883	(1,010,546)
Other Financing Sources:					
Transfer In - Board Contribution - General Fund	226,072		226,072	226,072	
Total Revenues and Other Financing Sources	4,227,244	373,257	4,600,501	3,589,955	(1,010,546)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	3,084,577	(1,969,044)	1,115,533	957,671	157,862
Other Salaries for Instruction	275,573	10,000	285,573	283,538	2,035
Purchased Professional and Technical Services	99,353	167,394	266,747	36,819	229,928
Other Purchased Services	41,000	594,825	635,825	595,860	39,965
General Supplies	103,002	123,231	226,233	96,678	129,555
Other Objects	1,000	14,034	15,034	9,368	5,666
Total Instruction	3,604,505	(1,059,560)	2,544,945	1,979,934	565,011

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Support Services:					
Salaries of Supervisors of Instruction	\$ 16,727	\$ (12,545)	\$ 4,182	\$ 4,182	
Salaries of Program Directors	38,061	(750)	37,311	37,311	
Salaries of Other Professional Staff	42,867	6,098	48,965	48,964	\$ 1
Salaries of Secretaries and Clerical Assistants	58,469	(935)	57,534	57,534	
Other Salaries	21,964	153,786	175,750	94,840	80,910
Salaries of Community Parent Involvement Specialist	20,469	2,710	23,179	23,179	
Salaries of Master Teachers	61,406	8,129	69,535	69,535	
Personal Services – Employee Benefits	308,674	119,439	428,113	405,825	22,288
Purchased Professional Educational Services		473,762	473,762	176,181	297,581
Purchased Property Services		246,112	246,112	241,827	4,285
Other Purchased Services	3,459	22,804	26,263	25,065	1,198
Supplies and Materials	500	27,801	28,301	9,169	19,132
Other Objects		158	158		158
Student Activities	50,143	299,164	349,307	349,307	
Total Support Services	622,739	1,345,733	1,968,472	1,542,919	425,553
Facilities Acquisition and Construction Services:					
Noninstructional Equipment		87,084	87,084	75,270	11,814
Total Facilities Acquisition and Construction Services		87,084	87,084	75,270	11,814
Total Expenditures	\$ 4,227,244	\$ 373,257	\$ 4,600,501	\$ 3,598,123	\$ 1,002,378
Excess/(Deficiency) of Revenues and Other					
Financing Sources Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ (8,168)	\$ (8,168)

SOMERVILLE BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue"	\$ 60,345,094	\$ 3,363,883
Difference - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		
Current Year Encumbrances:		
Federal		(14,822)
State		(14,500)
Local		(1,329)
Prior Year Encumbrances:		
Federal		375,465
State		24,490
Local		9,719
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	948,945	111,280
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(991,087)	(103,572)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 60,302,952</u>	<u>\$ 3,750,614</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 58,412,388	\$ 3,598,123
Differences - Budgetary to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for Financial Reporting Purposes.		379,023
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 58,412,388</u>	<u>\$ 3,977,146</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ending June 30, 2025, was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

SOMERVILLE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Elementary and Secondary Education Act				
	Title I	Title II Part A	Title III	Title III Immigrant	Title IV
REVENUE:					
Local Sources					
State Sources					
Federal Sources	\$ 247,084	\$ 47,800	\$ 31,446	\$ 8,234	\$ 16,899
Total Revenue	247,084	47,800	31,446	8,234	16,899
OTHER FINANCING SOURCES:					
Transfer In - Board Contribution - General Fund					
Total Revenue and Other Financing Sources	247,084	47,800	31,446	8,234	16,899
EXPENDITURES:					
Instruction:					
Salaries of Teachers	146,957				
Other Salaries for Instruction					
Purchased Professional and Technical Services	23,310		3,625	6,734	
Other Purchased Services					2,439
General Supplies			7,746	1,250	
Other Objects					4,735
Total Instruction	170,267		11,371	7,984	7,174
Support Services:					
Salaries of Supervisors of Instruction					
Salaries of Program Directors					
Salaries of Other Professional Staff					
Salaries of Secretaries and Clerical Assistants					
Other Salaries					
Salaries of Community Parent Involvement					
Salaries of Master Teachers					
Personal Services – Employee Benefits	76,817				
Purchased Professional Educational Services		32,816	20,075	250	6,472
Purchased Property Services					
Other Purchased Services		6,298			3,253
Supplies and Materials		8,686			
Student Activities					
Total Support Services	76,817	47,800	20,075	250	9,725
Facilities Acquisition and Construction Services:					
Non Instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	\$ 247,084	\$ 47,800	\$ 31,446	\$ 8,234	\$ 16,899

SOMERVILLE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

		<u>COVID 19 - ARP</u>		
	<u>Artificial Intelligence</u>	<u>ESSER III</u>	<u>Evidence Based Summer Learning</u>	<u>Climate Awareness Education</u>
REVENUE:				
Local Sources				
State Sources	\$ 16,089			\$ 66,685
Federal Sources		\$ 81,074	\$ 12,452	
Total Revenue	16,089	81,074	12,452	66,685
OTHER FINANCING SOURCES:				
Transfer In - Board Contribution - General Fund				
Total Revenue and Other Financing Sources	16,089	81,074	12,452	66,685
EXPENDITURES:				
Instruction:				
Salaries of Teachers		64,164	11,568	
Other Salaries for Instruction				
Purchased Professional and Technical Services				
Other Purchased Services				
General Supplies		76		
Other Objects				
Total Instruction		64,240	11,568	
Support Services:				
Salaries of Supervisors of Instruction				
Salaries of Program Directors				
Salaries of Other Professional Staff				
Salaries of Secretaries and Clerical Assistants				
Other Salaries	222	10,868		1,480
Salaries of Community Parent Involvement				
Salaries of Master Teachers				
Personal Services – Employee Benefits	17	5,966	884	113
Purchased Professional Educational Services	10,350			13,570
Purchased Property Services				51,522
Other Purchased Services	5,500			
Supplies and Materials				
Student Activities				
Total Support Services	16,089	16,834	884	66,685
Facilities Acquisition and Construction Services:				
Non Instructional Equipment				
Total Facilities Acquisition and Construction Services				
Total Expenditures	\$ 16,089	\$ 81,074	\$ 12,452	\$ 66,685

SOMERVILLE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Preschool Education Aid	Technology	Nonpublic Textbook Aid	Nursing Services
REVENUE:				
Local Sources				
State Sources	\$ 1,055,581	\$ 41,130	\$ 19,998	\$ 98,840
Federal Sources				
Total Revenue	1,055,581	41,130	19,998	98,840
OTHER FINANCING SOURCES:				
Transfer In - Board Contribution - General Fund	226,072			
Total Revenue and Other Financing Sources	1,281,653	41,130	19,998	98,840
EXPENDITURES:				
Instruction:				
Salaries of Teachers	402,941			
Other Salaries for Instruction	283,538			
Purchased Professional and Technical Services				
Other Purchased Services	10,916			98,840
General Supplies	12,000	41,130	19,998	
Other Objects	990			
Total Instruction	710,385	41,130	19,998	98,840
Support Services:				
Salaries of Supervisors of Instruction	4,182			
Salaries of Program Directors	37,311			
Salaries of Other Professional Staff	48,964			
Salaries of Secretaries and Clerical Assistants	57,534			
Other Salaries	8,464			
Salaries of Community Parent Involvement	23,179			
Salaries of Master Teachers	69,535			
Personal Services – Employee Benefits	316,884			
Purchased Professional Educational Services				
Purchased Property Services	4,507			
Other Purchased Services	225			
Supplies and Materials	483			
Student Activities				
Total Support Services	571,268			
Facilities Acquisition and Construction Services:				
Non Instructional Equipment				
Total Facilities Acquisition and Construction Services				
Total Expenditures	\$ 1,281,653	\$ 41,130	\$ 19,998	\$ 98,840

SOMERVILLE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Nonpublic Security Aid	Nonpublic Corrective Speech	Handicapped Examination & Classification	Services Supplementary Instruction
REVENUE:				
Local Sources				
State Sources	\$ 180,798	\$ 42,780	\$ 84,021	\$ 95,816
Federal Sources				
Total Revenue	180,798	42,780	84,021	95,816
OTHER FINANCING SOURCES:				
Transfer In - Board Contribution - General Fund				
Total Revenue and Other Financing Sources	180,798	42,780	84,021	95,816
EXPENDITURES:				
Instruction:				
Salaries of Teachers		42,780		95,816
Other Salaries for Instruction				
Purchased Professional and Technical Services				
Other Purchased Services			84,021	
General Supplies				
Other Objects				
Total Instruction		42,780	84,021	95,816
Support Services:				
Salaries of Supervisors of Instruction				
Salaries of Program Directors				
Salaries of Other Professional Staff				
Salaries of Secretaries and Clerical Assistants				
Other Salaries				
Salaries of Community Parent Involvement				
Salaries of Master Teachers				
Personal Services – Employee Benefits				
Purchased Professional Educational Services				
Purchased Property Services	180,798			
Other Purchased Services				
Supplies and Materials				
Student Activities				
Total Support Services	180,798			
Facilities Acquisition and Construction Services:				
Non Instructional Equipment				
Total Facilities Acquisition and Construction Services				
Total Expenditures	\$ 180,798	\$ 42,780	\$ 84,021	\$ 95,816

SOMERVILLE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	IDEA - Part B		Nonpublic Auxiliary Services		Establishing Advanced Placement - African American Studies
	Basic	Preschool	Compensatory Education Aid	Home Instruction	
REVENUE:					
Local Sources					
State Sources			\$ 136,114	\$ 12,774	\$ 4,235
Federal Sources	\$ 606,691	\$ 11,977			
Total Revenue	606,691	11,977	136,114	12,774	4,235
OTHER FINANCING SOURCES:					
Transfer In - Board Contribution - General Fund					
Total Revenue and Other Financing Sources	606,691	11,977	136,114	12,774	4,235
EXPENDITURES:					
Instruction:					
Salaries of Teachers	44,557		136,114	12,774	
Other Salaries for Instruction					
Purchased Professional and Technical Services					
Other Purchased Services	399,644				
General Supplies		9,082			3,125
Other Objects					
Total Instruction	444,201	9,082	136,114	12,774	3,125
Support Services:					
Salaries of Supervisors of Instruction					
Salaries of Program Directors					
Salaries of Other Professional Staff					
Salaries of Secretaries and Clerical Assistants					
Other Salaries	72,696				1,110
Salaries of Community Parent Involvement					
Salaries of Master Teachers					
Personal Services – Employee Benefits	5,144				
Purchased Professional Educational Services	84,650	2,895			
Purchased Property Services					
Other Purchased Services					
Supplies and Materials					
Student Activities					
Total Support Services	162,490	2,895			1,110
Facilities Acquisition and Construction Services:					
Non Instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	\$ 606,691	\$ 11,977	\$ 136,114	\$ 12,774	\$ 4,235

