

Annual Comprehensive Financial Report

of the

**Borough of Magnolia
School District**



Magnolia, New Jersey

**For The Fiscal Year Ended
June 30, 2024**

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
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INTRODUCTORY SECTION

Magnolia

BOARD OF EDUCATION

856-962-8822 * Fax (856) 962-0191

January 21, 2025

Honorable President and
Members of the Board of Education
Borough of Magnolia School District
Magnolia, New Jersey 08049

Dear Board Members:

The annual comprehensive financial report of the Borough of Magnolia School District (School District) for the fiscal year ended June 30, 2024, 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 School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the governmental activities, the business type activities, and each major fund 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 (4) sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the management's discussion and analysis and the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the New Jersey State Treasury Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and questioned costs are included in the single audit section of this report.

(1) REPORTING ENTITY AND ITS SERVICES:

The School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All major funds of the District are included in this report.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular as well as special education programs. The following details the changes in the student enrollment of the District over the last ten years.

| <u>Fiscal Year</u> | <u>Student Enrollment</u> | <u>Percent Change</u> |
|-------------------------------|--------------------------------------|----------------------------------|
| 2023-2024 | 405 | 3.85% |
| 2022-2023 | 390 | -0.03% |
| 2021-2022 | 401 | 0.25% |
| 2020-2021 | 402 | 0.69% |
| 2019-2020 | 393 | -2.49% |
| 2018-2019 | 403 | -4.50% |
| 2017-2018 | 422 | -1.40% |
| 2016-2017 | 428 | -1.38% |
| 2015-2016 | 434 | 3.09% |
| 2014-2015 | 421 | 7.67% |

131 Elm Avenue, Woodlynne, New Jersey 08107

Honorable President and
Members of the Board of Education

(2) ECONOMIC CONDITION AND OUTLOOK:

Magnolia Borough is a small municipality comprised of .98 square miles. While basically a residential community, Magnolia does have some limited industrial establishments and commercial activities serving local needs. There is little vacant land, and the majority of that is located in residentially zoned areas.

(3) MAJOR INITIATIVES:

The District has set forth the following major initiatives. They are as follows:

1. Inclusive Education
2. Math/STEAM/Problem Solving
3. Life Skills

(4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

(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. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service 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 cancelled or are included as appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as assignments of fund balance at June 30.

(6) ACCOUNTING SYSTEM AND REPORTS:

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

Honorable President and
Members of the Board of Education

(7) FINANCIAL INFORMATION AT FISCAL YEAR-END:

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

(8) CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District has adopted a cash management plan, 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.

(9) RISK MANAGEMENT:

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

(10) INDEPENDENT AUDIT:

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company LLP was selected by the District. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title II U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements, required supplementary information and supplementary information are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

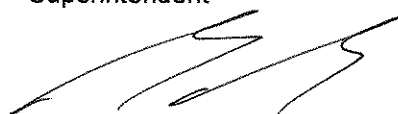
(11) ACKNOWLEDGEMENTS:

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

Respectfully Submitted,

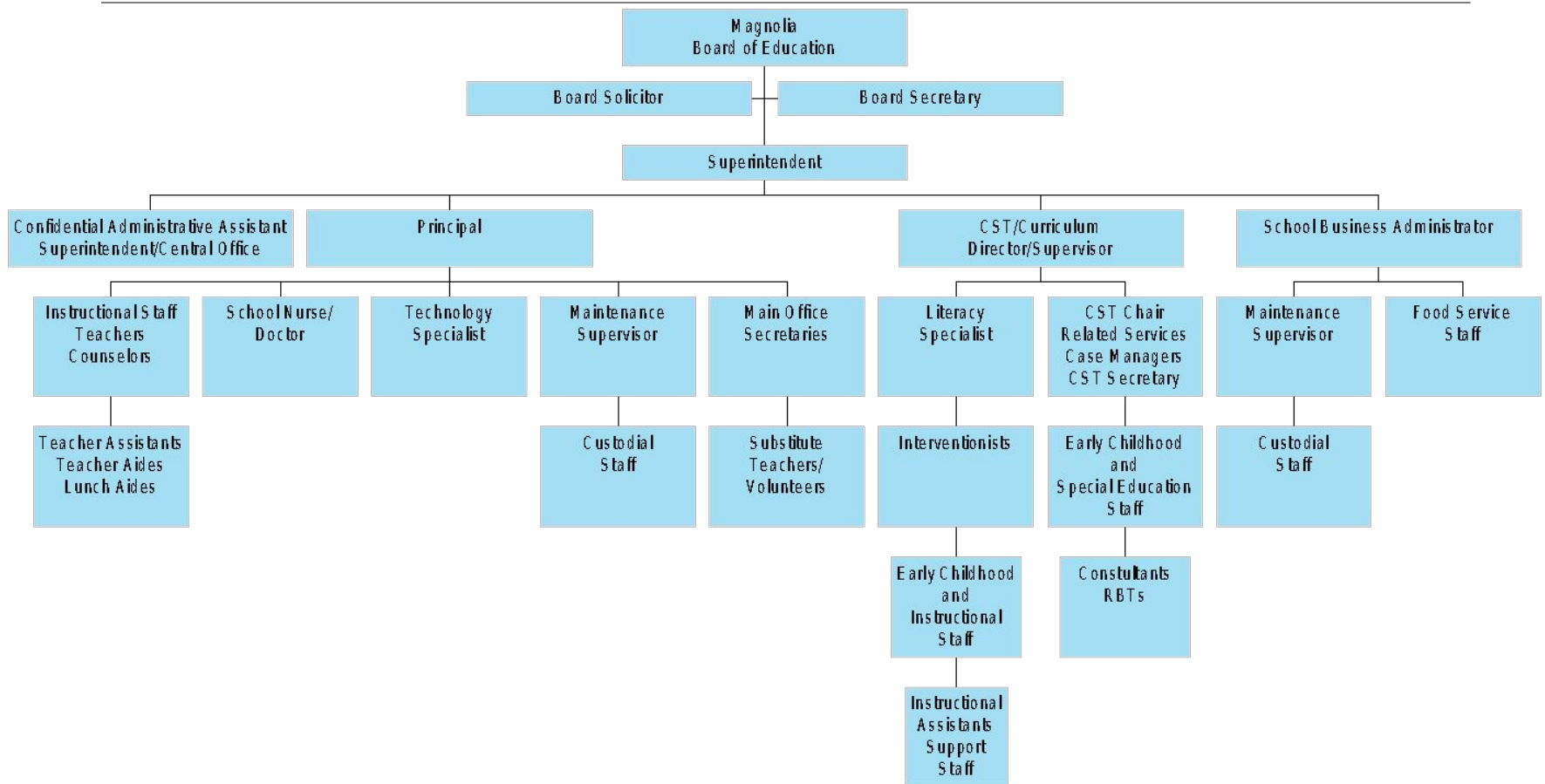
Karen E. Macpherson

Karen Macpherson
Superintendent



Greg Gontowski
Board Secretary/School Business Administrator

Magnolia School District Organizational Chart



BOROUGH OF MAGNOLIA SCHOOL DISTRICT

MAGNOLIA, NEW JERSEY 08049

ROSTER OF OFFICIALS

June 30, 2024

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

| | |
|-------------------------------|------|
| Nick D'Amico, President | 2024 |
| Rebecca Ammen, Vice President | 2024 |
| Karen Sorbello | 2026 |
| Dale Martin | 2026 |
| Mark Godfrey | 2025 |
| Jennifer Jackson | 2024 |
| Alyssa Vazquez-Colon | 2025 |

OTHER OFFICIALS

Karen Macpherson, Superintendent

Greg Gontowski, Board Secretary/School Business Administrator

Robin Sarlo, Treasurer of School Monies

BOROUGH OF MAGNOLIA SCHOOL DISTRICT

MAGNOLIA, NEW JERSEY 08049

CONSULTANTS AND ADVISORS

JUNE 30, 2024

AUDIT FIRM

Bowman & Company LLP
601 White Horse Road
Voorhees, New Jersey 08043

ATTORNEY

Parker McCay P.A.
Frank P. Cavallo, Jr.
9000 Midlantic Drive, Suite 300
P.O. Box 5054
Mount Laurel, New Jersey 08054

INSURANCE BROKER

Hardenbergh Insurance Group
PO Box 8000
8000 Sagemore Drive, Suite 8101
Marlton, New Jersey 08053

OFFICIAL DEPOSITORY

Fulton Bank
399 Route 70 East
Cherry Hill, NJ 08034

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Magnolia School District
Magnolia, New Jersey 08049

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Borough of Magnolia School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Borough of Magnolia School District, in the County of Camden, State of New Jersey, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists.

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Supplementary Information (Cont'd)

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and related major fund supporting statements and schedules, and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

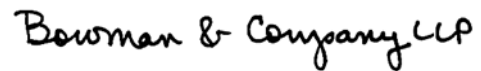
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2025 on our consideration of the Borough of Magnolia School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Magnolia School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Magnolia School District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Carol A. McAllister
Certified Public Accountant
Public School Accountant No. CS 234800

Voorhees, New Jersey
January 21, 2025

REQUIRED SUPPLEMENTARY INFORMATION
PART I

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

The management's discussion and analysis of the Borough of Magnolia School District's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2024 and 2023. The intent of the discussion and analysis is to look at the School District's financial performance and review the notes to the basic financial statements to enhance the understanding of the School District's financial performance. It is recommended that the discussion and analysis be read in conjunction with a transmittal letter at the front of this financial report.

FINANCIAL HIGHLIGHTS

Financial Highlights for fiscal year 2024:

- The total assets and deferred outflows of resources of the School District exceeded its total liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$9,832,527.04 (net position).
- The School District's total net position increased by \$275,309.19, from the prior fiscal year.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$4,936,515.73, an increase of \$265,563.04 in comparison with the prior year.

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 School District:

- The first two statements are *government-wide financial statements* that provide both *short-term* and *long-term* information about the School District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations *in more detail* than the government-wide statements.
- *Governmental funds* statements tell how basic services like 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 School District operates *like businesses*, 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 School District's budget for the year.

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited) (Cont'd)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

Government-Wide Statements

The government-wide statements report information about the School District as a whole using accounting methods similar to those used by the private-sector companies. The statement of net position includes all of the School District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the School District's net position and how they have changed. Net position – the difference between the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – are one way to measure the School District's financial health or position.

- Increase or decrease in the School District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health or position of the School District, you need to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the School District's activities are divided in two categories:

- *Governmental activities* – The basic services, such as instruction for regular and special education, maintenance and operations, transportation and administration are included as government activities. Property taxes, state aid and fund balance appropriated finance most of these activities.
- *Business-type activities* – The School District charges fees to cover the costs of certain services such as food services.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, focusing on the significant funds – not the School District as a whole. Funds are used by the School District to keep track of specific sources of funding and spending on particular programs:

- May distinguish state or federal grants.
- Funds for capital projects and long-term debt.

The School District has two kinds of funds:

- *Governmental funds* – The School District's basic services are included in governmental funds, which detail cash and other financial assets and also identify balances that remain at year-end. Governmental funds statements provide a short-term view to determine whether more or less financial resources can be spent in subsequent years.
- *Proprietary funds* – These funds represent charges or fees for such activities as food services.

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Table 1 provides a summary of the School District's net position for fiscal years 2024 and 2023.

TABLE 1
Net Position

| | <u>June 30, 2024</u> | <u>June 30, 2023</u> | <u>Change</u> | <u>% Change</u> |
|---|------------------------|------------------------|----------------------|-----------------|
| Current and Other Assets | \$ 5,214,607.30 | \$ 5,022,534.18 | \$ 192,073.12 | 3.82% |
| Capital Assets | <u>8,977,000.76</u> | <u>9,185,014.69</u> | <u>(208,013.93)</u> | <u>-2.26%</u> |
| Total Assets | <u>14,191,608.06</u> | <u>14,207,548.87</u> | <u>(15,940.81)</u> | <u>-0.11%</u> |
| Deferred Outflow of Resources - Related to Pensions | <u>269,587.00</u> | <u>410,155.00</u> | <u>(140,568.00)</u> | <u>-34.27%</u> |
| Long-Term Liabilities | 3,910,146.70 | 4,245,829.34 | (335,682.64) | -7.91% |
| Other Liabilities | <u>510,867.32</u> | <u>554,811.68</u> | <u>(43,944.36)</u> | <u>-7.92%</u> |
| Total Liabilities | <u>4,421,014.02</u> | <u>4,800,641.02</u> | <u>(379,627.00)</u> | <u>-7.91%</u> |
| Deferred Inflow of Resources - Related to Pensions | <u>207,654.00</u> | <u>259,845.00</u> | <u>(52,191.00)</u> | <u>-20.09%</u> |
| Net Position: | | | | |
| Net Investment in Capital Assets | 6,262,006.10 | 6,331,855.21 | (69,849.11) | -1.10% |
| Restricted | 4,836,692.00 | 3,836,811.69 | 999,880.31 | 26.06% |
| Unrestricted (Deficit) | <u>(1,266,171.06)</u> | <u>(611,449.05)</u> | <u>(654,722.01)</u> | <u>107.08%</u> |
| Total Net Position | <u>\$ 9,832,527.04</u> | <u>\$ 9,557,217.85</u> | <u>\$ 275,309.19</u> | <u>2.88%</u> |

In fiscal year 2015 the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB No. 68. Table 2 provides an illustration of the impact that GASBS 68 and 71 had to the School District's Unrestricted Net Position.

TABLE 2
Statement of Net Position - Effect of Pension Related Items

| | <u>June 30, 2024</u> | <u>June 30, 2023</u> | <u>Change</u> | <u>% Change</u> |
|--|--------------------------|--------------------------|---------------------|-----------------|
| Deferred Outflows Related to Pensions | \$ 269,587.00 | \$ 410,155.00 | \$ (140,568.00) | -34.27% |
| Less: Accounts Payable Related to Pensions | (110,738.00) | (112,672.00) | 1,934.00 | -1.72% |
| Less: Net Pension Liability | (1,221,063.00) | (1,391,477.00) | 170,414.00 | -12.25% |
| Less: Deferred Inflows Related to Pensions | <u>(207,654.00)</u> | <u>(259,845.00)</u> | <u>52,191.00</u> | <u>-20.09%</u> |
| | <u>\$ (1,269,868.00)</u> | <u>\$ (1,353,839.00)</u> | <u>\$ 83,971.00</u> | <u>-6.20%</u> |

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONT'D)

Table 3 reflects changes in net position for fiscal years 2024 and 2023.