SOMERVILLE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Local Recreation	Local Grants	Student Activities	Totals
REVENUE:				
Local Sources		\$ 34,226	\$ 341,139	\$ 375,365
State Sources	\$ 70,000			1,924,861
Federal Sources				1,063,657
Total Revenue	70,000	34,226	341,139	3,363,883
OTHER FINANCING SOURCES:				
Transfer In - Board Contribution - General Fund				226,072
Total Revenue and Other Financing Sources	70,000	34,226	341,139	3,589,955
EXPENDITURES:				
Instruction:				
Salaries of Teachers				957,671
Other Salaries for Instruction				283,538
Purchased Professional and Technical Services		3,150		36,819
Other Purchased Services				595,860
General Supplies		2,271		96,678
Other Objects		3,643		9,368
Total Instruction		9,064		1,979,934
Support Services:				
Salaries of Supervisors of Instruction				4,182
Salaries of Program Directors				37,311
Salaries of Other Professional Staff				48,964
Salaries of Secretaries and Clerical Assistants				57,534
Other Salaries				94,840
Salaries of Community Parent Involvement				23,179
Salaries of Master Teachers				69,535
Personal Services – Employee Benefits				405,825
Purchased Professional Educational Services		5,103		176,181
Purchased Property Services		5,000		241,827
Other Purchased Services		9,789		25,065
Supplies and Materials				9,169
Student Activities			349,307	349,307
Total Support Services		19,892	349,307	1,542,919
Facilities Acquisition and Construction Services:				
Non Instructional Equipment	70,000	5,270		75,270
Total Facilities Acquisition and Construction Services	70,000	5,270		75,270
Total Expenditures	\$ 70,000	\$ 34,226	\$ 349,307	\$ 3,598,123

SOMERVILLE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 489,869	\$ 402,941	\$ 86,928
Other Salaries for Instruction	285,573	283,538	2,035
Other Purchased Services (400-500 series)	11,000	10,916	84
General Supplies	12,000	12,000	
Other Objects	1,000	990	10
Total Instruction	<u>799,442</u>	<u>710,385</u>	<u>89,057</u>
Support Services:			
Salaries of Program Directors	37,311	37,311	
Salaries of Supervisors of Instruction	4,182	4,182	
Salaries of Other Professional Staff	48,965	48,964	1
Salaries of Secretaries and Clerical Assistants	57,534	57,534	
Other Salaries	8,464	8,464	
Salaries of Community Parent Involvement Spec.	23,179	23,179	
Salaries of Master Teachers	69,535	69,535	
Personal Services—Employee Benefits	316,884	316,884	
Purchased Property Services	4,507	4,507	
Contractual Services - Transportation	225	225	
Supplies and Materials	483	483	
Total Support Services	<u>571,269</u>	<u>571,268</u>	<u>1</u>
Total Expenditures	<u>\$ 1,370,711</u>	<u>\$ 1,281,653</u>	<u>\$ 89,058</u>
State Grant Expenditures		\$ 1,055,581	
Local Expenditures		226,072	
		<u>\$ 1,281,653</u>	

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2024-25 Preschool Education Aid Allocation	\$ 1,049,620
Actual Preschool Education Aid Carryover (June 30, 2024)	182,144
Add: Budgeted Transfer from General Fund 2024-25	226,072
Total Preschool Education Aid Funds Available for 2024-25	1,457,836
Less: 2024-2025 Budgeted Preschool Education Aid Funds	(1,370,711)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2025	87,125
Add: June 30, 2025 Unexpended Preschool Education Aid	89,058
Carryover - Preschool Education Aid	<u>\$ 176,183</u>
State Funding Deduction of 25% of Carryover Funds	<u>\$ 45,536</u>
Available for Budgeting for Preschool Programs	<u>\$ 130,647</u>

CAPITAL PROJECTS FUND

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES,
PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Revenue and Other Financing Sources:	
Bond Proceeds	\$ 44,020,000
State Sources - SDA Grant	4,246,800
Transfer from Capital Reserve	4,090,200
Transfer from Capital Outlay	1,000,000
Interest Earned	183,496
Total Revenue and Other Financing Sources	<u>53,540,496</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	1,184,101
Construction Services	3,947,953
Other Objects	11,857
Transfer to Debt Service Fund	95,545
Transfer to General Fund	87,951
Total Expenditures and Other Financing Uses	<u>5,327,407</u>
Excess/(Deficit) of Revenue and Other Financing Sources	
Over/(Under) Expenditures and Other Financing Uses	48,213,089
Fund Balance - Beginning Balance	<u>6,635,516</u>
Fund Balance - Ending Balance	<u><u>\$ 54,848,605</u></u>
<u>Recapitulation:</u>	
Restricted Fund Balance	\$ 41,482,945
Restricted - Year End Encumbrances	1,656,900
Committed Fund Balance	4,897,389
Committed - Year End Encumbrances	6,811,371
Total Fund Balance - Budgetary Basis	<u>54,848,605</u>
Reconciliation to Governmental Funds Statements (GAAP):	
Grant Receivable not Recognized on GAAP Basis	<u>(4,832,892)</u>
Fund Balance per Governmental Funds GAAP Basis	<u><u>\$ 50,015,713</u></u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VAN DERVEER ELEMENTARY SCHOOL HVAC REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 451,817		\$ 451,817	\$ 451,817
Transfer from Capital Reserve	1,121,267		1,121,267	1,121,267
Total Revenues and Other Financing Sources	1,573,084		1,573,084	1,573,084
Expenditures:				
Purchased Professional and Technical Services	142,080	\$ 2,733	144,813	129,005
Construction Services	1,339,765	4,816	1,344,581	1,444,079
Total Expenditures	1,481,845	7,549	1,489,394	1,573,084
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 91,239	\$ (7,549)	\$ 83,690	\$ -0-
Additional Project Information:				
Project Number	4820-090-14-1004			
Grant Date	01/06/14			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 987,500			
Additional Transfer from Capital Reserve	585,584			
Revised Authorized Cost	\$ 1,573,084			
Percentage Increase over Original Authorized Cost	62.77%			
Percentage Completion	94.68%			
Revised Target Completion Date	6/30/2026			

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
SOMERVILLE HIGH SCHOOL HVAC UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 352,646		\$ 352,646	\$ 352,646
Transfer from Capital Reserve	1,172,810		1,172,810	1,172,810
Total Revenues and Other Financing Sources	1,525,456		1,525,456	1,525,456
Expenditures:				
Purchased Professional and Technical Services	107,157	\$ 2,733	109,890	82,304
Construction Services	1,329,373	13,058	1,342,431	1,443,152
Total Expenditures	1,436,530	15,791	1,452,321	1,525,456
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 88,926	\$ (15,791)	\$ 73,135	\$ -0-
Additional Project Information:				
Project Number	4820-050-14-1006			
Grant Date	01/06/14			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 770,750			
Additional Transfer from Capital Reserve	754,706			
Revised Authorized Cost	\$ 1,525,456			
Percentage Increase over Original Authorized Cost	50.53%			
Percentage Completion	95.21%			
Revised Target Completion Date	6/30/2026			

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VAN DERVEER ELEMENTARY SCHOOL PLAYGROUND REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Outlay	\$ 285,000		\$ 285,000	\$ 285,000
Total Revenues and Other Financing Sources	285,000		285,000	285,000
Expenditures:				
Purchased Professional and Technical Services				29,250
Construction Services		\$ 10,909	10,909	255,750
Total Expenditures		10,909	10,909	285,000
Excess/(Deficit) of Revenue and Other Financing Sources				
Over/(Under) Expenditures	\$ 285,000	\$ (10,909)	\$ 274,091	\$ -0-
Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 285,000			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	3.83%			
Original Target Completion Date	6/30/2026			

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
SOMERVILLE HIGH SCHOOL GREENHOUSE DEMOLITION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Outlay	\$ 225,120		\$ 225,120	\$ 225,120
Total Revenues and Other Financing Sources	225,120		225,120	225,120
Expenditures:				
Purchased Professional and Technical Services	12,085	\$ 3,408	15,493	27,700
Construction Services	9,025	146,662	155,687	197,420
Total Expenditures	21,110	150,070	171,180	225,120
Excess/(Deficit) of Revenue and Other Financing Sources				
Over/(Under) Expenditures	\$ 204,010	\$ (150,070)	\$ 53,940	\$ -0-
Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 225,120			
Percentage Completion;	76.04%			
Original Target Completion Date	6/30/2026			

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VAN DERVEER ELEMENTARY SCHOOL PRESCHOOL ADDITION AND ALTERATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Federal Sources - Preschool Facilities Expansion Grant	\$ 2,027,549		\$ 2,027,549	\$ 2,027,549
Transfer from Capital Outlay	1,142,833		1,142,833	1,142,833
Transfer from Capital Reserve	3,040,418		3,040,418	3,040,418
Total Revenues and Other Financing Sources	6,210,800		6,210,800	6,210,800
Expenditures:				
Purchased Professional and Technical Services	228,182	\$ 70,192	298,374	428,099
Construction Services		2,370,069	2,370,069	5,576,776
Supplies and Materials				189,223
Other Purchases	16,277	11,857	28,134	16,702
Total Expenditures	244,459	2,452,118	2,696,577	6,210,800
Excess/(Deficit) of Revenue and Other Financing Sources				
Over/(Under) Expenditures	\$ 5,966,341	\$ (2,452,118)	\$ 3,514,223	\$ -0-
Additional Project Information:				
Project Number	23E00482			
Grant Date	1/25/2024			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 6,210,800			
Percentage Completion	43.42%			
Original Target Completion Date	6/30/2026			

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VAN DERVEER ELEMENTARY SCHOOL ROOF PROJECT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 676,400	\$ 676,400	\$ 676,400
Transfer from Capital Reserve		1,014,600	1,014,600	1,014,600
Total Revenues and Other Financing Sources		1,691,000	1,691,000	1,691,000
Expenditures:				
Purchased Professional and Technical Services		259	259	93,314
Construction Services		663,661	663,661	1,597,686
Total Expenditures		663,920	663,920	1,691,000
Excess/(Deficit) of Revenue and Other Financing Sources				
Over/(Under) Expenditures	\$ -0-	\$ 1,027,080	\$ 1,027,080	\$ -0-

Additional Project Information:

Project Number	4820-090-23-R501
Grant Date	9/11/2024
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	<u>\$ 1,691,000</u>
Percentage Completion	39.26%
Original Target Completion Date	6/30/2026

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
SOMERVILLE MIDDLE SCHOOL HVAC SYSTEM UPGRADES
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 370,000	\$ 370,000	\$ 370,000
Transfer from Capital Reserve		555,000	555,000	555,000
Total Revenues and Other Financing Sources		925,000	925,000	925,000
Expenditures:				
Purchased Professional and Technical Services				62,000
Construction Services		48,000	48,000	863,000
Total Expenditures		48,000	48,000	925,000
Excess/(Deficit) of Revenue and Other Financing Sources				
Over/(Under) Expenditures	\$ -0-	\$ 877,000	\$ 877,000	\$ -0-
Additional Project Information:				
Project Number	4820-090-23-R502			
Grant Date	9/11/2024			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 925,000			
Percentage Completion	5.19%			
Original Target Completion Date	6/30/2026			

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
SOMERVILLE MIDDLE SCHOOL ROOF PROJECT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 130,400	\$ 130,400	\$ 130,400
Transfer from Capital Reserve		195,600	195,600	195,600
Total Revenues and Other Financing Sources		326,000	326,000	326,000
Expenditures:				
Purchased Professional and Technical Services		18,310	18,310	22,000
Construction Services		239,282	239,282	304,000
Total Expenditures		257,592	257,592	326,000
Excess/(Deficit) of Revenue and Other Financing Sources				
Over/(Under) Expenditures	\$ -0-	\$ 68,408	\$ 68,408	\$ -0-

Additional Project Information:

Project Number	4820-090-23-R503
Grant Date	9/11/2024
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 326,000
Percentage Completion	79.02%
Original Target Completion Date	6/30/2026

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VAN DERVEER ELEMENTARY SCHOOL HVAC SYSTEM UPGRADES
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 1,550,000	\$ 1,550,000	\$ 1,550,000
Transfer from Capital Reserve		2,325,000	2,325,000	2,325,000
Total Revenues and Other Financing Sources		3,875,000	3,875,000	3,875,000
Expenditures:				
Purchased Professional and Technical Services		206,000	206,000	252,000
Construction Services				3,623,000
Total Expenditures		206,000	206,000	3,875,000
Excess/(Deficit) of Revenue and Other Financing Sources				
Over/(Under) Expenditures	\$ -0-	\$ 3,669,000	\$ 3,669,000	\$ -0-

Additional Project Information:

Project Number	4820-090-23-R504
Grant Date	9/11/2024
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	<u>\$ 3,875,000</u>
Percentage Completion	5.32%
Original Target Completion Date	6/30/2026

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
SOMERVILLE HIGH SCHOOL HVAC SYSTEM UPGRADES
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 1,520,000	\$ 1,520,000	\$ 1,520,000
Transfer from Capital Outlay		1,000,000	1,000,000	2,280,000
Total Revenues and Other Financing Sources		2,520,000	2,520,000	3,800,000
Expenditures:				
Purchased Professional and Technical Services		311	311	225,000
Construction Services		451,496	451,496	3,575,000
Total Expenditures		451,807	451,807	3,800,000
Excess/(Deficit) of Revenue and Other Financing Sources				
Over/(Under) Expenditures	\$ -0-	\$ 2,068,193	\$ 2,068,193	\$ -0-

Additional Project Information:

Project Number	4820-090-23-R505
Grant Date	10/18/2024
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 3,800,000
Percentage Completion	11.89%
Original Target Completion Date	6/30/2026

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
2025 REFERENDUM - VAN DERVEER ELEMENTARY SCHOOL IMPROVEMENTS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Bond Proceeds and Transfers		\$ 11,000,000	\$ 11,000,000	\$ 11,000,000
Total Revenues and Other Financing Sources		11,000,000	11,000,000	11,000,000
Expenditures:				
Purchased Professional and Technical Services		223,139	223,139	624,639
Construction Services				10,375,361
Total Expenditures		223,139	223,139	11,000,000
Excess/(Deficit) of Revenue and Other Financing Sources				
Over/(Under) Expenditures	\$ -0-	\$ 10,776,861	\$ 10,776,861	\$ -0-
Additional Project Information:				
Project Number	N/A			
Bond Authorization Date	5/15/2025			
Bonds Authorized	\$ 11,000,000			
Bonds Issued	\$ 11,000,000			
Original Authorized Cost	\$ 11,000,000			
Percentage Completion	2.03%			
Original Target Completion Date	6/30/2029			

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
2025 REFERENDUM - SOMERVILLE MIDDLE SCHOOL IMPROVEMENTS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Bond Proceeds and Transfers		\$ 4,360,000	\$ 4,360,000	\$ 4,360,000
Total Revenues and Other Financing Sources		4,360,000	4,360,000	4,360,000
Expenditures:				
Purchased Professional and Technical Services		74,455	74,455	270,855
Construction Services				4,089,145
Total Expenditures		74,455	74,455	4,360,000
Excess/(Deficit) of Revenue and Other Financing Sources				
Over/(Under) Expenditures	\$ -0-	\$ 4,285,545	\$ 4,285,545	\$ -0-

Additional Project Information:

Project Number	N/A
Bond Authorization Date	5/15/2025
Bonds Authorized	\$ 4,360,000
Bonds Issued	\$ 4,360,000
Original Authorized Cost	\$ 4,360,000
Percentage Completion	1.71%
Original Target Completion Date	6/30/2029

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
2025 REFERENDUM - SOMERVILLE HIGH SCHOOL IMPROVEMENTS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Bond Proceeds and Transfers		\$ 28,660,000	\$ 28,660,000	\$ 28,660,000
Total Revenues and Other Financing Sources		28,660,000	28,660,000	28,660,000
Expenditures:				
Purchased Professional and Technical Services		582,561	582,561	1,641,561
Construction Services				27,018,439
Total Expenditures		582,561	582,561	28,660,000
Excess/(Deficit) of Revenue and Other Financing Sources				
Over/(Under) Expenditures	\$ -0-	\$ 28,077,439	\$ 28,077,439	\$ -0-
Additional Project Information:				
Project Number	N/A			
Bond Authorization Date	5/15/2025			
Bonds Authorized	\$28,660,000			
Bonds Issued	\$28,660,000			
Original Authorized Cost	\$28,660,000			
Percentage Completion	2.03%			
Original Target Completion Date	6/30/2029			

PROPRIETARY FUNDS

SOMERVILLE BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 345,238
Accounts Receivable:	
State Government	2,277
Federal Government	34,551
Other	25,990
Inventories	25,175

Total Current Assets	<u>433,231</u>
----------------------	----------------

Non-Current Assets:

Capital Assets	749,337
Less: Accumulated Depreciation	<u>(291,254)</u>

Total Non-Current Assets	<u>458,083</u>
--------------------------	----------------

Total Assets	<u>891,314</u>
--------------	----------------

LIABILITIES:

Accounts Payable - Vendors	6,370
Unearned Revenue - Donated Commodities	6,763
Unearned Revenue - Prepaid Sales	<u>22,180</u>

Total Liabilities	<u>35,313</u>
-------------------	---------------

NET POSITION:

Investment in Capital Assets	458,083
Unrestricted	<u>397,918</u>

Total Net Position	<u><u>\$ 856,001</u></u>
--------------------	--------------------------

SOMERVILLE BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 255,295
Daily Sales - Non-Reimbursable Programs	187,829
Total Operating Revenue	443,124
Operating Expenses:	
Cost of Sales - Reimbursable Programs	296,123
Cost of Sales - Non Reimbursable Programs	213,617
Management Fee	33,440
Salaries, Benefits & Payroll Taxes	371,152
Other	105,391
Depreciation Expense	2,800
Total Operating Expenses	1,022,523
Operating (Loss)	(579,399)
Non-Operating Revenue:	
State Sources:	
State School Breakfast Program	1,188
State School Lunch Program	14,115
After the Bell	3,663
New Jersey Exapnded Income Eligibilty - Breakfast	3,123
New Jersey Exapnded Income Eligibilty - Lunch	12,018
Federal Sources:	
National School Lunch Program	408,348
School Breakfast Program	103,230
Food Distribution Program	94,252
Local Food for Schools Cooperative Program	7,348
Summer EBT	643
Total Non-Operating Revenue	647,928
Change in Net Position	68,529
Net Position - Beginning of Year	787,472
Net Position - End of Year	\$ 856,001

SOMERVILLE BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 445,252
Payments to Food Service Contractor	(879,470)
Payments to Suppliers	<u>(56,118)</u>
Net Cash (Used for) Operating Activities	<u>(490,336)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Equipment	<u>(178,064)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(178,064)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from State Reimbursements	33,544
Cash Received from Federal Reimbursements	<u>515,749</u>
Net Cash Provided by Noncapital Financing Activities	<u>549,293</u>
Net Decrease in Cash and Cash Equivalents	(119,107)
Cash and Cash Equivalents, July 1	<u>464,345</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 345,238</u></u>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (579,399)
Adjustment to Reconcile Operating Loss to Net Cash (Used for) Operating Activities:	
Depreciation	2,800
Federal Food Distribution Program	94,252
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	1,741
(Increase)/Decrease in Other Receivables	(787)
Increase/(Decrease) in Accounts Payable	(13,170)
Increase/(Decrease) in Unearned Revenue - Donated Commodities	1,312
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	<u>2,915</u>
Net Cash (Used for) Operating Activities	<u><u>\$ (490,336)</u></u>

Non-Cash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$95,564 and used \$94,252 of those commodities during the fiscal year.

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM LIABILITIES

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Interest Rate	Balance June 30, 2024	Issued	Retired or Matured	Balance June 30, 2025
			Date	June 30, 2025	Amount					
School Refunding Bonds	4/30/2013	\$ 9,240,000	07/15/25	\$ 755,000		4.000%	\$ 1,085,000		\$ 1,085,000	
			07/15/26	785,000		4.000%				
			07/15/27	810,000		3.000%				
			07/15/28	830,000		3.000%				
			07/15/29	860,000		3.000%	4,765,000		725,000	\$ 4,040,000
School Bonds, Series 2025	5/15/2025	44,020,000	07/15/27	1,500,000		1.250%				
			07/15/28	1,150,000		4.000%				
			07/15/29	1,175,000		4.000%				
			07/15/30	1,195,000		4.000%				
			07/15/31	2,300,000		4.000%				
			07/15/32	2,300,000		4.000%				
			07/15/33	2,300,000		4.000%				
			07/15/34	2,300,000		4.000%				
			07/15/35	2,300,000		4.000%				
			07/15/36	2,300,000		4.000%				
			07/15/37	2,300,000		4.000%				
			07/15/38	2,300,000		4.000%				
			07/15/39	2,300,000		4.000%				
			07/15/40	2,300,000		4.000%				
			07/15/41	2,300,000		4.000%				
			07/15/42	2,300,000		4.000%				
			07/15/43	2,300,000		4.125%				
			07/15/44	2,300,000		4.125%				
			07/15/45	2,300,000		4.250%				
			07/15/46	2,250,000		4.250%				
			07/15/47	2,250,000		4.250%				
							\$ 5,850,000	\$ 44,020,000	\$ 1,810,000	44,020,000
							\$ 5,850,000	\$ 44,020,000	\$ 1,810,000	\$ 48,060,000

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

<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance June 30, 2024</u>	<u>Matured</u>	<u>Balance June 30, 2025</u>
Chromebooks	\$ 231,000	5.39%	<u>\$ 231,000</u>	<u>\$ 60,859</u>	<u>\$ 170,141</u>
			<u>\$ 231,000</u>	<u>\$ 60,859</u>	<u>\$ 170,141</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOT APPLICABLE

SOMERVILLE BOROUGH SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER SUBSCRIPTION-BASED
INFORMATION TECHNOLOGY ARRANGEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOT APPLICABLE

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,785,898		\$ 1,785,898	\$ 1,785,898	
State Sources:					
Debt Service Aid Type II	209,796		209,796	209,796	
Total Revenues	1,995,694		1,995,694	1,995,694	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	194,500		194,500	194,500	
Redemption of Principal	1,810,000		1,810,000	1,810,000	
Total Expenditures	2,004,500		2,004,500	2,004,500	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(8,806)		(8,806)	(8,806)	
Other Financing Sources					
Transfers In - Capital Projects Fund				95,545	\$ 95,545
Total Other Financing Sources				95,545	95,545
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	(8,806)		(8,806)	86,739	95,545
Fund Balance, July 1	37,133		37,133	37,133	
Fund Balance, June 30	\$ 28,327	\$ -0-	\$ 28,327	\$ 123,872	\$ 95,545
Recapitulation:					
Restricted Fund Balance - For Subsequent Year's Expenditures				\$ 28,327	
Restricted Fund Balance				95,545	
				\$ 123,872	