TABLE 3
Change in Net Position

| Revenues: | <u>June 30, 2024</u> | <u>June 30, 2023</u> | <u>Change</u> | <u>% Change</u> |
|-------------------------------------|------------------------|------------------------|----------------------|-----------------|
| Program Revenues: | | | | |
| Charges for Services | \$ 152,587.59 | \$ 127,627.12 | \$ 24,960.47 | 19.56% |
| Federal & State Categorical Grants | 2,371,910.09 | 2,370,097.59 | 1,812.50 | 0.08% |
| General Revenues: | | | | |
| Property Taxes | 4,864,754.00 | 4,773,513.00 | 91,241.00 | 1.91% |
| Federal & State Grants | 3,472,904.02 | 4,047,502.49 | (574,598.47) | -14.20% |
| Other | 156,312.60 | 77,685.68 | 78,626.92 | 101.21% |
| Total Revenues | <u>11,018,468.30</u> | <u>11,396,425.88</u> | <u>(377,957.58)</u> | <u>-3.32%</u> |
| Expenses: | | | | |
| Instruction: | | | | |
| Regular | 2,990,658.61 | 2,728,420.84 | 262,237.77 | 9.61% |
| Special Education | 840,700.52 | 928,882.57 | (88,182.05) | -9.49% |
| Other Special Instruction | 146,974.20 | 268,175.07 | (121,200.87) | -45.19% |
| Student Services: | | | | |
| Tuition | 471,122.42 | 493,756.08 | (22,633.66) | -4.58% |
| Student and Instruction Related | 1,605,307.88 | 1,313,602.52 | 291,705.36 | 22.21% |
| General Administrative Services | 420,448.80 | 431,648.58 | (11,199.78) | -2.59% |
| School Administrative Services | 192,251.34 | 204,241.00 | (11,989.66) | -5.87% |
| Central Services | 163,021.80 | 158,990.56 | 4,031.24 | 2.54% |
| Administrative Technology | 17,242.50 | 2,299.34 | 14,943.16 | 649.89% |
| Plant Operations and Maintenance | 608,032.66 | 604,623.67 | 3,408.99 | 0.56% |
| Pupil Transportation | 203,832.63 | 204,371.60 | (538.97) | -0.26% |
| Unallocated Benefits | 2,769,343.11 | 2,858,838.83 | (89,495.72) | -3.13% |
| Transfer to Charter School | 20,929.00 | 22,490.00 | (1,561.00) | -6.94% |
| Interest on Long-Term Debt | 78,509.21 | 83,517.68 | (5,008.47) | -6.00% |
| Food Service | 214,784.43 | 189,009.40 | 25,775.03 | 13.64% |
| Total Expenses | <u>10,743,159.11</u> | <u>10,492,867.74</u> | <u>250,291.37</u> | <u>2.39%</u> |
| Increase (Decrease) in Net Position | 275,309.19 | 903,558.14 | (628,248.95) | -69.53% |
| Beginning Net Position | <u>9,557,217.85</u> | <u>8,653,659.71</u> | <u>903,558.14</u> | <u>10.44%</u> |
| Ending Net Position | <u>\$ 9,832,527.04</u> | <u>\$ 9,557,217.85</u> | <u>\$ 275,309.19</u> | <u>2.88%</u> |

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONT'D)

Governmental Activities

In 2023-2024, Governmental Activities Revenues were \$10,816,162.12 or 98.16% of total revenues.

In 2022-2023, Governmental Activities Revenues were \$11,211,818.44 or 98.38% of total revenues.

In 2023-2024, General Revenues - Property Taxes of \$4,864,754.00 made up 44.15%, and General Revenues - Federal and State Grants of \$3,494,707.93 made up 31.52% of Governmental Activities Revenues.

In 2022-2023, General Revenues - Property Taxes of \$4,773,513.00 made up 42.58%, and General Revenues - Federal and State Grants of \$4,047,502.49 made up 36.10% of Governmental Activities Revenues.

Business-Type Activities

In 2023-2024 Business-Type Activities Revenues were \$202,306.18 or 1.83% of total revenues. In 2022-2023 Business-Type Activities Revenues were \$184,607.44 or 1.62% of total revenues.

Charges for Services for Business-Type Activities were \$73,528.67 in 2023-2024 compared to \$70,101.79 in 2022-2023, an increase of \$3,426.88.

Operating Grants and Contributions for Business-Type Activities were \$128,777.51 in 2023-2024 compared to \$114,505.65 in 2022-2023, an increase of \$14,271.86.

Expenses for Business-Type Activities were \$214,784.43 in 2023-2024 compared to \$189,009.40 in 2022-2023, an increase of \$25,775.03.

General Fund Budgeting Highlights

The final budget appropriations were \$10,572,879.00 for fiscal year 2023-2024 – an \$86,370.00 increase from the original budget.

The final budgetary basis revenue estimate was \$8,222,174.00 for fiscal year 2023-2024 which was no change from the original budget.

The 2023-2024 General Fund Tax Levy was \$4,864,754.00, an increase of \$91,241.00 or 1.91% from 2022-2023 General Fund Tax Levy of \$4,773,513.00.

The School District reported revenues and expenses of \$1,229,965.00, \$14,027.00, \$338,569.00, \$615.00 and \$260,257.18 in T.P.A.F. Normal Pension Contributions, T.P.A.F. Non-contributory Insurance, T.P.A.F. Post-Retirement Medical Contributions, T.P.A.F. Long-Term Disability Insurance, and reimbursed T.P.A.F. Social Security Aid, respectively.

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited) (Cont'd)

CAPITAL ASSETS

At the end of fiscal year 2024 and 2023, the School District had \$8,977,000.76 and \$9,185,014.69, respectively, in capital assets less accumulated depreciation. Table 4 reflects the balances of capital assets, net of accumulated depreciation.

TABLE 4
Capital Assets

| Capital Assets (Net of Depreciation): | <u>June 30, 2024</u> | <u>June 30, 2023</u> |
|---------------------------------------|------------------------|------------------------|
| Land | \$ 8,466.00 | \$ 8,466.00 |
| Equipment | 319,152.85 | 299,697.08 |
| Building and Improvements | <u>8,649,381.91</u> | <u>8,876,851.61</u> |
| Total Capital Assets | <u>\$ 8,977,000.76</u> | <u>\$ 9,185,014.69</u> |

Depreciation expense was \$298,057.81 and \$275,498.69 for fiscal year ended 2024 and 2023 respectively.

DEBT ADMINISTRATION

Long-term Debt - At the end of the current fiscal year, the School District had bonded debt outstanding of \$2,630,000.00, maturing on August 15, 2035.

FUND BALANCES – FUND LEVEL STATEMENTS

Governmental Funds - As of the end of the current fiscal year, the School District's governmental funds reported combining ending fund balances of \$4,936,515.73, an increase of \$265,563.04 in comparison with the prior year.

Of the combined ending fund balances of \$4,936,515.73, \$(46,509.00) constitutes unassigned fund balance. The remainder of fund balance is made up of restricted for maintenance and capital reserves of \$162,557.00 and \$887,564.00, respectively, restricted excess surplus of \$3,626,619.12, restricted for debt service of \$0.47, restricted for unemployment compensation of \$141,259.63, restricted for scholarships of \$7.49, restricted for student activities of \$18,684.29 respectively, assigned for year-end encumbrances of \$68,157.73 and designated for subsequent year's expenditures of \$78,175.00.

Proprietary Funds - As of the end of the current fiscal year, the School District's proprietary funds had \$138,743.66 in unrestricted net position.

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited) (Cont'd)

FACTORS ON THE SCHOOL DISTRICT'S FUTURE

For the 2023-2024 school year, the School District was able to sustain its budget through property taxes, federal and state aid, and miscellaneous revenue sources.

One of the most important factors affecting the School District's budget is state aid. Any reduction of state aid and increase in expenditures will put an additional burden on the taxpayers of this School District.

In conclusion, the Borough of Magnolia School District Board of Education and Administration have committed themselves to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District will continue with sound fiscal management to meet the challenge of the future.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Borough of Magnolia School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Greg Gontowski, Business Administrator/Board Secretary at 420 Warwick Road, Magnolia, New Jersey 08049.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BOROUGH OF MAGNOLIA SCHOOL DISTRICT

Statement of Net Position

June 30, 2024

| | Governmental <u>Activities</u> | Business-Type <u>Activities</u> | <u>Total</u> |
|--|-----------------------------------|------------------------------------|-----------------|
| ASSETS: | | | |
| Cash and Cash Equivalents | \$ 4,402,407.45 | \$ 101,377.53 | \$ 4,503,784.98 |
| Receivables | 651,715.62 | 28,128.22 | 679,843.84 |
| Inventory | | 12,286.23 | 12,286.23 |
| Restricted Assets: | | | |
| Restricted Cash and Cash Equivalents | 18,692.25 | | 18,692.25 |
| Capital Assets, net | 8,930,421.95 | 46,578.81 | 8,977,000.76 |
| Total Assets | 14,003,237.27 | 188,370.79 | 14,191,608.06 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| Related to Pensions | 269,587.00 | | 269,587.00 |
| LIABILITIES: | | | |
| Accounts Payable: | | | |
| Related to Pensions | 110,738.00 | | 110,738.00 |
| Other | 114,495.68 | 49,627.13 | 164,122.81 |
| Accrued Interest | 30,297.78 | | 30,297.78 |
| Unearned Revenue | 21,803.91 | | 21,803.91 |
| Noncurrent Liabilities: | | | |
| Due within One Year | 183,904.82 | | 183,904.82 |
| Due beyond One Year | 3,910,146.70 | | 3,910,146.70 |
| Total Liabilities | 4,371,386.89 | 49,627.13 | 4,421,014.02 |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Related to Pensions | 207,654.00 | | 207,654.00 |
| NET POSITION: | | | |
| Net Investment in Capital Assets | 6,256,167.29 | 5,838.81 | 6,262,006.10 |
| Restricted for: | | | |
| Maintenance | 162,557.00 | | 162,557.00 |
| Excess Surplus | 3,626,619.12 | | 3,626,619.12 |
| Capital Projects | 887,564.00 | | 887,564.00 |
| Debt Service | 0.47 | | 0.47 |
| Unemployment Compensation | 141,259.63 | | 141,259.63 |
| Student Activities | 18,684.29 | | 18,684.29 |
| Scholarships | 7.49 | | 7.49 |
| Unrestricted (Deficit) | (1,399,075.91) | 132,904.85 | (1,266,171.06) |
| Total Net Position | \$ 9,693,783.38 | \$ 138,743.66 | \$ 9,832,527.04 |

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

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2024

| Functions / Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Position | | |
|--|------------------|----------------------|------------------------------------|---|--------------------------|-------------------|
| | | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities: | | | | | | |
| Instruction: | | | | | | |
| Regular | \$ 2,990,658.61 | \$ 23,170.44 | \$ 581,534.63 | \$ (2,385,953.54) | \$ - | \$ (2,385,953.54) |
| Special Education | 840,700.52 | | | (840,700.52) | | (840,700.52) |
| Other Special Instruction | 146,974.20 | | | (146,974.20) | | (146,974.20) |
| Support Services: | | | | | | |
| Tuition | 471,122.42 | | | (471,122.42) | | (471,122.42) |
| Student and Instruction Related Services | 1,605,307.88 | 55,888.48 | 413,698.77 | (1,135,720.63) | | (1,135,720.63) |
| General Administrative Services | 420,448.80 | | | (420,448.80) | | (420,448.80) |
| School Administrative Services | 192,251.34 | | | (192,251.34) | | (192,251.34) |
| Central Services | 163,021.80 | | | (163,021.80) | | (163,021.80) |
| Administration Technology | 17,242.50 | | | (17,242.50) | | (17,242.50) |
| Plant Operations and Maintenance | 608,032.66 | | | (608,032.66) | | (608,032.66) |
| Pupil Transportation | 203,832.63 | | | (203,832.63) | | (203,832.63) |
| Unallocated Benefits | 2,769,343.11 | | 1,194,448.18 | (1,574,894.93) | | (1,574,894.93) |
| Transfer to Charter School | 20,929.00 | | | (20,929.00) | | (20,929.00) |
| Interest on Long-Term Debt | 78,509.21 | | 53,451.00 | (25,058.21) | | (25,058.21) |
| Total Governmental Activities | 10,528,374.68 | 79,058.92 | 2,243,132.58 | (8,206,183.18) | - | (8,206,183.18) |
| Business-Type Activities: | | | | | | |
| Food Service | 214,784.43 | 73,528.67 | 128,777.51 | - | (12,478.25) | (12,478.25) |
| Total Business-Type Activities | 214,784.43 | 73,528.67 | 128,777.51 | - | (12,478.25) | (12,478.25) |
| Total Government | \$ 10,743,159.11 | \$ 152,587.59 | \$ 2,371,910.09 | (8,206,183.18) | (12,478.25) | (8,218,661.43) |
| General Revenues: | | | | | | |
| Taxes: | | | | | | |
| Property Taxes Levied for General Purposes | | | | 4,864,754.00 | | 4,864,754.00 |
| Federal and State Aid Not Restricted | | | | 3,472,904.02 | | 3,472,904.02 |
| Miscellaneous Income | | | | 156,312.60 | | 156,312.60 |
| Total General Revenues | | | | 8,493,970.62 | - | 8,493,970.62 |
| Change in Net Position | | | | 287,787.44 | (12,478.25) | 275,309.19 |
| Net Position -- July 1 | | | | 9,405,995.94 | 151,221.91 | 9,557,217.85 |
| Net Position -- June 30 | | | | \$ 9,693,783.38 | \$ 138,743.66 | \$ 9,832,527.04 |

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

FUND FINANCIAL STATEMENTS

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2024

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|---|------------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| ASSETS: | | | | | |
| Cash and Cash Equivalents | \$ 4,402,407.45 | \$ 18,691.78 | \$ - | \$ 0.47 | \$ 4,421,099.70 |
| Accounts Receivable | | | | | |
| Federal | 2,972.70 | 576,280.81 | | | 579,253.51 |
| State | 69,071.65 | | | | 69,071.65 |
| Other | 3,390.46 | | | | 3,390.46 |
| Interfunds Receivable: | | | | | |
| Special Revenue Fund | 519,768.45 | | | | 519,768.45 |
| Total Assets | \$ 4,997,610.71 | \$ 594,972.59 | \$ - | \$ 0.47 | \$ 5,592,583.77 |
| LIABILITIES AND FUND BALANCES: | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$ 56,409.68 | \$ 34,708.45 | \$ - | \$ - | \$ 91,118.13 |
| Payroll Deductions and Withholdings Payable | 3,282.39 | | | | 3,282.39 |
| Unemployment Compensation Claims Payable | 20,095.16 | | | | 20,095.16 |
| Interfunds Payable | | 519,768.45 | | | 519,768.45 |
| Unearned Revenue | | 21,803.91 | | | 21,803.91 |
| Total Liabilities | 79,787.23 | 576,280.81 | - | - | 656,068.04 |
| Fund Balances: | | | | | |
| Restricted: | | | | | |
| Maintenance Reserve | 162,557.00 | | | | 162,557.00 |
| Capital Reserve | 387,564.00 | | | | 387,564.00 |
| Capital Reserve - Designated | | | | | |
| for Subsequent Year's Expenditures | 500,000.00 | | | | 500,000.00 |
| Excess Surplus - Current Year | 1,813,309.82 | | | | 1,813,309.82 |
| Excess Surplus - Prior Years - Designated | | | | | |
| for Subsequent Year's Expenditures | 1,813,309.30 | | | | 1,813,309.30 |
| Unemployment Compensation | 141,259.63 | | | | 141,259.63 |
| Debt Service Fund | | | | 0.47 | 0.47 |
| Scholarships | | 7.49 | | | 7.49 |
| Student Activities | | 18,684.29 | | | 18,684.29 |
| Assigned: | | | | | |
| Year-End Encumbrances | 68,157.73 | | | | 68,157.73 |
| Designated for Subsequent Year's Expenditures | 78,175.00 | | | | 78,175.00 |
| Unassigned: | | | | | |
| General Fund (Deficit) | (46,509.00) | | | | (46,509.00) |
| Total Fund Balances | 4,917,823.48 | 18,691.78 | - | 0.47 | 4,936,515.73 |
| Total Liabilities and Fund Balances | \$ 4,997,610.71 | \$ 594,972.59 | \$ - | \$ 0.47 | |

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$11,828,856.65, and the accumulated depreciation is \$2,898,434.70.

8,930,421.95

Interest on long term debt is accrued on the Statement of Net Position regardless when due.

(30,297.78)

Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(2,872,988.52)

Net Pension Liability

(1,221,063.00)

Accounts Payable related to the April 1, 2025 Required PERS pension contribution that is not to be liquidated with current financial resources.

(110,738.00)

Deferred Outflows of Resources - Related to Pensions

269,587.00

Deferred Inflows of Resources - Related to Pensions

(207,654.00)

Net Position of Governmental Activities

\$ 9,693,783.38

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

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2024

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|---|-----------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| REVENUES: | | | | | |
| Local Tax Levy | \$ 4,660,380.00 | \$ - | \$ - | \$ 204,374.00 | \$ 4,864,754.00 |
| Tuition Revenue | 23,170.44 | | | | 23,170.44 |
| Other Restricted Miscellaneous Revenues | 1,942.85 | | | | 1,942.85 |
| Unrestricted Miscellaneous Revenues | 154,369.75 | | | | 154,369.75 |
| State Sources | 5,412,146.58 | 319,114.69 | | 53,451.00 | 5,784,712.27 |
| Federal Sources | 17,073.75 | 563,235.58 | | | 580,309.33 |
| Local Sources | | 55,888.48 | | | 55,888.48 |
| Total Revenues | 10,269,083.37 | 938,238.75 | - | 257,825.00 | 11,465,147.12 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Regular Instruction | 2,206,847.41 | 581,534.63 | | | 2,788,382.04 |
| Special Education Instruction | 840,700.52 | | | | 840,700.52 |
| Other Special Instruction | 146,974.20 | | | | 146,974.20 |
| Support Services and Undistributed Costs: | | | | | |
| Tuition | 471,122.42 | | | | 471,122.42 |
| Student and Instruction Related Services | 1,191,612.00 | 413,695.88 | | | 1,605,307.88 |
| General Administrative Services | 333,758.84 | | | | 333,758.84 |
| School Administrative Services | 192,251.34 | | | | 192,251.34 |
| Central Services | 163,021.80 | | | | 163,021.80 |
| Administration Technology | 17,242.50 | | | | 17,242.50 |
| Plant Operations and Maintenance | 599,375.33 | | | | 599,375.33 |
| Pupil Transportation | 203,832.63 | | | | 203,832.63 |
| Unallocated Benefits | 3,508,221.70 | | | | 3,508,221.70 |
| Transfer to Charter School | 20,929.00 | | | | 20,929.00 |
| Debt Service: | | | | | |
| Principal | | | | 175,000.00 | 175,000.00 |
| Interest and Other Charges | 1,335.00 | | | 82,825.00 | 84,160.00 |
| Capital Outlay | 23,172.88 | 26,131.00 | | | 49,303.88 |
| Total Expenditures | 9,920,397.57 | 1,021,361.51 | - | 257,825.00 | 11,199,584.08 |
| Excess (Deficiency) of Revenues over Expenditures | 348,685.80 | (83,122.76) | - | - | 265,563.04 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Operating Transfers In | | 86,370.00 | | | 86,370.00 |
| Operating Transfers Out - Contribution to Special Revenue Fund | (86,370.00) | | | | (86,370.00) |
| Total Other Financing Sources and (Uses) | (86,370.00) | 86,370.00 | - | - | - |
| Net Change in Fund Balances | 262,315.80 | 3,247.24 | - | - | 265,563.04 |
| Fund Balance -- July 1 | 4,655,507.68 | 15,444.54 | | 0.47 | 4,670,952.69 |
| Fund Balance -- June 30 | \$ 4,917,823.48 | \$ 18,691.78 | \$ - | \$ 0.47 | \$ 4,936,515.73 |

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

BOROUGH OF MAGNOLIA 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, 2024

| | |
|---|----------------------|
| Total Net Change in Fund Balances - Governmental Funds | \$ 265,563.04 |
| Amounts reported for governmental activities in the statement of activities (A-2) are different because: | |
| Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period. | |
| Depreciation Expense | \$ (297,623.86) |
| Capital Outlays | 49,303.88 |
| | <u>(248,319.98)</u> |
| The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are expensed in a systematic and rational manner over the duration of the related debt in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | |
| | 178,904.82 |
| In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest is an addition in the reconciliation. (+) | |
| | 1,745.97 |
| In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). | |
| | 5,922.59 |
| Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period. | |
| | <u>83,971.00</u> |
| Change in Net Position of Governmental Activities | <u>\$ 287,787.44</u> |

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

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
 Proprietary Fund
 Business-Type Activities - Enterprise Fund
 Statement of Net Position
 June 30, 2024

| | <u>Food Service</u> |
|----------------------------------|-----------------------------|
| ASSETS: | |
| Current Assets: | |
| Cash and Cash Equivalents | \$ 101,377.53 |
| Accounts Receivable: | |
| State | 250.43 |
| Federal | 4,901.94 |
| Other | 22,975.85 |
| Inventories | <u>12,286.23</u> |
| Total Current Assets | <u>141,791.98</u> |
| Noncurrent Assets: | |
| Equipment | 77,149.27 |
| Less Accumulated Depreciation | <u>(30,570.46)</u> |
| Total Noncurrent Assets | <u>46,578.81</u> |
| Total Assets | <u>188,370.79</u> |
| LIABILITIES: | |
| Current Liabilities: | |
| Accounts Payable | <u>49,627.13</u> |
| NET POSITION: | |
| Net Investment in Capital Assets | 5,838.81 |
| Unrestricted | <u>132,904.85</u> |
| Total Net Position | <u><u>\$ 138,743.66</u></u> |

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

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Proprietary Fund
Business-Type Activities - Enterprise Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2024

| | <u>Food Service</u> |
|---|-----------------------------|
| OPERATING REVENUES: | |
| Charges for Services: | |
| Daily Sales - Reimbursable | \$ 39,469.40 |
| Daily Sales - Non-Reimbursable | 13,956.76 |
| Miscellaneous | 8,102.51 |
| Woodlynne Interlocal | <u>12,000.00</u> |
| Total Operating Revenues | <u>73,528.67</u> |
| OPERATING EXPENSES: | |
| Salaries | 62,009.78 |
| Employee Benefits | 13,831.47 |
| Supplies and Materials | 13,412.00 |
| Cost of Sales - Reimbursable Programs | 69,787.18 |
| Cost of Sales - Non-Reimbursable Programs | 5,172.00 |
| Cleaning, Repairs and Maintenance | 2,712.18 |
| Purchased Professional and Technical Services | 12,190.00 |
| Management Fee | 29,625.00 |
| Depreciation | 433.95 |
| Insurance | 3,580.29 |
| Miscellaneous | <u>2,030.58</u> |
| Total Operating Expenses | <u>214,784.43</u> |
| Operating Income (Loss) | <u>(141,255.76)</u> |
| NONOPERATING REVENUES: | |
| State Sources: | |
| State School Lunch Program | 2,156.98 |
| State School Reduced Lunch Program | 816.40 |
| State School Reduced Breakfast Program | 76.80 |
| Working Class Families State Supplement - NJEIE | 1,819.90 |
| Federal Sources: | |
| National School Lunch Program | 85,514.90 |
| National School Breakfast Program | 16,513.04 |
| Healthy Hunger Free Kids Act | 2,622.40 |
| National School Lunch Program - Commodities | <u>19,257.09</u> |
| Total Nonoperating Revenues | <u>128,777.51</u> |
| Change in Net Position | (12,478.25) |
| Total Net Position -- July 1 | <u>151,221.91</u> |
| Total Net Position -- June 30 | <u><u>\$ 138,743.66</u></u> |

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

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Proprietary Fund
Business-Type Activities - Enterprise Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2024

| | <u>Food Service</u> |
|--|-------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Receipts from Customers | \$ 70,567.18 |
| Payments to Employees | (62,009.78) |
| Payments for Employee Benefits | (13,831.47) |
| Payments to Suppliers | <u>(116,778.51)</u> |
| Net Cash Provided by (used for) Operating Activities | <u>(122,052.58)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | |
| Federal and State Sources | <u>120,840.00</u> |
| Net Cash Provided by (used for) Non-Capital Financing Activities | <u>120,840.00</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (1,212.58) |
| Cash and Cash Equivalents -- July 1 | <u>102,590.11</u> |
| Cash and Cash Equivalents -- June 30 | <u><u>\$ 101,377.53</u></u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | |
| Operating Income (Loss) | <u>\$ (141,255.76)</u> |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities: | |
| Depreciation | 433.95 |
| Commodities Acceptance | 19,257.09 |
| (Increase) Decrease in Inventories | 1,694.23 |
| (Increase) Decrease in Accounts Receivable | (2,961.49) |
| Increase (Decrease) in Other Current Liabilities | <u>779.40</u> |
| Total Adjustments | <u>19,203.18</u> |
| Net Cash Provided by (used for) Operating Activities | <u><u>\$ (122,052.58)</u></u> |

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

BOROUGH OF MAGNOLIA SCHOOL DISTRICT

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of the Financial Reporting Entity

The School District is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades Pre-K through 8 at its one school. The School District has an approximate enrollment at June 30, 2024 of 398.

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

The School District reports the following major governmental funds:

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

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

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

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

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

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

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

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

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

The School District reports the following major proprietary fund:

Enterprise Funds

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Budgets / Budgetary Control**

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

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

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

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at fiscal year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

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

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

Cash, Cash Equivalents and Investments

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

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Inventories**

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

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

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

Tuition Receivable

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

Lease Receivable

Lease receivables recorded on the government-wide financial statement, in the governmental funds, and in the proprietary fund types represents a contract that conveys control of the right to use the School District's (lessor) nonfinancial asset. At the commencement of the lease term, the lessor recognizes a lease receivable and a deferred inflow of resources. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The School District was not a lessor during the fiscal year ended June 30, 2024.

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2024. The School District had no prepaid expenses for the year ended June 30, 2024.

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

Short-Term Interfund Receivables / Payables

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

Capital Assets

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

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

arrangement made to the vendor at the commencement of the subscription term and capitalizable initial implementation costs. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

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

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

The School District does not possess any infrastructure assets.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2024 and 2023 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Unearned Revenue

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

Compensated Absences

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

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

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the governmental fund financial statements when due.

Bond Premiums

Bond premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in systematic and rational method, as a component of interest expense. Bond premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position and on the proprietary fund statement of net position.

Net Position

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

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

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

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

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

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

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

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

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

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

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

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

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

Interfund Activity

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Accounting Estimates**

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

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

The GASB has issued the following Statement that will become effective for the School District for fiscal year ending June 30, 2025:

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

Note 2: CASH AND CASH EQUIVALENTS

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

As of June 30, 2024, the School District's bank balances of \$4,761,444.29 were exposed to custodial credit risk as follows:

| | |
|--------------------------------|------------------------|
| Insured by FDIC and GUDPA | \$ 4,754,490.89 |
| Uninsured and Uncollateralized | <u>6,953.40</u> |
| Total | <u>\$ 4,761,444.29</u> |

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the 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 School District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve account is as follows:

| | | |
|--|-------------------|----------------------|
| Beginning Balance, July 1, 2023 | | \$ 683,778.00 |
| Increased by: | | |
| Interest Earnings | \$ 2,329.00 | |
| Deposits: | | |
| Resolution Transferring Excess Surplus | | |
| to Capital Reserve June 13, 2024 | 244,352.00 | |
| Unexpended Capital Outlay Appropriations | <u>457,105.00</u> | |
| | | <u>703,786.00</u> |
| | | 1,387,564.00 |
| Decreased by: | | |
| Withdrawal per FY24 Budget | | <u>500,000.00</u> |
| Ending Balance, June 30, 2024 | | <u>\$ 887,564.00</u> |

The June 30, 2024 LRFP balance of local support costs of uncompleted projects at June 30, 2024 is \$2,930,000.00. The withdrawals from the capital reserve were for use in a Department of Education approved facilities projects, consistent with the School District's LRFP.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2024 consisted of accounts (fees for services) and intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

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

| <u>Description</u> | <u>Governmental Funds</u> | | | <u>Proprietary Fund</u> | | <u>Total</u> |
|--------------------|---------------------------|-----------------------------|--------------------------------------|--------------------------|---------------------------------------|----------------------|
| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Total Governmental Activities</u> | <u>Food Service Fund</u> | <u>Total Business-Type Activities</u> | |
| Federal Awards | \$ 2,972.70 | \$ 576,280.81 | \$ 579,253.51 | \$ 4,901.94 | \$ 4,901.94 | \$ 584,155.45 |
| State Awards | 69,071.65 | | 69,071.65 | 250.43 | 250.43 | 69,322.08 |
| Other | 3,390.46 | | 3,390.46 | 22,975.85 | 22,975.85 | 26,366.31 |
| Total | <u>\$ 75,434.81</u> | <u>\$ 576,280.81</u> | <u>\$ 651,715.62</u> | <u>\$ 28,128.22</u> | <u>\$ 28,128.22</u> | <u>\$ 679,843.84</u> |

Note 5: INVENTORY

Inventory recorded at June 30, 2024 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

| | |
|----------|---------------------|
| Food | \$ 10,629.73 |
| Supplies | <u>1,656.50</u> |
| | <u>\$ 12,286.23</u> |