STATISTICAL SECTION

(UNAUDITED)

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

Contents

	<u>Exhibit</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity	
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information	
These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	J-16 thru J-20

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities:										
Net Investment in Capital Assets	\$ 30,303,213	\$ 33,327,721	\$ 32,963,384	\$ 33,084,564	\$ 33,981,935	\$ 35,573,129	\$ 36,748,298	\$ 38,474,496	\$ 39,888,935	\$ 45,344,034
Restricted	5,746,020	5,437,484	6,643,576	8,637,669	11,424,519	12,752,862	13,968,575	17,357,709	15,687,289	12,623,057
Unrestricted/(Deficit)	(10,131,781)	(12,998,198)	(12,648,954)	(13,095,617)	(13,642,060)	(12,342,356)	(8,601,562)	(9,016,286)	(4,233,440)	(1,531,760)
Total Governmental Activities Net Position	\$ 25,917,452	\$ 25,767,007	\$ 26,958,006	\$ 28,626,616	\$ 31,764,394	\$ 35,983,635	\$ 42,115,311	\$ 46,815,919	\$ 51,342,784	\$ 56,435,331
Business-Type Activities:										
Investment in Capital Assets	\$ 106,516	\$ 100,354	\$ 83,606	\$ 309,567	\$ 348,201	\$ 280,794	\$ 261,499	\$ 245,374	\$ 282,819	\$ 458,083
Unrestricted	209,467	218,182	293,597	129,594	55,393	46,859	267,458	441,342	504,653	397,918
Total Business-Type Activities Net Position	\$ 315,983	\$ 318,536	\$ 377,203	\$ 439,161	\$ 403,594	\$ 327,653	\$ 528,957	\$ 686,716	\$ 787,472	\$ 856,001
District-Wide:										
Net Investment in Capital Assets	\$ 30,409,729	\$ 33,428,075	\$ 33,046,990	\$ 33,394,131	\$ 34,330,136	\$ 35,853,923	\$ 37,009,797	\$ 38,719,870	\$ 40,171,754	\$ 45,802,117
Restricted	5,746,020	5,437,484	6,643,576	8,637,669	11,424,519	12,752,862	13,968,575	17,357,709	15,687,289	12,623,057
Unrestricted/(Deficit)	(9,922,314)	(12,780,016)	(12,355,357)	(12,966,023)	(13,586,667)	(12,295,497)	(8,334,104)	(8,574,944)	(3,728,787)	(1,133,842)
Total District Net Position	\$ 26,233,435	\$ 26,085,543	\$ 27,335,209	\$ 29,065,777	\$ 32,167,988	\$ 36,311,288	\$ 42,644,268	\$ 47,502,635	\$ 52,130,256	\$ 57,291,332

Source: School District Financial Reports

SOMERVILLE BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION - LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	For the Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses:										
Governmental Activities:										
Instruction	\$ 31,363,497	\$ 33,964,538	\$ 35,570,845	\$ 33,429,766	\$ 33,429,137	\$ 35,034,323	\$ 33,910,905	\$ 33,843,079	\$ 35,184,785	\$ 34,354,599
Support Services:										
Tuition	1,664,099	1,580,061	1,236,416	1,066,970	1,286,272	1,309,945	717,708	1,050,090	906,114	622,835
Student & Instruction Related Services	6,010,893	7,190,300	7,602,396	6,894,230	6,675,185	6,982,262	7,473,291	7,597,893	8,120,336	8,277,711
General Administrative Services	811,495	868,335	814,187	824,228	888,163	944,553	905,475	1,062,874	1,049,430	982,121
School Administrative Services	3,088,245	3,581,115	3,657,553	3,514,864	3,427,941	3,699,229	3,467,884	3,372,132	3,587,097	3,507,799
Central Services	644,566	679,156	712,161	687,560	691,254	742,657	792,652	770,477	877,295	942,740
Administration Information Technology	580,861	659,426	538,882	636,126	620,750	728,091	369,289	235,301	207,478	218,531
Plant Operations And Maintenance	3,219,038	3,166,642	3,210,892	3,423,062	3,341,313	3,375,338	3,654,533	3,997,591	4,194,039	4,198,325
Pupil Transportation	908,332	888,193	857,415	938,232	921,051	476,230	937,241	1,257,673	1,122,711	1,265,501
Interest On Long-Term Debt	823,623	501,148	509,003	535,751	403,501	342,934	267,509	226,009	151,639	1,788,015
Unallocated Depreciation	611,931	2,095,024	2,095,432	2,121,274	1,834,147	1,751,839	1,848,123	1,847,940	1,821,912	90,597
Capital Outlay	93,839	93,839	93,839	93,839	93,838	93,839	93,839	669,808	93,839	169,109
Transfer to Charter School						5,696	15,430			28,987
Total Governmental Activities Expenses	49,820,419	55,267,777	56,899,020	54,165,902	53,612,552	55,486,936	54,453,879	55,930,867	57,316,675	56,446,870
Business-Type Activities:										
Food Service	663,033	725,406	710,791	756,341	687,937	376,585	823,574	924,173	975,916	1,022,523
Total Business-Type Activities Expense	663,033	725,406	710,791	756,341	687,937	376,585	823,574	924,173	975,916	1,022,523
Total District Expenses	50,483,452	55,993,183	57,609,811	54,922,243	54,300,489	55,863,521	55,277,453	56,855,040	58,292,591	57,469,393
Program Revenues:										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	10,941,121	10,499,776	10,197,918	10,514,258	11,052,723	11,423,970	12,384,398	12,450,805	12,602,668	12,278,994
Operating Grants and Contributions	12,613,093	16,021,400	17,930,182	14,901,936	13,614,093	17,042,306	15,214,839	13,639,069	12,789,280	10,796,449
Capital Grants and Contributions	472,099	151,172	643,570				135,539		1,441,457	1,441,457
Total Governmental Activities Program Revenues	24,026,313	26,672,348	28,771,670	25,416,194	24,666,816	28,466,276	27,734,776	26,089,874	25,391,948	24,516,900
Business-Type Activities:										
Charges for Services:										
Food Service	365,734	387,991	435,333	441,360	305,697	4,636	73,923	434,256	464,337	443,124
Operating Grants and Contributions	345,204	339,968	372,701	376,939	346,673	336,947	950,955	647,675	612,335	647,928
Total Business Type Activities Program Revenues	710,938	727,959	808,034	818,299	652,370	341,583	1,024,878	1,081,931	1,076,672	1,091,052
Total District Program Revenues	24,737,251	27,400,307	29,579,704	26,234,493	25,319,186	28,807,859	28,759,654	27,171,805	26,468,620	25,607,952
Net (Expense)/Revenue:										
Governmental Activities	(25,794,106)	(28,595,429)	(28,127,350)	(28,749,708)	(28,945,736)	(27,020,660)	(26,719,103)	(29,840,993)	(31,924,727)	(31,929,970)
Business-Type Activities	47,905	2,553	97,243	61,958	(35,567)	(35,002)	201,304	157,758	100,756	68,529
Total District-Wide Net Expense	(25,746,201)	(28,592,876)	(28,030,107)	(28,687,750)	(28,981,303)	(27,055,662)	(26,517,799)	(29,683,235)	(31,823,971)	(31,861,441)

SOMERVILLE BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION - LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	For the Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2024
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 20,882,908	\$ 21,450,566	\$ 22,185,150	\$ 22,628,853	\$ 22,781,548	\$ 23,418,373	\$ 23,390,986	\$ 23,760,851	\$ 24,829,777	\$ 25,326,372
Taxes Levied for Debt Service	1,342,800	1,617,358	1,617,358	1,617,358	1,617,358	1,728,437	1,731,568	1,776,115	1,784,131	1,785,898
Unrestricted Grants and Contributions	4,806,051	4,840,817	5,155,537	5,579,957	6,465,298	6,363,771	7,312,313	7,889,387	8,250,550	8,503,870
Interest and Miscellaneous Income	229,602	536,243	360,304	592,150	448,419	221,067	415,912	1,115,249	1,587,134	1,406,377
Total Governmental Activities	27,261,361	28,444,984	29,318,349	30,418,318	31,312,623	31,731,648	32,850,779	34,541,602	36,451,592	37,022,517
Business-Type Activities:										
Disposal of Capital Assets						(40,939)				
Total Business-Type Activities						(40,939)				
Total District-Wide	27,261,361	28,444,984	29,318,349	30,418,318	31,312,623	31,690,709	32,850,779	34,541,602	36,451,592	37,022,517
Change in Net Position										
Governmental Activities	1,467,255	(150,445)	1,190,999	1,668,610	2,366,887	4,710,988	6,131,676	4,700,609	4,526,865	5,092,547
Business-Type Activities	47,905	2,553	97,243	61,958	(35,567)	(75,941)	201,304	157,758	100,756	68,529
Total District	\$ 1,515,160	\$ (147,892)	\$ 1,288,242	\$ 1,730,568	\$ 2,331,320	\$ 4,635,047	\$ 6,332,980	\$ 4,858,367	\$ 4,627,621	\$ 5,161,076

Source: School District Financial Reports

SOMERVILLE BOROUGH SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Restricted	\$ 5,733,360	\$ 5,418,706	\$ 6,640,309	\$ 8,634,402	\$ 10,648,835	\$ 12,454,408	\$ 13,295,559	\$ 16,994,686	\$ 15,255,977	\$ 12,113,174
Assigned	774,869	325,045	605,477	888,445	403,256	1,115,568	1,679,429	1,680,116	2,072,921	1,911,796
Unassigned	340,838	374,273	323,474	221,731	338,886	1,127,928	1,097,806	189,206	187,273	153,444
Total General Fund	\$ 6,849,067	\$ 6,118,024	\$ 7,569,260	\$ 9,744,578	\$ 11,390,977	\$ 14,697,904	\$ 16,072,794	\$ 18,864,008	\$ 17,516,171	\$ 14,178,414
All Other Governmental Funds										
Restricted	\$ 12,660	\$ 18,778	\$ 3,267	\$ 3,267	\$ 4,793	\$ 298,454	\$ 304,684	\$ 538,714	\$ 5,039,279	\$ 43,649,728
Committed	1,632,195	262,141	812,067	446,520	445,890	221,314	208,014			6,875,868
Unassigned/(Deficit)	(63,372)	(50,661)	(83,772)	(82,742)	(80,463)	(91,263)	(87,254)	(91,744)	(111,280)	(103,572)
Total All Other Governmental Funds	\$ 1,581,483	\$ 230,258	\$ 731,562	\$ 367,045	\$ 370,220	\$ 428,505	\$ 425,444	\$ 446,970	\$ 4,927,999	\$ 50,422,024
Total All Government Funds	\$ 8,430,550	\$ 6,348,282	\$ 8,300,822	\$ 10,111,623	\$ 11,761,197	\$ 15,126,409	\$ 16,498,238	\$ 19,310,978	\$ 22,444,170	\$ 64,600,438

Source: School District Financial Reports

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

UNAUDITED

(modified accrual basis of accounting)