Note 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024 is as follows:

| | <u>Balance July 1, 2023</u> | <u>Increases</u> | <u>Transfers</u> | <u>Decreases</u> | <u>Balance June 30, 2024</u> |
|--|---------------------------------|------------------|------------------|------------------|----------------------------------|
| Governmental Activities: | | | | | |
| Capital Assets, not being Depreciated: | | | | | |
| Land | \$ 8,466.00 | \$ - | \$ - | \$ - | \$ 8,466.00 |
| Capital Assets, being Depreciated: | | | | | |
| Furniture, Fixtures and Equipment | 507,391.86 | 21,063.88 | | | 528,455.74 |
| Buildings and Improvements | 11,210,994.91 | 28,240.00 | | | 11,239,234.91 |
| Land Improvements | 52,700.00 | | | | 52,700.00 |
| Total Capital Assets, being Depreciated | 11,771,086.77 | 49,303.88 | - | - | 11,820,390.65 |
| Total Capital Assets, Cost | 11,779,552.77 | 49,303.88 | - | - | 11,828,856.65 |
| Less Accumulated Depreciation for: | | | | | |
| Furniture, Fixtures and Equipment | (213,967.54) | (41,914.16) | | | (255,881.70) |
| Buildings and Improvements | (2,334,143.30) | (255,709.70) | | | (2,589,853.00) |
| Land Improvements | (52,700.00) | | | | (52,700.00) |
| Total Accumulated Depreciation | (2,600,810.84) | (297,623.86) | - | - | (2,898,434.70) |
| Total Capital Assets, being Depreciated, Net | 9,170,275.93 | (248,319.98) | - | - | 8,921,955.95 |
| Governmental Activities Capital Assets, Net | \$ 9,178,741.93 | \$ (248,319.98) | \$ - | \$ - | \$ 8,930,421.95 |
| Business-Type Activities: | | | | | |
| Capital Assets, being Depreciated: | | | | | |
| Furniture, Fixtures and Equipment | \$ 48,009.27 | \$ 40,740.00 | \$ - | \$ (11,600.00) | \$ 77,149.27 |
| Less Accumulated Depreciation for: | | | | | |
| Furniture, Fixtures and Equipment | (41,736.51) | (433.95) | | 11,600.00 | (30,570.46) |
| Business-Type Activities Capital Assets, Net | \$ 6,272.76 | \$ 40,306.05 | \$ - | \$ - | \$ 46,578.81 |

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

| | |
|---|----------------------|
| Governmental Activities: | |
| Regular Instruction | \$ 202,276.57 |
| Other Administrative Services | 86,689.96 |
| Plant Operations and Maintenance | 8,657.33 |
| Total Depreciation Expense - Governmental Activities | <u>\$ 297,623.86</u> |
| Business-Type Activities: | |
| Food Service | <u>\$ 433.95</u> |
| Total Depreciation Expense - Business-Type Activities | <u>\$ 433.95</u> |

Note 7: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2024, the following changes occurred in long-term obligations for governmental activities:

| | <u>Balance</u> <u>July 1, 2023</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>June 30, 2024</u> | <u>Due within</u> <u>One Year</u> |
|---|---------------------------------------|----------------------|------------------------|--|--------------------------------------|
| Governmental Activities: | | | | | |
| Bonds Payable: | | | | | |
| General Obligation Bonds | \$ 2,805,000.00 | \$ - | \$ (175,000.00) | \$ 2,630,000.00 | \$ 180,000.00 |
| Unamortized Bond Premium | 48,159.48 | | (3,904.82) | 44,254.66 | 3,904.82 |
| Total Bonds Payable | <u>2,853,159.48</u> | <u>-</u> | <u>(178,904.82)</u> | <u>2,674,254.66</u> | <u>183,904.82</u> |
| Other Liabilities: | | | | | |
| Compensated Absences | 204,656.45 | 51,854.92 | (57,777.51) | 198,733.86 | |
| Net Pension Liability | <u>1,391,477.00</u> | <u>447,395.00</u> | <u>(617,809.00)</u> | <u>1,221,063.00</u> | |
| Total Other Liabilities | <u>1,596,133.45</u> | <u>499,249.92</u> | <u>(675,586.51)</u> | <u>1,419,796.86</u> | <u>-</u> |
| Governmental Activities Long-Term Liabilities | <u>\$ 4,449,292.93</u> | <u>\$ 499,249.92</u> | <u>\$ (854,491.33)</u> | <u>\$ 4,094,051.52</u> | <u>\$ 183,904.82</u> |

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

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

On February 11, 2015, the School District issued \$3,934,000.00 general obligation bonds at interest rates varying from 2.50% to 3.25% for various construction and renovation projects. The final maturity of these bonds is August 15, 2035. The bonds will be paid from property taxes.

Principal and interest due on bonds outstanding is as follows:

| <u>Fiscal Year</u> <u>Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|------------------------|----------------------|------------------------|
| 2025 | \$ 180,000.00 | \$ 77,500.00 | \$ 257,500.00 |
| 2026 | 185,000.00 | 72,025.00 | 257,025.00 |
| 2027 | 195,000.00 | 66,325.00 | 261,325.00 |
| 2028 | 200,000.00 | 60,400.00 | 260,400.00 |
| 2029 | 205,000.00 | 54,325.00 | 259,325.00 |
| 2030-2034 | 1,145,000.00 | 172,625.00 | 1,317,625.00 |
| 2035-2036 | <u>520,000.00</u> | <u>17,062.50</u> | <u>537,062.50</u> |
| Total | <u>\$ 2,630,000.00</u> | <u>\$ 520,262.50</u> | <u>\$ 3,150,262.50</u> |

Bonds Authorized but not Issued - As of June 30, 2024, the School District had no authorizations to issue additional bonded debt.

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

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

Note 8: PENSION PLANS

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

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

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

General Information about the Pension Plans**Plan Descriptions**

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

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

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

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

Vesting and Benefit Provisions

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

The following represents the membership tiers for TPAF:

Tier Definition

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

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

Note 8: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

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

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

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

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

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2023. The State's contribution is based on an actuarially determined amount, which includes the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2023, the State's pension contribution was more than the actuarial determined amount.

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

The School District's contractually required contribution rate for the fiscal year ended June 30, 2024 was 32.01% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to contribute to the pension plan during the fiscal year ended June 30, 2024 because of the 100.00% special funding situation with the State of New Jersey.

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

Teachers' Pension and Annuity Fund (Cont'd) - Based on the most recent TPAF measurement date of June 30, 2023, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2024 was \$1,144,045.00, and was paid by April 1, 2024. School District employee contributions to the Plan during the fiscal year ended June 30, 2024 were \$270,758.36.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2023. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and an amortization of the unfunded accrued liability.

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

The School District's contractually required contribution rate for the fiscal year ended June 30, 2024 was 16.64% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2023, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2024 was \$112,672.00, and was paid by April 1, 2024. School District employee contributions to the Plan during the fiscal year ended June 30, 2024 were \$50,238.66.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the School District, under Chapter 133, P.L. 2001, for the fiscal year ended June 30, 2024 was .57% of the School District's covered payroll.

Based on the most recent PERS measurement date of June 30, 2023, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2024 was \$3,808.00. For the prior year measurement date of June 30, 2022, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the School District, to the pension plan for the year ended June 30, 2023 was \$2,928.00.

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

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

For the fiscal year ended June 30, 2024, employee contributions totaled \$7,309.88, and the School District recognized pension expense, which equaled the required contributions, of \$2,579.96. There were no forfeitures during the fiscal year.

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

Pension Liability - At June 30, 2024, the School District was not required to report a liability for its proportionate share of the net pension liability for TPAF because of the 100% special funding situation by the State of New Jersey.

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

| | |
|---|-------------------------|
| Proportionate Share of Net Pension Liability | \$ - |
| State of New Jersey's Proportionate Share of Net Pension Liability associated with the Employer | 14,012,212.00 |
| | <u>\$ 14,012,212.00</u> |

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2023. For the June 30, 2023 measurement date, the School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At the June 30, 2023 measurement date, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey; however, the State's proportionate share of the TPAF net pension liability associated with the School District was .0274573366%, which was a decrease of .0004968205% from its proportion measured as of June 30, 2022.

Pension (Benefit) Expense - For the fiscal year ended June 30, 2024, the State's proportionate share of the pension (benefit) expense, associated with the School District, calculated by the Plan as of June 30, 2023 measurement date, was \$344,239.00. This on-behalf expense has been recognized by the School District in the government-wide financial statements.

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

Pension Liability - At June 30, 2024, there is no net pension liability associated with the special funding situation under Chapter 133, P.L. 2001, as there was no accumulated difference between the annual additional normal cost and the actual State contribution through the valuation date. The School District reported a liability of \$1,221,063.00 for its proportionate share of the net pension liability for PERS. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2023. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2023 measurement date, the School District's proportion was .0084302059%, which was a decrease of .0007901408% from its proportion measured as of June 30, 2022.

Pension (Benefit) Expense - For the fiscal year ended June 30, 2024, the School District recognized pension (benefit) expense of \$28,700.00, in the government-wide financial statements. This pension expense was based on the pension plan's June 30, 2023 measurement date.

For the fiscal year ended June 30, 2024, the State's proportionate share of the pension (benefit) expense, associated with the School District, under Chapter 133, P.L. 2001, calculated by the Plan as of June 30, 2023 measurement date, was \$3,808.00. This on-behalf expense has been recognized by the School District in the government-wide financial statements.

Deferred Outflows and Inflows of Resources - At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows Resources</u> |
|--|--|--|
| Differences between Expected and Actual Experience | \$ 11,675.00 | \$ 4,991.00 |
| Changes of Assumptions | 2,682.00 | 74,002.00 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 5,623.00 | - |
| Changes in Proportion and Differences between Contribution and Proportionate Share of Contributions | 138,869.00 | 128,661.00 |
| Contributions Subsequent to the Measurement Date | 110,738.00 | - |
| | <u>\$ 269,587.00</u> | <u>\$ 207,654.00</u> |

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

Deferred Outflows and Inflows of Resources (Cont'd) - Deferred outflows of resources in the amount of \$110,738.00 will be included as a reduction of the net pension liability in the subsequent fiscal year, June 30, 2025. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Fiscal Year</u> <u>Ending June 30.</u> | |
|--|-----------------------|
| 2025 | \$ (58,537.00) |
| 2026 | (14,172.00) |
| 2027 | 59,438.00 |
| 2028 | (33,616.00) |
| 2029 | (1,918.00) |
| | <u>\$ (48,805.00)</u> |

The other deferred outflows of resources and deferred inflows of resources related to pensions will be amortized over the following number of years:

| | <u>Deferred</u> <u>Outflows of</u> <u>Resources</u> | <u>Deferred</u> <u>Inflows of</u> <u>Resources</u> | | <u>Deferred</u> <u>Outflows of</u> <u>Resources</u> | <u>Deferred</u> <u>Inflows of</u> <u>Resources</u> |
|--|--|---|--|--|---|
| Differences between Expected and Actual Experience | | | Difference between Projected and Actual Earnings on Pension Plan Investments | | |
| Year of Pension Plan Deferral: | | | Year of Pension Plan Deferral: | | |
| June 30, 2018 | - | 5.63 | June 30, 2019 | 5.00 | - |
| June 30, 2019 | 5.21 | - | June 30, 2020 | 5.00 | - |
| June 30, 2020 | 5.16 | - | June 30, 2021 | 5.00 | - |
| June 30, 2021 | - | 5.13 | June 30, 2022 | 5.00 | - |
| June 30, 2022 | - | 5.04 | June 30, 2023 | 5.00 | - |
| June 30, 2023 | 5.08 | - | | | |
| Changes of Assumptions | | | Changes in Proportion | | |
| Year of Pension Plan Deferral: | | | Year of Pension Plan Deferral: | | |
| June 30, 2018 | - | 5.63 | June 30, 2018 | 5.63 | 5.63 |
| June 30, 2019 | - | 5.21 | June 30, 2019 | 5.21 | 5.21 |
| June 30, 2020 | - | 5.16 | June 30, 2020 | 5.16 | 5.16 |
| June 30, 2021 | 5.13 | - | June 30, 2021 | 5.13 | 5.13 |
| June 30, 2022 | - | 5.04 | June 30, 2022 | 5.04 | 5.04 |
| | | | June 30, 2023 | 5.08 | 5.08 |

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

The net pension liabilities were measured as of June 30, 2023 and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation as of July 1, 2022. The total pension liabilities were calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2023. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

| | <u>TPAF</u> | <u>PERS</u> |
|--------------------------------|------------------------------|------------------------------|
| Inflation Rate: | | |
| Price | 2.75% | 2.75% |
| Wage | 3.25% | 3.25% |
| Salary Increases: | 2.75% - 4.25% | 2.75% - 6.55% |
| | Based on Years of Service | Based on Years of Service |
| Investment Rate of Return | 7.00% | 7.00% |
| Period of Actuarial Experience | | |
| Study upon which Actuarial | | |
| Assumptions were Based | July 1, 2018 - June 30, 2021 | July 1, 2018 - June 30, 2021 |

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

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

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

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at the June 30, 2023 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS' target asset allocation as of the June 30, 2023 measurement date are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---------------------------------|---------------------------------|--|
| U.S. Equity | 28.00% | 8.98% |
| Non-US Developed Markets Equity | 12.75% | 9.22% |
| International Small Cap Equity | 1.25% | 9.22% |
| Emerging Market Equity | 5.50% | 11.13% |
| Private Equity | 13.00% | 12.50% |
| Real Estate | 8.00% | 8.58% |
| Real Assets | 3.00% | 8.40% |
| High Yield | 4.50% | 6.97% |
| Private Credit | 8.00% | 9.20% |
| Investment Grade Credit | 7.00% | 5.19% |
| Cash Equivalents | 2.00% | 3.31% |
| U.S. Treasuries | 4.00% | 3.31% |
| Risk Mitigation Strategies | 3.00% | 6.21% |
| | <u>100.00%</u> | |

Discount Rate -

Teachers' Pension and Annuity Fund - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers would be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments in determining the total pension liability.

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

Public Employees' Retirement System - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity would be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments in determining the total pension liability.

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

Teachers' Pension and Annuity Fund (TPAF) - As previously mentioned TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2023, the Plan's measurement date, attributable to the School District is \$0.00. The following, however, presents the net pension liability of the State as of June 30, 2023 (Plan's measurement date), attributable to the School District, calculated using the discount rate of 7.00% as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

| | TPAF | | |
|---|------------------------------------|--|------------------------------------|
| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
| Proportionate Share of the Net Pension Liability | \$ - | \$ - | \$ - |
| State of New Jersey's Proportionate Share of Net Pension Liability associated with the Employer | 16,522,941.00 | 14,012,212.00 | 11,897,582.00 |
| | <u>\$ 16,522,941.00</u> | <u>\$ 14,012,212.00</u> | <u>\$ 11,897,582.00</u> |

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2023, the Plan's measurement date, calculated using a discount rate of 7.00%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

| | PERS | | |
|---|------------------------------------|--|------------------------------------|
| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
| Proportionate Share of the Net Pension Liability | \$ 1,589,564.00 | \$ 1,221,063.00 | \$ 907,419.00 |

Note 8: PENSION PLANS (CONT'D)**Pension Plan Fiduciary Net Position**

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS' respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

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

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

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

Employees Covered by Benefit Terms - At June 30, 2023, the OPEB Plan's measurement date, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted of the following members.

| | |
|--|----------------|
| Active Plan Members | 217,212 |
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 152,383 |
| Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments | - |
| | <u>369,595</u> |

Total Non-Employer OPEB Liability

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

The State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2024 was \$16,244,748.00. Since the OPEB liability associated with the School District is 100% attributable to the State, the OPEB liability will be referred to as the total non-employer OPEB liability.

The total non-employer OPEB liability was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. For the June 30, 2023 measurement date, the State's proportionate share of the non-employer OPEB liability associated with the School District was .0310241223%, which was an increase of .0005090141% from its proportion measured as of June 30, 2022.

Actuarial Assumptions and Other Inputs - The actuarial assumptions and other inputs vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2022, which was rolled forward to June 30, 2023, used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases -

| | <u>TPAF/ABP</u> * | <u>PERS</u> * | <u>PFRS</u> * |
|------------------|-------------------|----------------|-----------------|
| Salary Increases | 2.75% to 4.25% | 2.75% to 6.55% | 3.25% to 16.25% |

* based on service years

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

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

Experience Studies - The actuarial assumptions used in the June 30, 2022 valuation, which was rolled forward to June 30, 2023, were based on the results of actuarial experience studies for the periods July 1, 2018 to June 30, 2021 for TPAF, PERS, and PFRS.

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.80% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.40% 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 trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate - The discount rate for June 30, 2023 measurement date was 3.65%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total Non-Employer OPEB Liability

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

| | | |
|---|---------------------|-------------------------|
| Balance at June 30, 2023 | | \$ 15,454,823.00 |
| Changes for the Year: | | |
| Service Cost | \$ 671,656.00 | |
| Interest Cost | 572,120.00 | |
| Changes in Benefit Terms | - | |
| Difference between Expected and Actual Experience | (55,278.00) | |
| Changes in Assumptions | 32,743.00 | |
| Member Contributions | 14,661.00 | |
| Gross Benefit Payments | <u>(445,977.00)</u> | |
| Net Changes | | <u>789,925.00</u> |
| Balance at June 30, 2024 | | <u>\$ 16,244,748.00</u> |

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

Differences between expected and actual experience reflect a decrease in liability for the measurement period from June 30, 2022 to June 30, 2023 due to changes in the census and premium and claims experience.

Changes in assumptions reflect an increase in the liability for the measurement period from June 30, 2022 to June 30, 2023 due to the combined effect of the discount rate change; and changes in the trend update.

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2023, associated with the School District, using a discount rate of 3.65%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

| | 1% Decrease (2.65%) | Current Discount Rate (3.65%) | 1% Increase (4.65%) |
|---|------------------------------------|--|------------------------------------|
| State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Employer | <u>\$ 19,044,178.00</u> | <u>\$ 16,244,748.00</u> | <u>\$ 13,997,131.00</u> |

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Healthcare Cost Trend Rates - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2023, associated with the School District, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
|---|-------------------------|--|-------------------------|
| State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Employer | <u>\$ 13,485,645.00</u> | <u>\$ 16,244,748.00</u> | <u>\$ 19,855,041.00</u> |

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

OPEB Expense - For the fiscal year ended June 30, 2024, the School District recognized \$585,529.00 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB expense, associated with the School District. This expense and revenue was based on the OPEB Plan's June 30, 2023 measurement date.

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

Deferred Outflows and Inflows of Resources - In accordance with GASBS No. 75, the School District's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the School District; however, at June 30, 2024, the State's proportionate share of the total non-employer OPEB liability's deferred outflows of resources and deferred inflows of resources, associated with School District, from the following sources are as follows:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|--|---|
| Difference between Expected and Actual Experience | \$ 2,370,155.00 | \$ 4,278,705.00 |
| Changes of Assumptions | 2,310,024.00 | 4,482,970.00 |
| Changes in Proportion | <u>865,399.00</u> | <u>81,688.00</u> |
| | <u>\$ 5,545,578.00</u> | <u>\$ 8,843,363.00</u> |

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

| <u>Fiscal Year Ending June 30,</u> | |
|---|---------------------------------|
| 2025 | \$ (657,995.00) |
| 2026 | (657,995.00) |
| 2027 | (554,111.00) |
| 2028 | (274,324.00) |
| 2029 | (4,035.00) |
| Thereafter | <u>(1,149,325.00)</u> |
| | <u>\$ (3,297,785.00)</u> |

Note 10: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2024, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$1,229,965.00.00, \$14,027.00, \$338,569.00, and \$615.00, respectively.

Note 11: RISK MANAGEMENT

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

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

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

| <u>Fiscal Year</u> <u>Ended June 30.</u> | <u>Employee</u> <u>Contributions</u> | <u>Interest</u> <u>Income</u> | <u>Claims</u> <u>Incurred</u> | <u>Ending Balance</u> | |
|---|---|----------------------------------|----------------------------------|---------------------------------|--|
| | | | | <u>Claims</u> <u>Payable</u> | <u>Restricted</u> <u>Fund</u> <u>Balance</u> |
| 2024 | \$ 8,539.66 | \$ 1,942.85 | \$ 6,306.42 | \$ 20,095.16 | \$ 141,259.63 |
| 2023 | 8,275.24 | 1,415.82 | 2,324.90 | 17,861.92 | 139,316.78 |
| 2022 | 7,904.35 | 799.20 | 4.61 | 11,911.58 | 137,900.96 |

Joint Insurance Fund - The School District is a member of the Burlington County Insurance Joint Insurance Fund. The Fund provides its members with the following coverage:

Property/Inland Marine/Auto Physical Damage
Boiler and Machinery
Crime
General and Automobile Liability
Workers' Compensation
Educator's Legal Liability
Pollution Legal Liability
Cyber Liability
Violent Malicious Acts
Disaster Management Services

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary.

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

Burlington County Municipal Joint Insurance Fund
P.O. Box 489
Marlton, New Jersey 08053

Note 12: DEFERRED COMPENSATION

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

Security Benefit Group
LSW c/o The Legend Group
Ameriprise Financial Services, Inc.
Lincoln Investment Planning, Inc.
ING Life Insurance & Annuity Company
American General Disability

Note 13: COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2024, the liability for compensated absences reported on the government-wide statement of net position was \$198,733.86. As of June 30, 2024, no liability for compensated absences in proprietary fund type exists.

Note 14: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfunds - The composition of interfund balances as of June 30, 2024 is as follows:

| <u>Fund</u> | <u>Interfunds Receivable</u> | <u>Interfunds Payable</u> |
|--------------------|---|--------------------------------------|
| General | \$ 519,768.45 | |
| Special Revenue | | \$ 519,768.45 |
| Totals | <u>\$ 519,768.45</u> | <u>\$ 519,768.45</u> |

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2025, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 14: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONT'D)**Transfers –****Transfer In:**

Special Revenue
Fund

Transfer Out:

| | |
|--------------|---------------------|
| General Fund | <u>\$ 86,370.00</u> |
|--------------|---------------------|

During the fiscal year ended June 30, 2024, the General Fund transferred \$86,370.00 to the Special Revenue Fund for the local share of Preschool Education Aid.

Note 15: CONTINGENCIES

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

Note 16: CONCENTRATIONS

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

Note 17: DEFICIT FUND BALANCES

The School District has a deficit fund balance of \$46,509.00 in the general fund as of June 30, 2024 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$46,509.00 is less than the June state aid payments.

Note 18: FUND BALANCES**RESTRICTED**

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

General Fund

For Maintenance Reserve Account - As of June 30, 2024, the balance in the maintenance reserve account is \$162,557.00. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

For Capital Reserve Account - As of June 30, 2024, the balance in the capital reserve account is \$887,564.00. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP). \$500,000.00 of the capital reserve fund balance has been restricted and designated for utilization in the 2024-2025 budget.

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation 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 years' budget. The excess fund balance at June 30, 2024 is \$1,813,309.82. Additionally, \$1,813,309.30 of excess fund balance generated during 2022-2023 has been restricted and designated for utilization in the 2024-2025 budget.

For Unemployment Compensation - Pursuant to N.J.S.A. 43:21-7.3(g), the School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method" (see note 11). As a result, there exists at June 30, 2024 a restricted fund balance from employer contributions in the amount of \$141,259.63 for future unemployment claims.

Special Revenue Fund

For Scholarships - The School District reports fund balance resulting from the receipt of an endowment to be used for scholarships for future teachers. These funds are required to be used as restricted by the donor. The balance of these funds as of June 30, 2024 is \$7.49.

For Student Activities - In accordance with N.J.A.C. 6A:23A-16.12(c), each school district shall ensure through adoption of a formal board policy that all financial and bookkeeping controls are adequate to ensure appropriate fiscal accountability and sound business practices for funds collected for student activities. As such, borrowing from student activity funds is prohibited. The balance of these funds as of June 30, 2024 is \$18,684.29.

Debt Service Fund - In accordance with N.J.A.C. 6A:23A-8.6, a district board of education shall appropriate annually all debt service fund balances in the budget certified for taxes unless expressly authorized and documented by the voters in a bond referendum. The balance of these funds as of June 30, 2024 is \$0.47.

Note 18: FUND BALANCES (CONT'D)**ASSIGNED**

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

General Fund

Other Purposes - As of June 30, 2024, the School District had \$68,157.73 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2025 \$78,175.00 of general fund balance at June 30, 2024.

UNASSIGNED

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

General Fund - As of June 30, 2024, the fund balance of the general fund was a deficit of \$46,509.00, thus resulting in the fund balance classification of unassigned. The deficit is a result from a delay in the payment of state aid until the following fiscal year. As stated in note 17, since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general fund balance deficit does not alone indicate that the School District is facing financial difficulties. The unassigned deficit on the GAAP financial statements of \$46,509.00 is less than the last state aid payment.

Note 19: TAX ABATEMENTS

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

The Borough of Magnolia has entered into various property tax abatement agreements with properties having aggregate assessed valuations of \$9,988,400.00. Based on the School District's 2024 certified tax rate of \$1.840, abated taxes totaled \$183,786.56.

It could be presumed that if these abatement agreements were not entered into, that the businesses would either have not retained their businesses within the municipality or have not moved their businesses into the municipality.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
General Fund
Required Supplementary Information - Part II
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|---------------------|-------------------------|---------------------|----------------------|--|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 4,660,380.00 | \$ - | \$ 4,660,380.00 | \$ 4,660,380.00 | \$ - |
| Interest Earned on Maintenance Reserve | 160.00 | | 160.00 | 2,034.00 | 1,874.00 |
| Interest Earned on Capital Reserve | 500.00 | | 500.00 | 2,329.00 | 1,829.00 |
| Tuition | | | | 23,170.44 | 23,170.44 |
| Other Restricted Miscellaneous Revenues | | | | 1,942.85 | 1,942.85 |
| Unrestricted Miscellaneous Revenues | | | | 150,006.75 | 150,006.75 |
| Total - Local Sources | 4,661,040.00 | - | 4,661,040.00 | 4,839,863.04 | 178,823.04 |
| State Sources: | | | | | |
| Special Education Categorical Aid | 381,046.00 | | 381,046.00 | 381,046.00 | - |
| Equalization Aid | 3,048,861.00 | | 3,048,861.00 | 3,048,861.00 | - |
| Security Aid | 98,488.00 | | 98,488.00 | 98,488.00 | - |
| Transportation Aid | 16,028.00 | | 16,028.00 | 16,028.00 | - |
| Extraordinary Aid | | | | 56,220.00 | 56,220.00 |
| On-Behalf TPAF Pension Contributions (non-budgeted) | | | | 1,229,965.00 | 1,229,965.00 |
| On-Behalf TPAF Non-Contributory Group Insurance (non-budgeted) | | | | 14,027.00 | 14,027.00 |
| On-Behalf TPAF Post-Retirement Medical Contributions (non-budgeted) | | | | 338,569.00 | 338,569.00 |
| On-Behalf TPAF Long-Term Disability Insurance (non-budgeted) | | | | 615.00 | 615.00 |
| Reimbursed TPAF Social Security Contributions (non-budgeted) | | | | 260,257.18 | 260,257.18 |
| Total - State Sources | 3,544,423.00 | - | 3,544,423.00 | 5,444,076.18 | 1,899,653.18 |
| Federal Sources: | | | | | |
| P-EBT | | | | 653.00 | 653.00 |
| Special Education Medicaid Initiative (SEMI) | 16,711.00 | | 16,711.00 | 16,420.75 | (290.25) |
| Total - Federal Sources | 16,711.00 | - | 16,711.00 | 17,073.75 | 362.75 |
| Total Revenues | 8,222,174.00 | - | 8,222,174.00 | 10,301,012.97 | 2,078,838.97 |
| EXPENDITURES: | | | | | |
| Current Expense: | | | | | |
| Regular Programs - Instruction | | | | | |
| Salaries of Teachers | | | | | |
| Preschool | 32,000.00 | | 32,000.00 | | 32,000.00 |
| Kindergarten | 225,000.00 | (66,370.00) | 158,630.00 | 150,185.02 | 8,444.98 |
| Grades 1-5 | 1,100,000.00 | (70,000.00) | 1,030,000.00 | 1,025,346.68 | 4,653.32 |
| Grades 6-8 | 825,000.00 | (125,000.00) | 700,000.00 | 650,381.97 | 49,618.03 |
| Regular Programs - Home Instruction | | | | | |
| Salaries of Teachers | 12,000.00 | | 12,000.00 | 1,420.00 | 10,580.00 |
| Purchased Professional - Educational Services | 1,617.00 | 94,826.00 | 96,443.00 | 96,442.79 | 0.21 |

(Continued)