	For the Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues:										
Tax Levy	\$22,225,708	\$23,067,924	\$23,802,508	\$24,246,211	\$24,398,906	\$25,146,810	\$25,122,554	\$25,536,966	\$26,613,908	\$27,112,270
Tuition Charges	10,941,121	10,499,776	10,197,918	10,514,258	11,052,723	11,248,305	11,926,650	12,056,716	12,073,245	11,686,199
Interest Earnings	4,859	13,444	23,693	76,765	150,469	5,003	22,953	587,755	655,534	560,006
Miscellaneous	668,448	368,483	388,415	549,936	329,229	432,360	877,845	966,395	1,571,795	1,481,782
State Sources	11,010,910	11,875,396	13,645,892	14,755,060	16,181,310	17,956,827	21,836,672	22,054,926	23,491,617	23,932,055
Federal Sources	1,132,007	1,132,091	1,302,047	1,223,378	1,164,897	1,971,072	2,323,462	2,718,562	2,206,088	2,901,901
Total Revenue	45,983,053	46,957,114	49,360,473	51,365,608	53,277,534	56,760,377	62,110,136	63,921,320	66,612,187	67,674,213
Expenditures										
Regular Instruction	19,514,024	19,514,032	20,279,330	20,947,770	21,611,622	22,289,882	23,609,391	24,172,362	25,037,195	25,104,329
Support Services:										
Tuition	1,664,099	1,580,061	1,236,416	1,066,970	1,286,272	1,309,945	717,708	1,050,090	906,114	622,835
Student & Instruction Related Services	3,634,260	3,923,835	4,068,119	4,080,210	4,109,302	4,067,928	5,171,579	5,366,505	5,765,724	6,044,358
General Administrative Services	692,263	735,842	684,397	696,659	772,592	793,977	762,625	914,797	902,651	815,898
School Administrative Services	1,819,473	1,924,038	1,950,443	2,083,990	2,101,264	2,124,198	2,201,756	2,233,828	2,335,420	2,430,600
Central Services	521,575	524,880	570,901	523,644	561,264	561,698	585,692	601,964	679,968	700,675
Administration Information Technology	485,923	570,707	452,221	531,860	530,171	599,323	332,873	235,301	221,330	218,531
Plant Operations And Maintenance	2,807,934	2,834,129	2,867,952	3,019,091	3,031,922	3,032,079	3,246,884	3,634,553	3,819,560	3,881,966
Pupil Transportation	825,518	779,223	756,696	822,381	815,452	384,867	794,533	1,065,921	913,869	1,025,409
Unallocated Benefits	10,211,525	10,690,368	11,539,751	12,563,237	13,175,248	14,933,082	18,071,951	18,500,871	19,593,541	20,204,177
Capital Outlay	1,492,402	3,833,455	748,062	1,242,975	1,650,831	2,080,961	2,000,410	2,574,520	1,551,105	6,455,680
Debt Service:										
Principal	1,520,000	1,765,000	1,650,000	1,425,000	1,480,000	1,540,000	1,610,000	1,670,000	1,745,000	1,810,000
Interest And Other Charges	809,134	562,785	603,645	551,020	502,020	442,420	380,320	315,420	248,120	194,500
Transfer to Charter School						5,696	15,430			28,987
Total Expenditures	45,998,130	49,238,355	47,407,933	49,554,807	51,627,960	54,166,056	59,501,152	62,336,132	63,719,597	69,537,945
Excess/(Deficiency) Of Revenues Over/(Under) Expenditures	(15,077)	(2,281,241)	1,952,540	1,810,801	1,649,574	2,594,321	2,608,984	1,585,188	2,892,590	(1,863,732)
Other Financing Sources (Uses)										
Cancellation of Prior Year Accounts Payable		198,973								
Serial Bonds Issued										
Financed Purchases (Non-budgeted)										
Transfers In	1,754,338	2,185,825	898,578	188,730	181,407	413,383	59,944	66,470	231,000	44,020,000
Transfers Out	(1,754,338)	(2,185,825)	(898,578)	(188,730)	(181,407)	(413,383)	(59,944)	(66,470)	(4,874,308)	5,499,768
Total Other Financing Sources (Uses)		198,973							231,000	(5,499,768)
Net Change In Fund Balances	\$ (15,077)	\$ (2,082,268)	\$ 1,952,540	\$ 1,810,801	\$ 1,649,574	\$ 2,594,321	\$ 2,608,984	\$ 1,585,188	\$ 3,123,590	\$42,156,268
Debt Service As A Percentage of Noncapital Expenditures	5.23%	5.13%	4.83%	4.09%	3.97%	3.81%	3.46%	3.32%	3.21%	3.18%

Source: School District Financial Reports

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

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Rentals- Use</u> <u>of Facilities</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Other</u>	<u>Total</u>
2016	\$ 17,626	\$ 10,499,776	\$ 50,900	\$ 9,072	\$ 147,650	\$ 10,725,024
2017	41,009	10,499,776	60,520	2,370	229,316	10,832,991
2018	49,924	10,197,918	73,375	19,942	172,376	10,513,535
2019	76,765	10,514,258	76,490		430,467 *	11,097,980
2020	150,469	11,052,723	65,844	55,707	171,606	11,496,349
2021	10,311	11,248,305		29,672	180,474	11,468,762
2022	32,204	11,926,650			382,910	12,341,764
2023	587,755	12,056,716	66,118		452,570	13,163,159
2024	941,051	12,286,470	84,728		319,803	13,632,052
2025	788,253	11,686,199	86,745	150,205	449,334	13,160,736

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

Source: Somerville Borough School District records

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

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2015	\$ 26,134,800	\$ 719,526,100	\$ 313,428,300	\$ 18,401,100	\$ 80,143,500	\$ 1,157,633,800	\$ 434,215,500	\$ 7,681,438	\$ 1,165,315,238	\$ 1.907	\$ 1,214,671,438
2016	26,174,800	718,279,200	312,902,000	18,401,100	80,143,500	1,155,900,600	434,371,700	8,298,912	1,164,199,512	1.981	1,220,096,561
2017	29,360,000	718,292,800	305,232,300	16,853,200	80,043,500	1,149,781,800	442,016,700	8,230,482	1,158,012,282	2.055	1,246,639,756
2018	30,768,400	720,813,900	304,992,800	16,782,400	80,043,500	1,153,401,000	458,354,300	8,015,843	1,161,416,843	2.069	1,275,768,096
2019	33,161,500	722,901,200	303,963,200	16,282,400	80,043,500	1,156,351,800	458,565,200	8,374,803	1,164,726,603	2.088	1,289,651,036
2020	48,015,500	725,954,450	298,901,200	16,282,400	77,357,400	1,166,510,950	474,759,350	8,484,892	1,174,995,842	2.140	1,356,429,137
2021	47,986,400	729,174,450	286,112,000	15,718,200	77,357,400	1,156,348,450	496,037,850	8,771,220	1,165,119,670	2.156	1,401,995,790
2022	45,625,200	728,934,900	285,495,800	15,685,600	77,357,400	1,153,098,900	530,675,700	8,548,314	1,161,647,214	2.198	1,404,959,002
2023	45,575,600	733,138,500	282,972,000	15,685,600	76,982,700	1,154,354,400	576,718,800	8,319,300	1,162,673,700	2.243	1,549,814,897
2024	45,445,100	735,381,700	281,711,800	15,509,800	77,806,900	1,155,855,300	665,055,000	7,655,400	1,163,510,700	2.309	1,676,094,191

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Year Ended December 31,	Somerville Borough School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Somerville	Somerset County	
2015	\$ 1.792	\$ 0.115	\$ 1.907	\$ 1.015	\$ 0.411	\$ 3.333
2016	1.843	0.139	1.981	1.017	0.416	3.414
2017	1.916	0.140	2.055	1.069	0.429	3.553
2018	1.929	0.139	2.069	1.086	0.441	3.596
2019	1.949	0.139	2.088	1.096	0.450	3.634
2020	1.993	0.147	2.140	1.099	0.452	3.691
2021	2.008	0.149	2.156	1.105	0.474	3.735
2022	2.045	0.153	2.198	1.116	0.463	3.777
2023	2.093	0.150	2.243	1.123	0.496	3.862
2024	2.157	0.152	2.309	1.128	0.516	3.953

Source: Municipal Tax Collector and School Business Administrator

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

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

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

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

BOROUGH OF SOMERVILLE

2024			2015		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Brookside at Somerville, LLC	\$ 36,634,800	3.15%	Brookside Invest Assoc.	\$ 44,000,000	3.78%
Somerville Urban Renewal	14,695,400	1.26%	Health Care REIT, Inc.	13,720,400	1.18%
NJ Bell Telephone	9,886,614	0.85%	1034/1044/1050 Route #22 LLC	10,988,700	0.94%
De Sapio Properties #10, LLC	9,000,000	0.77%	Somerville ITC I, LLC	10,833,900	0.93%
Somerville 50 Division Street LLC	8,500,000	0.73%	NJ Bell Telephone-C/O Verizon	9,019,738	0.77%
Avalon Somerville Station	7,620,000	0.65%	De Sapio Properties #10, LLC	9,000,000	0.77%
Warren Street Partners, LLC	7,605,700	0.65%	Warren Street Partners, LLC	7,605,700	0.65%
75 Veterans Memorial Associates	6,000,000	0.52%	Somerville Town Center UR LLC	6,600,000	0.57%
De Sapio Properties #7, LLC	5,940,000	0.51%	75 Veterans Memorial Associates	6,000,000	0.51%
Main Associates	5,837,400	0.50%	De Sapio Properties #10, LLC	6,000,000	0.51%
	\$ 111,719,914	9.60%		\$ 123,768,438	10.62%

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2016	\$ 22,225,708	\$ 22,225,708	100.00%	\$ - 0 -
2017	23,067,924	23,067,924	100.00%	- 0 -
2018	23,802,508	23,802,508	100.00%	- 0 -
2019	24,246,211	24,246,211	100.00%	- 0 -
2020	24,398,906	24,398,906	100.00%	- 0 -
2021	25,146,810	25,146,810	100.00%	- 0 -
2022	25,122,554	25,122,554	100.00%	- 0 -
2023	25,536,966	25,536,966	100.00%	- 0 -
2024	26,613,908	26,613,908	100.00%	- 0 -
2025	27,112,270	27,112,270	100.00%	- 0 -

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

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Financed Purchases			
2016	\$ 18,735,000	\$ - 0 -	\$ 18,735,000	1.78%	\$ 1,561
2017	16,970,000	- 0 -	16,970,000	1.51%	1,389
2018	15,320,000	- 0 -	15,320,000	1.31%	1,257
2019	13,895,000	- 0 -	13,895,000	1.16%	1,149
2020	12,415,000	- 0 -	12,415,000	1.00%	1,021
2021	10,875,000	491,747	11,366,747	0.85%	905
2022	9,265,000	328,981	9,593,981	0.67%	755
2023	7,595,000	165,074	7,760,074	0.45%	550
2024	5,850,000	231,000	6,081,000	0.35%	421
2025	48,060,000	170,141	48,230,141	2.76%	3,343

Source: School District Financial Reports

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds ^c	Deductions	Net General Bonded Debt Outstanding		
2016	\$ 18,735,000	\$ - 0 -	\$ 18,735,000	1.608%	\$ 1,561
2017	16,970,000	- 0 -	16,970,000	1.458%	1,389
2018	15,320,000	- 0 -	15,320,000	1.323%	1,257
2019	13,895,000	- 0 -	13,895,000	1.196%	1,149
2020	12,415,000	- 0 -	12,415,000	1.066%	1,021
2021	10,875,000	- 0 -	10,875,000	0.926%	866
2022	9,265,000	- 0 -	9,265,000	0.795%	729
2023	7,595,000	- 0 -	7,595,000	0.654%	538
2024	5,850,000	- 0 -	5,850,000	0.503%	405
2025	48,060,000	- 0 -	48,060,000	4.131%	3,331

Source: School District Financial Reports

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

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b Population data can be found in on J-14. This ratio is calculated using net valuation taxable data for the prior calendar year.

c Includes ERIP bonds.