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
General Fund
Required Supplementary Information - Part II
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|--------------------|-------------------------|-----------------|--------------|--|
| EXPENDITURES (CONT'D): | | | | | |
| Current Expense (Cont'd): | | | | | |
| Regular Programs - Undistributed Instruction | | | | | |
| Purchased Professional - Educational Services | \$ 26,000.00 | \$ (1,797.00) | \$ 24,203.00 | \$ 23,590.64 | \$ 612.36 |
| Purchased Technical Services | 3,000.00 | | 3,000.00 | 837.50 | 2,162.50 |
| Other Purchased Services (400-500 series) | 30,000.00 | (19,646.00) | 10,354.00 | 10,353.54 | 0.46 |
| General Supplies | 250,000.00 | | 250,000.00 | 246,289.27 | 3,710.73 |
| Textbooks | 20,000.00 | (15,397.00) | 4,603.00 | | 4,603.00 |
| Other Objects | 1,100.00 | (1,100.00) | | | - |
| Miscellaneous Expenditures | | 2,000.00 | 2,000.00 | 2,000.00 | - |
| Total Regular Programs - Instruction | 2,525,717.00 | (202,484.00) | 2,323,233.00 | 2,206,847.41 | 116,385.59 |
| Special Education Instruction | | | | | |
| Resource Room / Resource Center | | | | | |
| Salaries of Teachers | 735,000.00 | | 735,000.00 | 649,916.84 | 85,083.16 |
| Other Salaries for Instruction | 215,000.00 | | 215,000.00 | 123,787.21 | 91,212.79 |
| Purchased Professional Services | | 4,576.00 | 4,576.00 | | 4,576.00 |
| General Supplies | 40,000.00 | (16,860.00) | 23,140.00 | 4,505.51 | 18,634.49 |
| Textbooks | 250.00 | | 250.00 | | 250.00 |
| Total Resource Room / Resource Center | 990,250.00 | (12,284.00) | 977,966.00 | 778,209.56 | 199,756.44 |
| Preschool Disabilities - Full Time | | | | | |
| Salaries of Teachers | 60,000.00 | 554.00 | 60,554.00 | 60,553.75 | 0.25 |
| General Supplies | 400.00 | 138.00 | 538.00 | 537.21 | 0.79 |
| Total Preschool Disabilities - Full Time | 60,400.00 | 692.00 | 61,092.00 | 61,090.96 | 1.04 |
| Home Instruction | | | | | |
| Salaries of Teachers | 2,000.00 | (554.00) | 1,446.00 | 1,400.00 | 46.00 |
| Other Purchased Services (400-500 series) | 250.00 | (138.00) | 112.00 | | 112.00 |
| Total Home Instruction | 2,250.00 | (692.00) | 1,558.00 | 1,400.00 | 158.00 |
| Total Special Education - Instruction | 1,052,900.00 | (12,284.00) | 1,040,616.00 | 840,700.52 | 199,915.48 |
| Basic Skills / Remedial - Instruction | | | | | |
| Salaries of Teachers | 225,000.00 | | 225,000.00 | 76,329.00 | 148,671.00 |
| General Supplies | 7,500.00 | (3,951.00) | 3,549.00 | 67.16 | 3,481.84 |
| Total Basic Skills / Remedial - Instruction | 232,500.00 | (3,951.00) | 228,549.00 | 76,396.16 | 152,152.84 |

(Continued)

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
General Fund
Required Supplementary Information - Part II
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|--------------------|-------------------------|-----------------|--------------|--|
| EXPENDITURES (CONT'D): | | | | | |
| Current Expense (Cont'd): | | | | | |
| Bilingual Education - Instruction | | | | | |
| Salaries of Teachers | \$ 7,200.00 | \$ - | \$ 7,200.00 | \$ - | \$ 7,200.00 |
| Purchased Prof-Educa Services | | 18,625.00 | 18,625.00 | 18,624.30 | 0.70 |
| Other Purchased Services (400-500 series) | 1,000.00 | (286.00) | 714.00 | | 714.00 |
| General Supplies | 250.00 | 286.00 | 536.00 | 535.20 | 0.80 |
| Textbooks | 500.00 | - | 500.00 | | 500.00 |
| Total Bilingual Education - Instruction | 8,950.00 | 18,625.00 | 27,575.00 | 19,159.50 | 8,415.50 |
| School Sponsored Cocurricular Activities - Instruction | | | | | |
| Salaries | 50,000.00 | | 50,000.00 | 33,833.00 | 16,167.00 |
| Other Purchased Services (300-500 series) | 550.00 | (550.00) | | | - |
| Supplies and Materials | 850.00 | 1,609.00 | 2,459.00 | 2,458.60 | 0.40 |
| Total School Sponsored Cocurricular Activities - Instruction | 51,400.00 | 1,059.00 | 52,459.00 | 36,291.60 | 16,167.40 |
| School Sponsored Athletics - Instruction | | | | | |
| Salaries | 14,000.00 | | 14,000.00 | 10,192.97 | 3,807.03 |
| Purchased Services (300-500 series) | 4,000.00 | | 4,000.00 | 3,701.00 | 299.00 |
| Supplies and Materials | 6,000.00 | (1,059.00) | 4,941.00 | 32.97 | 4,908.03 |
| Other Objects | 1,500.00 | | 1,500.00 | 1,200.00 | 300.00 |
| Total School Sponsored Athletics - Instruction | 25,500.00 | (1,059.00) | 24,441.00 | 15,126.94 | 9,314.06 |
| Total Instruction | 3,896,967.00 | (200,094.00) | 3,696,873.00 | 3,194,522.13 | 502,350.87 |
| Undistributed Expenditures - Instruction | | | | | |
| Tuition to Other LEAs Within the State - Regular | 30,000.00 | (6,619.00) | 23,381.00 | 20,035.11 | 3,345.89 |
| Tuition to Other LEAs- Within the State - Special | 30,000.00 | (30,000.00) | | | - |
| Tuition to CSSD and Regional Day Schools | 219,000.00 | (66,182.00) | 152,818.00 | 43,702.00 | 109,116.00 |
| Tuition to Private Schools for the Disabled - Within State | 350,000.00 | 121,978.00 | 471,978.00 | 407,385.31 | 64,592.69 |
| Total Undistributed Expenditures - Instruction | 629,000.00 | 19,177.00 | 648,177.00 | 471,122.42 | 177,054.58 |
| Undistributed Expenditures - Attendance and Social Work | | | | | |
| Salaries | 20,000.00 | 4,693.00 | 24,693.00 | 24,692.18 | 0.82 |
| Purchased Professional and Technical Services | 6,000.00 | (5,988.00) | 12.00 | | 12.00 |
| Total Undistributed Expenditures - Attendance and Social Work | 26,000.00 | (1,295.00) | 24,705.00 | 24,692.18 | 12.82 |

(Continued)

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
General Fund
Required Supplementary Information - Part II
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|--|--------------------|-------------------------|-----------------|--------------|--|
| EXPENDITURES (CONT'D): | | | | | |
| Current Expense (Cont'd): | | | | | |
| Undistributed Expenditures - Health Services: | | | | | |
| Salaries | \$ 66,000.00 | \$ - | \$ 66,000.00 | \$ 61,714.00 | \$ 4,286.00 |
| Purchased Professional and Technical Services | 12,000.00 | | 12,000.00 | 8,500.00 | 3,500.00 |
| Other Purchased Services (400-500 series) | 500.00 | | 500.00 | 110.00 | 390.00 |
| Supplies and Materials | 6,000.00 | (2,147.00) | 3,853.00 | 575.94 | 3,277.06 |
| Total Undistributed Expenditures - Health Services | 84,500.00 | (2,147.00) | 82,353.00 | 70,899.94 | 11,453.06 |
| Undistributed Expenditures - Speech, OT, PT and Related Services | | | | | |
| Salaries | 65,000.00 | 4,600.00 | 69,600.00 | 69,599.20 | 0.80 |
| Purchased Professional - Educational Services | 488,000.00 | 46,706.00 | 534,706.00 | 421,281.80 | 113,424.20 |
| Supplies and Materials | 3,000.00 | 134.00 | 3,134.00 | 3,133.82 | 0.18 |
| Total Undistributed Expenditures - Speech, OT, PT and Related Services | 556,000.00 | 51,440.00 | 607,440.00 | 494,014.82 | 113,425.18 |
| Undistributed Expenditures - Other Supp. Serv. Students-Extra. Serv. | | | | | |
| Purchased Professional - Educational Services | | 62,461.00 | 62,461.00 | 17,316.00 | 45,145.00 |
| Total Undistributed Expenditures - Other Supp. Serv. Students-Extra. Serv. | - | 62,461.00 | 62,461.00 | 17,316.00 | 45,145.00 |
| Undistributed Expenditures - Guidance | | | | | |
| Salaries of Other Professional Staff | 34,000.00 | 5,756.00 | 39,756.00 | 39,756.00 | - |
| Other Purchased Professional and Technical Services | 1,500.00 | (1,500.00) | | | - |
| Other Purchased Services (400-500 series) | 250.00 | (250.00) | | | - |
| Supplies and Materials | 1,250.00 | (1,250.00) | | | - |
| Total Undistributed Expenditures - Guidance | 37,000.00 | 2,756.00 | 39,756.00 | 39,756.00 | - |
| Undistributed Expenditures - Child Study Teams | | | | | |
| Salaries of Other Professional Staff | 250,000.00 | 23.00 | 250,023.00 | 237,777.88 | 12,245.12 |
| Salaries of Secretarial and Clerical Assistants | 43,000.00 | | 43,000.00 | 42,849.92 | 150.08 |
| Purchased Professional - Educational Services | 27,000.00 | 5,957.00 | 32,957.00 | 29,456.98 | 3,500.02 |
| Other Purchased Professional and Technical Services | 500.00 | (500.00) | | | - |
| Miscellaneous Purchased Services (400-500 Series Other than Resid Costs) | 500.00 | 1,260.00 | 1,760.00 | 1,320.00 | 440.00 |
| Supplies and Materials | 6,000.00 | 4,477.00 | 10,477.00 | 10,464.14 | 12.86 |
| Total Undistributed Expenditures - Child Study Teams | 327,000.00 | 11,217.00 | 338,217.00 | 321,868.92 | 16,348.08 |
| Undistributed Expend. - Improvement of Instructional Services | | | | | |
| Salaries of Supervisor of Instruction | 107,000.00 | 1,221.00 | 108,221.00 | 100,092.89 | 8,128.11 |
| Salaries of Secretarial and Clerical Assistants | 19,000.00 | | 19,000.00 | 18,808.80 | 191.20 |
| Other Purchased Professional and Technical Services | 100.00 | 863.00 | 963.00 | 962.50 | 0.50 |
| Other Purchased Services (400-500 series) | 3,000.00 | 5,148.00 | 8,148.00 | 8,146.37 | 1.63 |
| Supplies and Materials | 5,000.00 | (4,850.00) | 150.00 | 150.00 | - |
| Total Undistributed Expend. - Improvement of Instructional Services | 134,100.00 | 2,382.00 | 136,482.00 | 128,160.56 | 8,321.44 |

(Continued)

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
General Fund
Required Supplementary Information - Part II
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|--|--------------------|-------------------------|-----------------|--------------|--|
| EXPENDITURES (CONT'D): | | | | | |
| Current Expense (Cont'd): | | | | | |
| Undistributed Expenditures - Educational Media Serv./Sch. Library | | | | | |
| Salaries | \$ 25,000.00 | \$ - | \$ 25,000.00 | \$ 20,665.45 | \$ 4,334.55 |
| Salaries of Technology Coordinators | 65,000.00 | | 65,000.00 | 62,100.00 | 2,900.00 |
| Purchased Professional and Technical Services | 23,500.00 | (12,843.00) | 10,657.00 | 7,720.00 | 2,937.00 |
| Other Purchased Services (400-500 series) | 2,000.00 | | 2,000.00 | | 2,000.00 |
| Supplies and Materials | 5,000.00 | | 5,000.00 | 3,803.25 | 1,196.75 |
| Total Undistributed Expenditures - Educational Media Serv./Sch. Library | 120,500.00 | (12,843.00) | 107,657.00 | 94,288.70 | 13,368.30 |
| Undistributed Expenditures - Instructional Staff Training Services | | | | | |
| Purchased Professional - Educational Services | 2,000.00 | | 2,000.00 | | 2,000.00 |
| Other Purchased Services (400-500 series) | 8,500.00 | | 8,500.00 | 614.88 | 7,885.12 |
| Supplies and Materials | 250.00 | | 250.00 | | 250.00 |
| Total Undistributed Expenditures - Instructional Staff Training Services | 10,750.00 | - | 10,750.00 | 614.88 | 10,135.12 |
| Undistributed Expenditures - Support Services - General Administration | | | | | |
| Salaries | 205,000.00 | 3,648.00 | 208,648.00 | 208,647.08 | 0.92 |
| Legal Services | 40,000.00 | (3,648.00) | 36,352.00 | 25,442.38 | 10,909.62 |
| Audit Fees | 35,000.00 | 870.00 | 35,870.00 | 35,870.00 | - |
| Other Purchased Professional Services | 5,000.00 | | 5,000.00 | 4,200.00 | 800.00 |
| Communications / Telephone | 55,000.00 | (7,341.00) | 47,659.00 | 37,431.79 | 10,227.21 |
| Travel | | 2,200.00 | 2,200.00 | 1,366.31 | 833.69 |
| BOE Other Purchased Services | 2,200.00 | 5,800.00 | 8,000.00 | 3,444.00 | 4,556.00 |
| Miscellaneous Purchased Services (400-500) | 8,000.00 | (1,529.00) | 6,471.00 | 6,470.88 | 0.12 |
| General Supplies | 4,000.00 | (802.00) | 3,198.00 | 734.43 | 2,463.57 |
| Miscellaneous Expenditures | 4,000.00 | | 4,000.00 | 3,350.00 | 650.00 |
| BOE Membership Dues and Fees | 6,000.00 | 802.00 | 6,802.00 | 6,801.97 | 0.03 |
| Total Undistributed Expenditures - Support Services - General Administration | 364,200.00 | - | 364,200.00 | 333,758.84 | 30,441.16 |
| Undistributed Expenditures - Support Services - School Administration | | | | | |
| Salaries of Principals / Assistant Principals | 98,000.00 | | 98,000.00 | 88,599.28 | 9,400.72 |
| Salaries of Secretarial and Clerical Assistants | 70,000.00 | | 70,000.00 | 64,371.90 | 5,628.10 |
| Purchased Professional and Technical Services | 15,000.00 | (15,000.00) | | | - |
| Other Purchased Services (400-500 series) | 11,000.00 | (3,083.00) | 7,917.00 | 5,890.25 | 2,026.75 |
| Supplies and Materials | 9,000.00 | 18,083.00 | 27,083.00 | 27,082.47 | 0.53 |
| Other Objects | 9,000.00 | | 9,000.00 | 6,307.44 | 2,692.56 |
| Total Undistributed Expenditures - Support Services - School Administration | 212,000.00 | - | 212,000.00 | 192,251.34 | 19,748.66 |