SOMERVILLE BOROUGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2024
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 Somerville	\$ 22,254,212	100.00%	\$ 22,254,212
Somerset County General Obligation Debt	295,206,531	2.14%	6,305,958
Somerset County Improvement Authority Debt	268,804,950	2.14%	<u>5,741,989</u>
Subtotal, Overlapping Debt			34,302,160
Somerville Borough School District Direct Debt			<u>48,060,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 82,362,160</u></u>

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

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Borough of Somerville. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident and therefore, responsible for repaying the debt, of each overlapping unit.

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

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

Legal Debt Margin Calculation for Fiscal Year 2025	
Equalized Valuation Basis	Somerville Borough
2022	1,531,746,679
2023	1,657,602,527
2024	1,821,391,900
	<u>\$ 5,010,741,106</u>
Average Equalized Valuation of Taxable Property	
	<u>\$ 1,670,247,035</u>
Debt Limit ^a (4% of average equalization value)	\$ 66,809,881
Net Bonded School Debt as of June 30, 2025	49,870,000
Legal Debt Margin	<u>\$ 16,939,881</u>

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt Limit	\$ 47,604,631	\$ 48,044,807	\$ 48,782,772	\$ 49,850,374	\$ 50,716,012	\$ 51,959,636	\$ 55,340,351	\$ 56,962,810	\$ 61,091,587	\$ 66,809,881
Total Net Debt Applicable to Limit	18,735,000	16,970,000	15,320,000	13,895,000	12,415,000	10,875,000	9,265,000	7,595,000	5,850,000	49,870,000
Legal Debt Margin	<u>\$ 28,869,631</u>	<u>\$ 31,074,807</u>	<u>\$ 33,462,772</u>	<u>\$ 35,955,374</u>	<u>\$ 38,301,012</u>	<u>\$ 41,084,636</u>	<u>\$ 46,075,351</u>	<u>\$ 49,367,810</u>	<u>\$ 55,241,587</u>	<u>\$ 16,939,881</u>
Total Net Debt Applicable to the Limit										
As a Percentage of Debt Limit	39.36%	35.32%	31.40%	27.87%	24.48%	20.93%	16.74%	13.33%	9.58%	74.64%

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

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

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

Year	Population ^a	Personal Income ^b	Somerset County Per Capita Personal Income ^c	Unemployment Rate ^d
2016	12,004	\$ 1,052,546,732	\$ 87,683	4.20%
2017	12,217	1,122,937,772	91,916	3.90%
2018	12,184	1,171,991,144	96,191	3.70%
2019	12,098	1,197,109,198	98,951	3.40%
2020	12,157	1,235,430,811	101,623	8.70%
2021	12,559	1,343,134,814	106,946	5.40%
2022	12,712	1,440,587,400	113,325	3.30%
2023	14,112	1,708,624,512	121,076	4.00%
2024	14,428	1,746,884,528 ***	121,076 *	3.60%
2025	14,428 **	1,746,884,528 ***	121,076 *	N/A

* - Latest Somerset County per capita personal income available (2023) was used for calculation purposes.

** - Latest population data available (2024) was used for calculation purposes.

*** - Latest personal income data available (2024) was used for calculation purposes.

N/A - Information Unavailable

Source: School District Reports

a Population information provided by the NJ Dept of Labor and Workforce Development

b Personal income has been estimated based upon the municipal population and per capita personal income presented

c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

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

Employer	2025		Percentage of Total Employment
	Employees	Rank	
AT&T East	4,100	1	2.21%
Janssen Pharmaceuticles, Inc.	1,800	2	0.97%
The Chubb Corporation	1,800	3	0.97%
Johnson and Johnson Pharmaceuticals	1,700	4	0.92%
Bloomberg	1,380	5	0.74%
Ethicon, Inc.	1,100	6	0.59%
E-Z-Go	1,050	7	0.57%
Personal Products Company (J&J)	1,000	8	0.54%
Ortho Clinical Diagnostics	1,000	9	0.54%
Hooper Homes Inc.	900	10	0.48%
	<u>15,830</u>		
Total County Employment	<u>185,726</u>		

Employer	2016		Percentage of Total Employment
	Employees	Rank	
A&T	3,000	1	1.71%
Verizon Wireless	930	2	0.53%
Dendrite	700	3	0.40%
Fiddlers Elbow Country Club	210	4	0.12%
Trump National	400	5	0.23%
Falrion Technologies	200	6	0.11%
Hamilton Farm	175	7	0.10%
Kings	120	8	0.07%
Bedminster Township Board of Education	100	9	0.06%
Loral Skynet	80	10	0.05%
	<u>5,915</u>		
Total County Employment	<u>175,454</u>		

Source: Somerset County Business Partnership Website

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

<u>Function/Program</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Instruction										
Regular	163.0	163.0	162.0	162.0	162.0	158.0	165.0	174.0	174.0	180.5
Special Education	78.0	78.0	74.0	75.0	81.5	79.5	80.0	77.0	70.0	72.5
Support Services:										
Student & Instruction Related Services	50.5	50.5	52.0	56.0	56.0	56.0	57.0	58.0	62.0	67.5
School Administrative Services	19.0	19.0	19.5	20.0	19.0	17.0	17.0	21.0	21.5	20.5
General and Business Administrative Services	13.5	15.0	7.5	7.5	7.5	7.5	7.5	7.5	8.0	8.0
Plant Operations and Maintenance	17.0	17.0	20.5	20.5	20.5	20.5	20.0	20.0	24.0	30.5
Pupil Transportation	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	7.7	7.0
Other Support Services								1.0		
Total	344.0	345.5	338.5	344.0	349.5	341.5	349.5	361.5	367.2	386.5

Source: District Personnel Records

SOMERVILLE BOROUGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN 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
						Elementary	Middle School	High School				
2016	2,404	\$ 42,176,594	\$ 17,544.34	2.68%	204	1:12.0	1:9.2	1:12.8	2,404	2,307	0.75%	95.97%
2017	2,353	43,077,115	18,307.32	4.35%	199	1:9.0	1:10.0	1:8.0	2,353	2,251	-2.12%	95.68%
2018	2,347	44,406,226	18,920.42	3.35%	196	1:8.0	1:9.0	1:8.0	2,347	2,219	-0.26%	94.55%
2019	2,336	46,335,812	19,835.54	4.84%	197	1:8.0	1:9.0	1:8.0	2,336	2,225	-0.47%	95.25%
2020	2,292	47,995,109	20,940.27	5.57%	197	1:8.0	1:9.0	1:8.0	2,292	2,223	-1.88%	96.99%
2021	2,176	50,102,675	23,025.13	9.96%	193	1:8.0	1:9.0	1:8.0	2,176	2,067	-5.06%	94.99%
2022	2,124	55,510,422	26,134.85	13.51%	193	1:8.0	1:9.0	1:8.0	2,292	2,222	5.33%	96.95%
2023	2,138	57,776,192	27,023.48	3.40%	194	1:8.1	1:9.1	1:8.1	2,138	2,004	-6.72%	93.73%
2024	2,155	60,175,372	27,923.61	3.33%	194	1:10.0	1:9.1	1:11.0	2,122	2,003	-0.75%	94.39%
2025	2,114	61,077,765	28,892.04	3.47%	208	1:9.6	1:8.2	1:11.6	2,114	2,000	-0.38%	94.61%

Source: Somerville Borough School District records

Note: Enrollment based on annual average daily enrollment

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

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>District Building</u>										
Van Derveer School										
Square Feet	97,192	97,192	97,192	97,192	97,192	97,192	97,192	97,192	97,192	97,192
Capacity (students)	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175
Enrollment	885	852	823	800	809	737	710	722	734	745
Somerville Middle School										
Square Feet	97,350	97,350	97,350	97,350	97,350	97,350	97,350	97,350	97,350	97,350
Capacity (students)	501	501	501	501	501	501	501	501	501	501
Enrollment	357	378	381	373	351	322	313	343	341	336
Somerville High School										
Square Feet	153,250	153,250	153,250	153,250	153,250	153,250	153,250	153,250	153,250	153,250
Capacity (students)	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Enrollment	1,162	1,123	1,143	1,163	1,132	1,117	1,101	1,073	1,080	1,033

Number of Schools at June 30, 2025

Elementary = 1

Middle School = 1

High School = 1

Source: Somerville Borough School District Facilities Office

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

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

<u>School Facilities</u>	<u>Project #</u>	<u>Fiscal Year Ended June 30,</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>	<u>2024</u>	<u>2025</u>
Van Derveer School	N/A	\$ 354,162	\$ 305,424	\$ 322,618	\$ 342,670	\$ 149,566	\$ 229,124	\$ 260,662	\$ 285,369	\$ 221,171	\$ 209,692
Somerville Middle School	N/A	193,668	191,469	206,023	218,063	144,607	261,696	230,050	165,191	247,722	173,708
Somerville High School	N/A	147,580	206,051	205,387	218,063	437,496	383,977	361,427	459,093	436,300	376,204
Total School Facilities		<u>\$ 695,410</u>	<u>\$ 702,944</u>	<u>\$ 734,028</u>	<u>\$ 778,796</u>	<u>\$ 731,669</u>	<u>\$ 874,797</u>	<u>\$ 852,139</u>	<u>\$ 909,653</u>	<u>\$ 905,193</u>	<u>\$ 759,604</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: Somerville Borough School District records

SOMERVILLE BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2025
UNAUDITED

	Coverage	Deductible
<u>Commercial Package Policy - NJ School Insurance Group</u>		
Property - Blanket Buildings and Contents **	\$ 134,323,238	\$ 5,000
Boiler and Machinery	100,000,000	25,000
Crisis Management	1,000,000	
Environmental Impairment Liability	1,000,000	50,000
Includes coverage such as:		
Extra Expense	50,000,000	5,000
Valuable Papers and Records	10,000,000	5,000
Electronic Data Processing	Included	1,000
Faithful Performance	250,000	1,000
Forgery & Alteration	250,000	1,000
Money & Securities	100,000	1,000
Money Orders/Counterfeit	100,000	1,000
Computer Fraud	250,000	1,000
General Liability	31,000,000 Each Occurrence	
Employee Benefits Program Liability	31,000,000 Each Occurrence	1,000
	31,000,000 Annual Aggregate	
Sexual Abuse/Molestation	15,000,000 Each Occurrence	
Automobile Liability	31,000,000 CSL	
Comprehensive		1,000
Collision		1,000
Cyber Liability		
Breach Response Costs	2,000,000	Max. 250,000
Aggregate Sublimit Per Scheduled Insured	2,000,000	
Business Interruption Loss	500,000	Max. 250,000
Cyber Extortion	500,000	Max. 250,000
eCrime	250,000	Max. 250,000
School Leaders Errors and Omissions		
Claims Made		
	Each Claim/Annual	
Coverage A	31,000,000 Aggregate	15,000
Coverage B	100,000 Each Claim	15,000
	300,000 Each Policy Period	

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2025
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
<u>Commercial Package Policy - NJ School Insurance Group</u>		
Workers' Compensation & Employers' Liability		
Workers' Compensation	Statutory	
Employers' Liability - Bodily Injury by Accident	\$ 3,000,000	Each Accident
Employers' Liability - Bodily Injury by AccidentDisease	3,000,000	Each Employee
Employers' Liability - Bodily Injury by AccidentDisease	3,000,000	Aggregate Limit
<u>Surety Bond - Selective Insurance Company</u>		
Business Administrator	500,000	
<u>Builders Risk - Hanover Insurance Company</u>		
Any one Building or Structure	4,100,000	\$ 2,500
All Buildings or Structures	4,100,000	At any one job site
Soft Costs	1,000,000	2,500

Source: Somerville Board of Education

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Somerville Borough School District, in the County of Somerset (the "District") as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 11, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

November 11, 2025
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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



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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Somerville Borough School District's (the District's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2025. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2025.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

November 11, 2025
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or Federal Project Number	Grant Period	Award Amount	Balance at June 30, 2024			Balance June 30, 2025		
					Budgetary Accounts Receivable	Unearned Revenue	Cash Received	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Amounts Provided to Subrecipients
General Fund:										
U.S. Department of Health and Human Services Passed-Through State Department of Human Services:	93.778	N/A	7/1/24-6/30/25	\$ 36,144			\$ 36,144	\$ (36,144)		
Medicaid Cluster							36,144	(36,144)		
Total General Fund and U.S. Department of Health and Human Services										
Special Revenue Fund:										
U.S. Department of Education Passed-through State Department of Education:										
ESEA Consolidated:										
Title I	84.010A	NCLB4820-25	7/1/24-9/30/25	264,841			123,129	(246,093)	\$ (122,964)	
Title I	84.010A	NCLB4820-24	7/1/23-9/30/24	303,594	\$ (100,596)		100,596			
Title I SIA	84.010A	NCLB4820-25	7/1/24-9/30/25	991				(991)	(991)	
Title I SIA	84.010A	NCLB4820-24	7/1/23-9/30/24	35,000	(18,523)		18,523			
Subtotal Title I					(119,119)		242,248	(247,084)	(123,955)	
Title II - Part A	84.367	NCLB4820-25	7/1/24-9/30/25	60,114			2,800	(47,800)	(45,000)	
Title II - Part A	84.367	NCLB4820-24	7/1/23-9/30/24	81,857	(2,797)		2,797			
Subtotal Title IIA					(2,797)		5,597	(47,800)	(45,000)	
Title III	84.365A	NCLB4820-25	7/1/24-9/30/25	38,246			7,000	(28,042)	(21,042)	
Title III	84.365A	NCLB4820-24	7/1/23-9/30/24	16,672			3,404	(3,404)		
Subtotal Title III							10,404	(31,446)	(21,042)	
Title III Immigrant	84.365A	NCLB4820-25	7/1/24-9/30/25	8,284				(8,234)	(8,234)	
Subtotal Title III								(8,234)		
Title IV	84.424	NCLB4820-25	7/1/24-9/30/25	40,865			8,911	(16,899)	(7,988)	
Title IV	84.424	NCLB4820-24	7/1/23-9/30/24	47,602	(12,150)		12,150			
Subtotal Title IV					(12,150)		21,061	(16,899)	(7,988)	
Education Stabilization Fund:										
COVID 19 - ARP ESSER III	84.425U	S425U210027	3/13/20-9/30/24	2,714,388	(643,886)		724,960	(81,074)		
COVID 19 - ARP Accelerated Learning Coach	84.425U	S425U210027	3/13/20-9/30/24	148,954	(29,296)		29,296			
COVID 19 - ARP Evidence Based Summer Learning	84.425U	S425U210027	3/13/20-9/30/24	40,000	(257)		12,709	(12,452)		
COVID 19 - ARP Mental Health	84.425U	S425U210027	3/13/20-9/30/24	88,501	(12,230)		12,230			
COVID 19 - ARP Homeless Children/Youth II	84.425U	S425U210027	3/13/20-9/30/24	12,925	(8,976)		8,976			
Subtotal Education Stabilization Fund					(694,645)		788,171	(93,526)		

SOMERVILLE BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or Federal Project Number	Grant Period	Award Amount	Balance at June 30, 2024		Balance June 30, 2025		
					Budgetary Accounts Receivable	Unearned Revenue	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Amounts Provided to Subrecipients
Special Revenue Fund:									
U.S. Department of Education									
Passed-through State Department of Education:									
Special Education Cluster (IDEA):									
I.D.E.A. Part B - Basic	84.027	IDEA4820-25	7/1/24-9/30/25	\$ 1,106,071		\$	425,291	\$ (606,691)	\$ (181,400)
I.D.E.A. Part B - Basic	84.027	IDEA4820-24	7/1/23-9/30/24	889,418	\$ (90,357)		90,357		90,357
I.D.E.A. Part B - Preschool	84.173	IDEA4820-25	7/1/24-9/30/25	37,475			11,139	(11,977)	(838)
I.D.E.A. Part B - Preschool	84.173	IDEA4820-24	7/1/23-9/30/24	43,847	(7,857)		7,857		
Total Special Education Cluster (IDEA)					(98,214)		534,644	(618,668)	(182,238)
Total Special Revenue Fund and U.S. Department of Education									
					(926,925)		1,602,125	(1,063,657)	(388,457)
Capital Projects Fund:									
U.S. Department of Treasury									
Passed-through State Department of Education:									
COVID 19 - Preschool Facilities Grant	21.027	25-100-034-5120-529	7/1/24-6/30/26	2,027,549			1,441,457	(1,441,457)	
Total Capital Projects Fund and U.S. Department of Treasury									
							1,441,457	(1,441,457)	
Enterprise Fund:									
U.S. Department of Agriculture Passed-through State Department of Agriculture:									
Child Nutrition Cluster:									
Food Distribution Program	10.555	N/A	7/1/24-6/30/25	95,564			95,564	(88,801)	\$ 6,763
Food Distribution Program	10.555	N/A	7/1/23-6/30/24	82,942		\$ 5,451		(5,451)	
School Breakfast Program	10.553	N/A	7/1/24-6/30/25	103,230			95,281	(103,230)	(7,949)
School Breakfast Program	10.553	N/A	7/1/23-6/30/24	84,801	(6,904)		6,904		
National School Lunch Program	10.555	N/A	7/1/24-6/30/25	394,554			368,836	(394,554)	(25,718)
National School Lunch Program	10.555	N/A	7/1/23-6/30/24	337,945	(23,027)		23,027		
Healthy Hunger-Free Kids Act	10.555	N/A	7/1/24-6/30/25	13,794			12,910	(13,794)	(884)
Healthy Hunger-Free Kids Act	10.555	N/A	7/1/23-6/30/24	11,832	(800)		800		
Child Nutrition Cluster Subtotal					(30,731)	5,451	603,322	(605,830)	(34,551)
Total Child Nutrition Cluster Subtotal									
									6,763
Local Food For Schools Cooperative Program									
Summer Electronic Benefit Transfer	10.185	N/A	7/1/24-6/30/25	7,348			7,348	(7,348)	
Total Summer Electronic Benefit Transfer									
	10.646	N/A	7/1/24-6/30/25	643			643	(643)	
Total Enterprise Fund and U.S. Department of Agriculture									
					(30,731)	5,451	611,313	(613,821)	(34,551)
Total Enterprise Fund and U.S. Department of Agriculture									
					\$ (957,656)	\$ 5,451	\$ 3,691,039	\$ (3,155,079)	\$ (423,008)
Total Federal Financial Awards									
								\$ 6,763	\$ -0-