(Continued)

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
General Fund
Required Supplementary Information - Part II
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|--------------------|-------------------------|-----------------|---------------|--|
| EXPENDITURES (CONT'D): | | | | | |
| Current Expense (Cont'd): | | | | | |
| Undistributed Expenditures - Central Services | | | | | |
| Purchased Professional Services | \$ 152,320.00 | \$ - | \$ 152,320.00 | \$ 152,300.00 | \$ 20.00 |
| Purchased Technical Services | 10,000.00 | 722.00 | 10,722.00 | 10,721.80 | 0.20 |
| Miscellaneous Purchased Services (400-500) | 1,000.00 | (722.00) | 278.00 | | 278.00 |
| Total Undistributed Expenditures - Central Services | 163,320.00 | - | 163,320.00 | 163,021.80 | 298.20 |
| Undistributed Expenditures - Administration Information Technology | | | | | |
| Purchased Technical Services | 18,000.00 | | 18,000.00 | 17,242.50 | 757.50 |
| Total Undistributed Expenditures - Administration Technology | 18,000.00 | - | 18,000.00 | 17,242.50 | 757.50 |
| Undistributed Expenditures - Required Maintenance for School Facilities | | | | | |
| Salaries | 40,000.00 | | 40,000.00 | 36,043.40 | 3,956.60 |
| Cleaning, Repair and Maintenance Services | 79,656.00 | 49,357.00 | 129,013.00 | 112,292.24 | 16,720.76 |
| General Supplies | 6,200.00 | 6,559.00 | 12,759.00 | 8,042.87 | 4,716.13 |
| Total Undistributed Expenditures - Required Maintenance for School Facilities | 125,856.00 | 55,916.00 | 181,772.00 | 156,378.51 | 25,393.49 |
| Undistributed Expenditures - Custodial Services | | | | | |
| Salaries | 225,000.00 | | 225,000.00 | 216,657.51 | 8,342.49 |
| Salaries of Non - Instructional Aides - Lunch Aids | 26,000.00 | | 26,000.00 | | 26,000.00 |
| Purchased Professional and Technical Services | 9,000.00 | (2,006.00) | 6,994.00 | 5,733.05 | 1,260.95 |
| Cleaning, Repair, and Maintenance Services | 23,000.00 | (5,881.00) | 17,119.00 | 15,993.67 | 1,125.33 |
| Other Purchased Property Services | 9,000.00 | | 9,000.00 | 8,283.00 | 717.00 |
| Insurance | 43,000.00 | 7,294.00 | 50,294.00 | 50,294.00 | - |
| Miscellaneous Purchased Services | 1,600.00 | | 1,600.00 | 435.00 | 1,165.00 |
| General Supplies | 38,422.00 | | 38,422.00 | 20,996.69 | 17,425.31 |
| Energy Gas | 120,000.00 | (37,808.00) | 82,192.00 | 60,351.89 | 21,840.11 |
| Energy Electric | 95,000.00 | (17,515.00) | 77,485.00 | 46,559.01 | 30,925.99 |
| Other Objects | 500.00 | | 500.00 | | 500.00 |
| Total Undistributed Expenditures - Custodial Services | 590,522.00 | (55,916.00) | 534,606.00 | 425,303.82 | 109,302.18 |

(Continued)

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
General Fund
Required Supplementary Information - Part II
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|--|--------------------|-------------------------|-----------------|--------------|--|
| EXPENDITURES (CONT'D): | | | | | |
| Current Expense (Cont'd): | | | | | |
| Undistributed Expenditures - Student Transportation Services | | | | | |
| Management Fee - ESC and CTSA Trans. Program | \$ 12,000.00 | \$ 1,853.00 | \$ 13,853.00 | \$ 13,269.68 | \$ 583.32 |
| Contracted Services - (AIL Choice) - Vendors | 5,000.00 | (1,853.00) | 3,147.00 | | 3,147.00 |
| Contracted Services - (Between Home and School) - Vendors | 40,000.00 | (40,000.00) | - | | - |
| Contracted Services - (Other than Between Home and School) - Vendors | 17,000.00 | | 17,000.00 | 10,475.00 | 6,525.00 |
| Contracted Services - (Special Ed) - Vendors | 20,000.00 | (10,000.00) | 10,000.00 | 90.00 | 9,910.00 |
| Contracted Services (Spl. Ed. Students) - ESCs and CTSA's | 150,000.00 | 50,000.00 | 200,000.00 | 179,997.95 | 20,002.05 |
| Total Undistributed Expenditures - Student Transportation Services | 244,000.00 | - | 244,000.00 | 203,832.63 | 40,167.37 |
| Unallocated Benefits: | | | | | |
| Social Security Contributions | 160,000.00 | | 160,000.00 | 137,389.79 | 22,610.21 |
| Other Retirement Contributions - PERS | 110,000.00 | 5,252.00 | 115,252.00 | 115,251.96 | 0.04 |
| Unemployment Compensation | 30,000.00 | (5,252.00) | 24,748.00 | | 24,748.00 |
| Workmen's Compensation | 60,000.00 | | 60,000.00 | 45,755.00 | 14,245.00 |
| Health Benefits | 2,050,000.00 | (40,507.00) | 2,009,493.00 | 1,342,743.21 | 666,749.79 |
| Tuition Reimbursement | 30,000.00 | | 30,000.00 | 9,999.20 | 20,000.80 |
| Other Employee Benefits | 42,500.00 | | 42,500.00 | 13,649.36 | 28,850.64 |
| Total Unallocated Benefits | 2,482,500.00 | (40,507.00) | 2,441,993.00 | 1,664,788.52 | 777,204.48 |
| On-Behalf TPAF Pension Contributions (non-budgeted) | | | | 1,229,965.00 | (1,229,965.00) |
| On-Behalf TPAF Non-Contributory Group Insurance (non-budgeted) | | | | 14,027.00 | (14,027.00) |
| On-Behalf TPAF Post-Retirement Medical Contributions (non-budgeted) | | | | 338,569.00 | (338,569.00) |
| On-Behalf TPAF Long-Term Disability Insurance (non-budgeted) | | | | 615.00 | (615.00) |
| Reimbursed TPAF Social Security Contributions (non-budgeted) | | | | 260,257.18 | (260,257.18) |
| Total On-behalf Contributions | - | - | - | 1,843,433.18 | (1,843,433.18) |
| Total Undistributed Expenditures | 6,125,248.00 | 92,641.00 | 6,217,889.00 | 6,662,745.56 | (444,856.56) |
| Interest Earned on Maintenance Reserve | 160.00 | - | 160.00 | - | 160.00 |
| Total Current Expense | 10,022,375.00 | (107,453.00) | 9,914,922.00 | 9,857,267.69 | 57,654.31 |
| Capital Outlay: | | | | | |
| Undistributed Expenditures | | | | | |
| Equipment - Instruction | | 12,284.00 | 12,284.00 | 12,265.00 | 19.00 |
| Equipment - Custodial | | 8,799.00 | 8,799.00 | 8,798.88 | 0.12 |
| Total Equipment | - | 21,083.00 | 21,083.00 | 21,063.88 | 19.12 |

(Continued)

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
General Fund
Required Supplementary Information - Part II
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|--------------------|-------------------------|-----------------|-----------------|--|
| EXPENDITURES (CONT'D): | | | | | |
| Capital Outlay: | | | | | |
| Facilities Acquisition and Construction Services | | | | | |
| Architect/Engineer SVCS | \$ 50,000.00 | \$ - | \$ 50,000.00 | \$ - | \$ 50,000.00 |
| Construction Services | 478,240.00 | | 478,240.00 | 19,802.00 | 458,438.00 |
| Assessment for Debt Service on SDA Funding | 1,335.00 | | 1,335.00 | 1,335.00 | - |
| Total Facilities Acquisition and Construction Services | 529,575.00 | - | 529,575.00 | 21,137.00 | 508,438.00 |
| Interest Deposit to Capital Reserve | 500.00 | - | 500.00 | | 500.00 |
| Total Capital Outlay | 529,575.00 | 21,083.00 | 550,658.00 | 42,200.88 | 508,457.12 |
| Transfer to Charter Schools | 20,929.00 | - | 20,929.00 | 20,929.00 | - |
| Total Expenditures | 10,573,379.00 | (86,370.00) | 10,486,509.00 | 9,920,397.57 | 566,111.43 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (2,351,205.00) | 86,370.00 | (2,264,335.00) | 380,615.40 | 2,644,950.40 |
| Other Financing Sources (Uses): | | | | | |
| Local Contribution - Transfer to Special Revenue Fund | | (86,370.00) | (86,370.00) | (86,370.00) | - |
| Total Other Financing Sources (Uses) | - | (86,370.00) | (86,370.00) | (86,370.00) | - |
| Calculation of Excess (Deficiency) of Revenues Over (Under) Expenditures | | | | | |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and | | | | | |
| Other Financing Sources (Uses) | (2,351,205.00) | - | (2,350,705.00) | 294,245.40 | 2,644,950.40 |
| Fund Balances, July 1 | 4,976,307.08 | - | 4,976,307.08 | 4,976,307.08 | - |
| Fund Balances, June 30 | \$ 2,625,102.08 | \$ - | \$ 2,625,602.08 | \$ 5,270,552.48 | \$ 2,644,950.40 |
| Recapitulation: | | | | | |
| Restricted: | | | | | |
| Maintenance Reserve | | | | \$ 162,557.00 | |
| Capital Reserve | | | | 387,564.00 | |
| Capital Reserve - Designated for Subsequent Year's Expenditures | | | | 500,000.00 | |
| Excess Surplus - Current Year | | | | 1,813,309.82 | |
| Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures | | | | 1,813,309.30 | |
| Unemployment Compensation | | | | 141,259.63 | |
| Assigned: | | | | | |
| Year-End Encumbrances | | | | 68,157.73 | |
| Designated for Subsequent Year's Expenditures: | | | | | |
| General Fund Balance | | | | 78,175.00 | |
| Unassigned | | | | 306,220.00 | |
| | | | | 5,270,552.48 | |
| Reconciliation to Governmental Funds Statements(GAAP): | | | | | |
| June 2024 State Aid Payments Not Recognized on GAAP Basis | | | | (352,729.00) | |
| | | | | \$ 4,917,823.48 | |

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Special Revenue Fund
Required Supplementary Information - Part II
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative) Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|-------------------|---|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Revenue from Local Sources | \$ 5,000.00 | \$ 70,181.13 | \$ 75,181.13 | \$ 55,888.48 | \$ (19,292.65) |
| Total - Local Sources | <u>5,000.00</u> | <u>70,181.13</u> | <u>75,181.13</u> | <u>55,888.48</u> | <u>(19,292.65)</u> |
| State Sources: | | | | | |
| SDA Emergent Needs and Capital Maintenance | | 26,131.00 | 26,131.00 | 26,131.00 | |
| Preschool Education Aid | <u>54,420.00</u> | <u>377,430.00</u> | <u>431,850.00</u> | <u>289,128.09</u> | <u>(142,721.91)</u> |
| Total - State Sources | <u>54,420.00</u> | <u>403,561.00</u> | <u>457,981.00</u> | <u>315,259.09</u> | <u>(142,721.91)</u> |
| Federal Sources: | | | | | |
| Title I Grants to Local Educational Agencies | 81,620.00 | 17,435.00 | 99,055.00 | 99,055.00 | |
| Supporting Effective Instruction State Grants (Title II) | 19,523.00 | 12,870.00 | 32,393.00 | 21,365.81 | (11,027.19) |
| Special Education Grants to States (IDEA Basic) | 118,177.00 | 27,374.00 | 145,551.00 | 145,551.00 | |
| Special Education Preschool Grants (IDEA Preschool) | | 7,742.00 | 7,742.00 | 7,742.00 | |
| Education Stabilization Fund: | | | | | |
| Elementary and Secondary School Emergency Relief: | | | | | |
| American Rescue Plan: | | | | | |
| ESSER | | 240,812.77 | 240,812.77 | 240,812.77 | |
| Accelerated Learning Coach and Educator Support | | 16,300.00 | 16,300.00 | 16,300.00 | |
| Evidence Based Summer Learning and Enrichment | | 7,405.00 | 7,405.00 | 7,405.00 | |
| Evidence Based Comprehensive Beyond the School Day | | 25,004.00 | 25,004.00 | 25,004.00 | |
| Total - Federal Sources | <u>219,320.00</u> | <u>354,942.77</u> | <u>574,262.77</u> | <u>563,235.58</u> | <u>(11,027.19)</u> |
| Total Revenues | <u>278,740.00</u> | <u>828,684.90</u> | <u>1,107,424.90</u> | <u>934,383.15</u> | <u>(173,041.75)</u> |

(Continued)

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Special Revenue Fund
Required Supplementary Information - Part II
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative) Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|---------------|---|
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | 111,986.64 | 258,672.18 | 370,658.82 | 370,658.82 | |
| Other Salaries for Instruction | 5,450.44 | 37,801.56 | 43,252.00 | 43,252.00 | |
| Other Purchased Services | 118,177.00 | 27,374.00 | 145,551.00 | 145,551.00 | |
| Supplies and Materials | 1,212.24 | 22,024.76 | 23,237.00 | 22,072.81 | 1,164.19 |
| Total Instruction | 236,826.32 | 345,872.50 | 582,698.82 | 581,534.63 | 1,164.19 |
| Support Services: | | | | | |
| Salaries | | 16,938.89 | 16,938.89 | 13,304.70 | 3,634.19 |
| Salaries of Supervisors | 3,755.28 | 26,044.72 | 29,800.00 | 19,800.00 | 10,000.00 |
| Salaries of Principal & Assistants | 1,386.18 | 9,613.82 | 11,000.00 | 11,000.00 | |
| Salaries of Other Professional Staff | 1,714.95 | 11,894.05 | 13,609.00 | 13,609.00 | |
| Salaries of Secretarial and Clerical Staff | 1,255.37 | 10,306.63 | 11,562.00 | 11,562.00 | |
| Other Salaries | 596.81 | 4,139.19 | 4,736.00 | 4,736.00 | |
| Personal Services - Employee Benefits | 12,973.34 | 136,739.41 | 149,712.75 | 129,637.25 | 20,075.50 |
| Purchased Professional - Technical Services | 9,767.92 | 107,882.89 | 117,650.81 | 117,650.81 | |
| Purchased Services | 4,073.05 | 53,925.95 | 57,999.00 | 26,587.60 | 31,411.40 |
| Supplies and Materials | 1,390.78 | 9,014.72 | 10,405.50 | 9,311.68 | 1,093.82 |
| Student Activities | 5,000.00 | 70,181.13 | 75,181.13 | 56,496.84 | 18,684.29 |
| Total Support Services | 41,913.68 | 456,681.40 | 498,595.08 | 413,695.88 | 84,899.20 |
| Facilities Acquisition and Construction Services: | | | | | |
| Building | | 26,131.00 | 26,131.00 | 26,131.00 | |
| Total Facilities Acquisition and Construction Services | - | 26,131.00 | 26,131.00 | 26,131.00 | - |
| Total Expenditures | 278,740.00 | 828,684.90 | 1,107,424.90 | 1,021,361.51 | 86,063.39 |
| Other Financing Sources: | | | | | |
| Transfer from General Fund | - | 86,370.00 | 86,370.00 | 86,370.00 | |
| Total Other Financing Sources | - | 86,370.00 | 86,370.00 | 86,370.00 | - |
| Total Expenditures and Other Financing Sources | 278,740.00 | 742,314.90 | 1,021,054.90 | 934,991.51 | 86,063.39 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ - | \$ 86,370.00 | \$ 86,370.00 | \$ (608.36) | \$ (259,105.14) |
| Fund Balance, July 1 | | | | 19,300.14 | |
| Fund Balance, June 30 | | | | \$ 18,691.78 | |
| Recapitulation: | | | | | |
| Restricted: | | | | | |
| Scholarships | | | | \$ 7.49 | |
| Student Activities | | | | 18,684.29 | |
| Reconciliation to Governmental Funds Statements (GAAP) | | | | | |
| Fiscal Year 2024 Last State Aid Payments not recognized on GAAP Basis | | | | (34,548.00) | |
| Unearned Fiscal Year 2024 Restricted State Aid Last State Aid Payment not Recognized on GAAP Basis | | | | 34,548.00 | |
| Fund Balance per Governmental Funds (GAAP) | | | | \$ 18,691.78 | |