N/A - Not Available/Applicable

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2024			Balance at June 30, 2025							
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	GAAP Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
General Fund:														
New Jersey Department of Education														
Equalization Aid	25-495-034-5120-078	7/1/24 - 6/30/25	\$ 7,696,856				\$ 6,937,364	\$ (7,696,856)				\$ (759,492)	\$ 7,696,856	
Special Education Aid	25-495-034-5120-089	7/1/24 - 6/30/25	1,698,214				1,530,642	(1,698,214)				(167,572)	1,698,214	
Security Aid	25-495-034-5120-084	7/1/24 - 6/30/25	443,956				400,148	(443,956)				(43,808)	443,956	
Transportation Aid	25-495-034-5120-014	7/1/24 - 6/30/25	204,865				184,650	(204,865)				(20,215)	204,865	
Extraordinary Special Education Costs	25-495-034-5120-044	7/1/24 - 6/30/25	273,056					(273,056)			\$ (273,056)	(273,056)	273,056	
Homeless Tutor Reimbursement	25-495-034-5120-045	7/1/24 - 6/30/25	96,049					(96,049)			(96,049)	(96,049)	96,049	
Montreal product Reimbursement	N/A	7/1/24 - 6/30/25	3,953					(3,953)			(3,953)	(3,953)	3,953	
Reimbursed TPAF Social Security Contributions	25-495-034-5095-003	7/1/24 - 6/30/25	1,655,616				1,573,744	(1,655,616)			(81,872)	(81,872)	1,655,616	
On-Behalf TPAF Post Retirement Contributions	25-495-034-5094-001	7/1/24 - 6/30/25	2,203,608				2,203,608	(2,203,608)					2,203,608	
On-Behalf Long Term Disability Insurance Contributions	25-495-034-5094-004	7/1/24 - 6/30/25	4,251				4,251	(4,251)					4,251	
On-Behalf TPAF Pension Contributions	25-495-034-5094-002	7/1/24 - 6/30/25	7,449,143				7,449,143	(7,449,143)					7,449,143	
On-Behalf TPAF Non-Contributory Insurance	25-495-034-5094-004	7/1/24 - 6/30/25	92,275				92,275	(92,275)					92,275	
Equalization Aid	24-495-034-5120-078	7/1/23 - 6/30/24	7,484,886	\$ (737,544)			737,544						7,484,886	
Special Education Aid	24-495-034-5120-089	7/1/23 - 6/30/24	1,496,559	(147,468)			147,468						1,496,559	
Security Aid	24-495-034-5120-084	7/1/23 - 6/30/24	443,956	(43,746)			43,746						443,956	
Transportation Aid	24-495-034-5120-014	7/1/23 - 6/30/24	204,865	(20,187)			20,187						204,865	
Extraordinary Special Education Costs	24-495-034-5120-044	7/1/23 - 6/30/24	263,993	(263,993)			263,993						263,993	
Reimbursed TPAF Social Security Contributions	24-495-034-5095-003	7/1/23 - 6/30/24	1,561,417	(76,482)			76,482						1,561,417	
Homeless Tutor Reimbursement	24-495-034-5120-005	7/1/24 - 6/30/25	56,656	(56,656)			56,656						56,656	
Total General Fund				(1,346,076)			21,721,901	(21,821,842)		(454,930)		(1,446,017)	33,334,174	
Special Revenue Fund:														
New Jersey Department of Education:														
New Jersey Nonpublic Aid:														
Textbook Aid	25-100-034-5120-064	7/1/24 - 6/30/25	45,054				45,054	(19,998)				\$ 25,056	\$ 19,998	
Nursing Aid	25-100-034-5120-070	7/1/24 - 6/30/25	114,660				114,660	(98,840)				15,820	98,840	
Technology	25-100-034-5120-373	7/1/24 - 6/30/25	43,169				43,169	(41,130)				2,039	41,130	
Security Aid	25-100-034-5120-509	7/1/24 - 6/30/25	180,810				180,810	(180,798)				12	180,798	
Textbook Aid	24-100-034-5120-064	7/1/23 - 6/30/24	49,254			\$ 9,213			\$ (9,213)				40,041	
Nursing Aid	24-100-034-5120-070	7/1/23 - 6/30/24	102,240			12,527			(12,527)				89,713	
Technology	24-100-034-5120-373	7/1/23 - 6/30/24	41,748			110			(110)				41,638	
Security Aid	24-100-034-5120-509	7/1/23 - 6/30/24	174,660			173			(173)				174,487	
New Jersey Nonpublic Auxiliary Services (Ch 192):														
Compensatory Education	25-100-034-5120-067	7/1/24 - 6/30/25	155,188				155,188	(136,114)				19,074	136,114	
Home Instruction	25-100-034-5120-067	7/1/24 - 6/30/25	12,774					(12,774)			(12,774)		12,774	
Compensatory Education	24-100-034-5120-067	7/1/23 - 6/30/24	153,383			16,687			(16,687)				136,696	
Transportation	24-100-034-5120-067	7/1/23 - 6/30/24	30,030			30,030			(30,030)					
Home Instruction	24-100-034-5120-067	7/1/23 - 6/30/24	2,284	(2,284)			2,284						2,284	
New Jersey Nonpublic Handicapped: (Ch 193):														
Examination and Classification	25-100-034-5120-067	7/1/24 - 6/30/25	110,924				110,924	(84,021)				26,903	84,021	
Examination and Classification	24-100-034-5120-067	7/1/23 - 6/30/24	99,353			3,978			(3,978)				95,375	
Corrective Speech	24-100-034-5120-067	7/1/23 - 6/30/24	44,640				44,640	(42,780)				1,860	42,780	
Supplemental Instruction	25-100-034-5120-067	7/1/24 - 6/30/25	104,902				104,902	(95,816)				9,086	95,816	
Supplemental Instruction	24-100-034-5120-067	7/1/23 - 6/30/24	95,320			1,652			(1,652)				93,668	
Preschool Education Aid	25-495-034-5120-086	7/1/24 - 6/30/25	1,049,620				946,048	(984,317)			\$ 65,303		984,317	
Preschool Education Aid	24-495-034-5120-086	7/1/23 - 6/30/24	1,129,314	(111,280)	\$ 87,125		111,280	(71,264)			87,125		1,042,189	
Preschool Education Aid	23-495-034-5120-086	7/1/22 - 6/30/25	937,040		950,019						23,755		937,040	
Artificial Intelligence Innovation Grant	25000137	7/1/24-9/30/25	75,000					(16,089)		(1,589)	(16,089)		16,089	
Establishing Advanced Placement African American Studies	24-100-034-5063-368	4/1/24-4/1/25	13,075	(9,470)			11,914	(4,235)		(1,791)	(1,791)		4,235	
Climate Awareness Education Grant	24-WB05-G02	7/1/24-3/30/25	70,812					(66,685)		(66,685)			66,685	
Subtotal New Jersey Department of Education				(123,034)	182,144	74,370	1,870,873	(1,854,861)	(74,370)	(82,839)	160,094	99,850	(200,911)	4,436,728

SOMERVILLE BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2024				Balance at June 30, 2025				MEMO		
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	GAAP Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Special Revenue Fund: New Jersey Department of Community Affairs: NJDCA Local Recreation Grant	N/A	7/1/24 - 6/30/25	\$ 70,000					\$ (70,000)			\$ (70,000)		\$ (70,000)	
Subtotal New Jersey Department of Community Affairs								(70,000)			(70,000)		(70,000)	(70,000)
Total Special Revenue Fund				\$ (123,034)	\$ 182,144	\$ 74,370	\$ 1,870,873	(1,924,861)	\$ (74,370)	(152,839)	\$ 160,094	\$ 99,850	(270,911)	4,366,728
Debt Service Fund: New Jersey Department of Education: Debt Service Aid Type II	25-100-034-5120-125	7/1/24 - 6/30/25	209,796				209,796	(209,796)						209,796
Total Debt Service Fund							209,796	(209,796)						209,796
Enterprise Fund New Jersey Department of Agriculture: State Department of Agriculture: State School Lunch Program	25-100-010-3350-023	7/1/24 - 6/30/25	14,115				13,214	(14,115)		(901)			(901)	14,115
State School Lunch Program	24-100-010-3350-023	7/1/23 - 6/30/24	14,827	\$ (1,004)			1,004	(1,188)		(94)			(94)	14,827
State School Breakfast Program	24-100-010-3350-023	7/1/23 - 6/30/24	1,188				1,094	(1,188)						1,188
State School Breakfast Program	25-100-010-3350-023	7/1/24 - 6/30/25	1,202	(99)			99							1,202
State Breakfast After the Bell	25-100-010-3350-023	7/1/24 - 6/30/25	3,663				3,387	(3,663)		(276)			(276)	3,663
State Breakfast After the Bell	24-100-010-3350-023	7/1/23 - 6/30/24	3,401	(268)			268			(778)			(778)	3,401
New Jersey Expanded Income Eligibility - Lunch	25-100-010-3350-023	7/1/24 - 6/30/25	12,018				11,240	(12,018)						12,018
New Jersey Expanded Income Eligibility - Lunch	24-100-010-3350-023	7/1/23 - 6/30/24	5,763	(273)			273	(3,123)		(228)			(228)	5,763
New Jersey Expanded Income Eligibility - Breakfast	25-100-010-3350-023	7/1/24 - 6/30/25	3,123				2,895							3,123
New Jersey Expanded Income Eligibility - Breakfast	24-100-010-3350-023	7/1/23 - 6/30/24	1,162	(70)			70							1,162
Total Enterprise Fund				(1,714)			33,544	(34,107)		(2,277)			(2,277)	60,462
Total State Financial Awards				\$ (1,470,824)	\$ 182,144	\$ 74,370	\$ 23,836,114	(23,990,606)	\$ (74,370)	(610,046)	\$ 160,094	\$ 99,850	(1,719,205)	\$ 38,106,699
Less: On-Behalf/TPAF Pension System Contributions:														
On-Behalf/TPAF Post Retirement Contributions	25-495-034-5094-001	7/1/24 - 6/30/25	2,203,608					\$ 2,203,608						
On-Behalf/Long Term Disability Insurance Contributions	25-495-034-5094-004	7/1/24 - 6/30/25	4,251					4,251						
On-Behalf/TPAF Pension Contributions	25-495-034-5094-002	7/1/24 - 6/30/25	7,449,143					7,449,143						
On-Behalf/TPAF Non-Contributory Insurance	25-495-034-5094-004	7/1/24 - 6/30/25	92,275					92,275						
Subtotal - On-Behalf/TPAF Pension System Contributions								9,749,277						
Total State Awards - for Major Program Determination								\$ (14,241,329)						

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of Borough of Somerville School District under programs of the federal and state governments for the fiscal year ended June 30, 2025. The information in these schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile revenue from the budgetary basis to the GAAP basis is (\$42,142) for the General Fund, and \$386,731 for the Special Revenue Fund for which \$8,390 is for local projects. See Note 1D for a reconciliation of revenue from the budgetary basis to the GAAP basis of accounting for the General and Special Revenue Funds.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 36,144	\$ 21,779,700	\$ 21,815,844
Special Revenue Fund	1,424,299	1,942,559	3,366,858
Capital Projects Fund	1,441,457		1,441,457
Debt Service Fund		209,796	209,796
Proprietary Fund	613,821	34,107	647,928
Total Financial Assistance	<u>\$ 3,515,721</u>	<u>\$ 23,966,162</u>	<u>\$ 27,481,883</u>

NOTE 5 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

Somerville Borough School District had no loan balances outstanding at June 30, 2025.

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

The District was awarded grants in the amount of \$5,051,263 from the School Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2025, \$804,463 has been expended and drawn down on a GAAP Basis. In the Capital Projects Fund, the District realizes the full amount of grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures, if any, reported on the Schedule of Expenditures of State Awards represent reimbursement requests submitted.

NOTE 8. NEW JERSEY PRESCHOOL FACILITIES EXPANSION GRANT

The District has been awarded a grant in the amount of \$2,027,549 in the Capital Projects Fund for Preschool Facilities Expansion Grant. As of June 30, 2025, \$1,441,457 of the grant funds have been expended and drawn down on a GAAP basis. In the Capital Projects Fund, the District realizes the full amount of grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures, if any, reported on the Schedule of Expenditures of State Awards represent reimbursement requests submitted.

NOTE 9. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2025. Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

SOMERVILLE BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP.

Unmodified

Internal control over financial reporting:

1.) Material weakness identified?	_____	Yes	_____	X	No
2.) Significant deficiencies identified?	_____	Yes	_____	X	None reported
Noncompliance material to basic financial statements noted?	_____	Yes	_____	X	No

Federal Awards

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

Unmodified

Internal control over major programs:

1.) Material weakness identified?	_____	Yes	_____	X	No
2.) Significant deficiencies identified?	_____	Yes	_____	X	None reported
Noncompliance material to basic financial statements noted?	_____	Yes	_____	X	No

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes _____ X No

Identification of major programs:

Program Name or Cluster	Assistance Listing No.	Grant Period		Award Amount	Budgetary Expenditures
		Start	End		
COVID 19- Preschool Facilities Grant	21.027	7/1/24	6/30/26	\$ 2,027,549	\$ 1,441,457
Dollar threshold used to distinguish between Type A and B programs				<u>\$ 750,000</u>	
Auditee qualified as low-risk auditee?		_____	X Yes	_____	No

SOMERVILLE BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

State Awards

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

Internal control over major programs:

1.) Material weakness identified?	<u> </u> Yes	<u> X </u>	No
2.) Significant deficiencies identified?	<u> </u> Yes	<u> X </u>	None reported
Noncompliance material to basic financial statements noted?	<u> </u> Yes	<u> X </u>	No
Any audit findings disclosed that are required to be reported in accordance with New Jersey's OMB Circular 15-08?	<u> </u> Yes	<u> X </u>	No

Identification of major programs:

<u>Program Name or Cluster</u>	<u>State Grant No.</u>	<u>Grant Period</u>		<u>Award Amount</u>	<u>Budgetary Expenditures</u>
		<u>Start</u>	<u>End</u>		
State Aid Public:					
Equalization Aid	25-495-034-5120-078	7/1/24	6/30/25	\$ 7,696,856	\$ 7,696,856
Special Education Aid	25-495-034-5120-089	7/1/24	6/30/25	1,698,214	1,698,214
Security Aid	25-495-034-5120-084	7/1/24	6/30/25	443,956	443,956

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

Auditee qualified as low-risk auditee? X Yes No

Section II - Financial Statement Findings - N/A**Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs - N/A**

SOMERVILLE BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

Status of Prior Year Findings:

There were no prior year findings.