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Notes to Required Supplementary Information - Part II
For the Fiscal Year Ended June 30, 2024

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) "revenues" from the budgetary comparison schedules | \$ 10,301,012.97 | \$ 934,383.15 |
| The Restricted State Aids recorded in the Special Revenue Fund are realized utilizing the budgetary basis which dictates that revenue must equal expenditures and differs from GAAP which recognizes the revenue once the eligibility criteria are met as specified in Note 1 and GASB 33. | | 56,351.91 |
| The June 2023 State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) | 320,799.40 | 3,855.60 |
| The June 2024 State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) | <u>(352,729.00)</u> | <u>(34,548.00)</u> |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$ 10,269,083.37</u> | <u>\$ 960,042.66</u> |
| Uses / Outflows of Resources: | | |
| Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule | <u>\$ 9,920,397.57</u> | <u>\$ 1,021,361.51</u> |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2) | <u>\$ 9,920,397.57</u> | <u>\$ 1,021,361.51</u> |

REQUIRED SUPPLEMENTARY INFORMATION
PART III

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

| | Measurement Date Ending June 30, | | | | |
|---|----------------------------------|-----------------|-----------------|-----------------|-----------------|
| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
| School District's Proportion of the Net Pension Liability | 0.0084302059% | 0.0092203467% | 0.0083534834% | 0.0079259596% | 0.0083782815% |
| School District's Proportionate Share of the Net Pension Liability | \$ 1,221,063.00 | \$ 1,391,477.00 | \$ 989,595.00 | \$ 1,292,517.00 | \$ 1,509,639.00 |
| School District's Covered Payroll (Plan Measurement Period) | \$ 678,276.00 | \$ 627,864.00 | \$ 653,148.00 | \$ 612,336.00 | \$ 653,972.00 |
| School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 221.62% | 221.62% | 151.51% | 211.08% | 230.84% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 65.23% | 62.91% | 70.33% | 58.32% | 56.27% |
| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| School District's Proportion of the Net Pension Liability | 0.0083018916% | 0.0070160273% | 0.0066513901% | 0.0082336142% | 0.0067661300% |
| School District's Proportionate Share of the Net Pension Liability | \$ 1,634,601.00 | \$ 1,633,219.00 | \$ 1,969,951.00 | \$ 1,848,281.00 | \$ 1,266,805.00 |
| School District's Covered Payroll (Plan Measurement Period) | \$ 608,540.00 | \$ 515,828.00 | \$ 493,900.00 | \$ 517,244.00 | \$ 508,428.00 |
| School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 268.61% | 316.62% | 398.86% | 357.33% | 249.16% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 53.60% | 48.10% | 40.14% | 47.93% | 52.08% |

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

| | Fiscal Year Ended June 30, | | | | |
|---|-----------------------------------|--------------------|---------------------|--------------------|--------------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
| Contractually Required Contribution | \$ 110,738.00 | \$ 112,672.00 | \$ 116,273.00 | \$ 97,829.00 | \$ 86,706.00 |
| Contributions in Relation to the Contractually Required Contribution | <u>110,738.00</u> | <u>112,672.00</u> | <u>(116,273.00)</u> | <u>(97,829.00)</u> | <u>(86,706.00)</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| School District's Covered Payroll (Fiscal Year) | \$ 665,521.00 | \$ 647,211.00 | \$ 647,121.00 | \$ 599,725.00 | \$ 594,226.00 |
| Contributions as a Percentage of School District's Covered Payroll | 16.64% | 17.41% | 17.97% | 16.31% | 14.59% |
| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Contractually Required Contribution | \$ 81,496.00 | \$ 82,577.00 | \$ 64,996.00 | \$ 59,090.00 | \$ 70,787.00 |
| Contributions in Relation to the Contractually Required Contribution | <u>(81,496.00)</u> | <u>(82,577.00)</u> | <u>(64,996.00)</u> | <u>(59,090.00)</u> | <u>(70,787.00)</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| School District's Covered Payroll (Fiscal Year) | \$ 569,599.00 | \$ 598,975.00 | \$ 544,722.00 | \$ 464,640.00 | \$ 457,789.00 |
| Contributions as a Percentage of School District's Covered Payroll | 14.31% | 13.79% | 11.93% | 12.72% | 15.46% |

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

| | Measurement Date Ending June 30, | | | | |
|--|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
| School District's Proportion of the Net Pension Liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| State's Proportion of the Net Pension Liability Associated with the School District | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> |
| School District's Proportionate Share of the Net Pension Liability | \$ - | \$ - | \$ - | \$ - | \$ - |
| State's Proportionate Share of the Net Pension Liability Associated with the School District | 14,012,212.00 | 14,422,784.00 | 13,616,794.00 | 18,573,572.00 | 17,264,372.00 |
| | <u>\$ 14,422,784.00</u> | <u>\$ 14,422,784.00</u> | <u>\$ 13,616,794.00</u> | <u>\$ 18,573,572.00</u> | <u>\$ 17,264,372.00</u> |
| School District's Covered Payroll (Plan Measurement Period) | \$ 3,962,560.00 | \$ 3,669,876.00 | \$ 3,622,832.00 | \$ 3,663,712.00 | \$ 3,597,612.00 |
| School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 353.62% | 393.00% | 375.86% | 506.96% | 479.88% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 34.68% | 32.29% | 35.52% | 24.60% | 26.95% |
| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| School District's Proportion of the Net Pension Liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| State's Proportion of the Net Pension Liability Associated with the School District | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> |
| School District's Proportionate Share of the Net Pension Liability | \$ - | \$ - | \$ - | \$ - | \$ - |
| State's Proportionate Share of the Net Pension Liability Associated with the School District | 17,866,223.00 | 19,172,422.00 | 22,771,595.00 | 18,581,686.00 | 16,297,918.00 |
| | <u>\$ 17,866,223.00</u> | <u>\$ 19,172,422.00</u> | <u>\$ 22,771,595.00</u> | <u>\$ 18,581,686.00</u> | <u>\$ 16,297,918.00</u> |
| School District's Covered Payroll (Plan Measurement Period) | \$ 3,526,036.00 | \$ 3,516,252.00 | \$ 3,534,820.00 | \$ 3,412,292.00 | \$ 3,379,344.00 |
| School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 506.69% | 545.25% | 644.21% | 544.55% | 482.28% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 26.49% | 25.41% | 22.33% | 28.71% | 33.64% |

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Required Supplementary Information - Part III
Schedule of School District's Contributions
Teachers' Pension and Annuity Fund (TPAF)
Last Ten Fiscal Years

This schedule is not applicable.

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

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

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Notes to Required Supplementary Information - Part III
For the Fiscal Year Ended June 30, 2024

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Term:

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

Changes in Assumptions:

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

| <u>Year</u> | <u>Rate</u> | <u>Year</u> | <u>Rate</u> |
|-------------|-------------|-------------|-------------|
| 2023 | 7.00% | 2018 | 4.86% |
| 2022 | 7.00% | 2017 | 4.25% |
| 2021 | 7.00% | 2016 | 3.22% |
| 2020 | 5.40% | 2015 | 4.13% |
| 2019 | 5.60% | 2014 | 4.68% |

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

| <u>Year</u> | <u>Rate</u> | <u>Year</u> | <u>Rate</u> |
|-------------|-------------|-------------|-------------|
| 2023 | 7.00% | 2018 | 7.00% |
| 2022 | 7.00% | 2017 | 7.00% |
| 2021 | 7.00% | 2016 | 7.65% |
| 2020 | 7.00% | 2015 | 7.90% |
| 2019 | 7.00% | 2014 | 7.90% |

Public Employees' Retirement System (PERS)

Changes in Benefit Terms:

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

Changes in Assumptions:

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

| <u>Year</u> | <u>Rate</u> | <u>Year</u> | <u>Rate</u> |
|-------------|-------------|-------------|-------------|
| 2023 | 7.00% | 2018 | 5.66% |
| 2022 | 7.00% | 2017 | 5.00% |
| 2021 | 7.00% | 2016 | 3.98% |
| 2020 | 7.00% | 2015 | 4.90% |
| 2019 | 6.28% | 2014 | 5.39% |

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

| <u>Year</u> | <u>Rate</u> | <u>Year</u> | <u>Rate</u> |
|-------------|-------------|-------------|-------------|
| 2023 | 7.00% | 2018 | 7.00% |
| 2022 | 7.00% | 2017 | 7.00% |
| 2021 | 7.00% | 2016 | 7.65% |
| 2020 | 7.00% | 2015 | 7.90% |
| 2019 | 7.00% | 2014 | 7.90% |

REQUIRED SUPPLEMENTARY INFORMATION
PART IV

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Required Supplementary Information- Part IV
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios
Last Seven Plan Years

| | Measurement Date Ending June 30, | | | |
|---|----------------------------------|-------------------------|-------------------------|-------------------------|
| | 2023 | 2022 | 2021 | 2020 |
| Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the School District | | | | |
| Changes for the Year: | | | | |
| Service Cost | \$ 671,656.00 | \$ 909,401.00 | \$ 1,044,032.00 | \$ 552,617.00 |
| Interest Cost | 572,120.00 | 409,570.00 | 477,513.00 | 453,582.00 |
| Changes in Benefit Terms | - | - | (19,593.00) | - |
| Difference Between Expected and Actual Experience | (55,278.00) | 266,796.00 | (3,497,073.00) | 3,722,043.00 |
| Changes in Assumptions | 32,743.00 | (4,145,895.00) | 18,161.00 | 3,790,043.00 |
| Member Contributions | 14,661.00 | 13,015.00 | 12,208.00 | 10,948.00 |
| Gross Benefit Payments | (445,977.00) | (405,691.00) | (376,147.00) | (361,215.00) |
| Net Change in Total Non-Employer OPEB Liability | 789,925.00 | (2,952,804.00) | (2,340,899.00) | 8,168,018.00 |
| Total Non-Employer OPEB Liability - Beginning of Fiscal Year | 15,454,823.00 | 18,407,627.00 | 20,748,526.00 | 12,580,508.00 |
| Total Non-Employer OPEB Liability - End of Fiscal Year | <u>\$ 16,244,748.00</u> | <u>\$ 15,454,823.00</u> | <u>\$ 18,407,627.00</u> | <u>\$ 20,748,526.00</u> |
| School District's Covered Payroll (Plan Measurement Period) | <u>\$ 4,208,888.00</u> | <u>\$ 3,935,784.00</u> | <u>\$ 3,721,036.00</u> | <u>\$ 3,720,762.00</u> |
| State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District as a Percentage of Covered Payroll | 385.96% | 392.67% | 494.69% | 557.64% |
| | Measurement Date Ending June 30, | | | |
| | 2019 | 2018 | 2017 | |
| Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the School District | | | | |
| Changes for the Year: | | | | |
| Service Cost | \$ 533,828.00 | \$ 556,538.00 | \$ 670,652.00 | |
| Interest Cost | 531,202.00 | 566,756.00 | 487,423.00 | |
| Changes in Benefit Terms | - | - | - | |
| Difference Between Expected and Actual Experience | (1,675,272.00) | (1,310,637.00) | - | |
| Changes in Assumptions | 187,576.00 | (1,535,182.00) | (1,970,692.00) | |
| Member Contributions | 11,448.00 | 12,363.00 | 13,174.00 | |
| Gross Benefit Payments | (386,184.00) | (357,721.00) | (357,757.00) | |
| Net Change in Total Non-Employer OPEB Liability | (797,402.00) | (797,402.00) | (2,067,883.00) | |
| Total Non-Employer OPEB Liability - Beginning of Fiscal Year | 13,377,910.00 | 15,445,793.00 | 16,602,993.00 | |
| Total Non-Employer OPEB Liability - End of Fiscal Year | <u>\$ 12,580,508.00</u> | <u>\$ 13,377,910.00</u> | <u>\$ 15,445,793.00</u> | |
| School District's Covered Payroll (Plan Measurement Period) | <u>\$ 3,679,799.00</u> | <u>\$ 3,650,766.00</u> | <u>\$ 3,563,121.00</u> | |
| State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District as a Percentage of Covered Payroll | 341.88% | 366.44% | 433.49% | |

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

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Required Supplementary Information - Part IV
Notes to Required Supplementary Information - Part IV
For the Fiscal Year Ended June 30, 2024

Changes in Benefit Terms:

None.

Changes in Assumptions:

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

| <u>Year</u> | <u>Rate</u> | <u>Year</u> | <u>Rate</u> |
|-------------|-------------|-------------|-------------|
| 2023 | 3.65% | 2019 | 3.50% |
| 2022 | 3.54% | 2018 | 3.87% |
| 2021 | 2.16% | 2017 | 3.58% |
| 2020 | 2.21% | | |

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

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 14.80% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend is increasing to 17.40% 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 trend rate after seven years. For the Medicare Part B reimbursement, the trend is 5.00%.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2024

| | | E.S.S.A. | | I.D.E.A., Part B. | | | | |
|--|----------------------|--|--|---|---|-------------------------------|--|-----------------------------|
| | | Title I Grants to Local Educational Agencies | Supporting Effective Instruction State Grants (Title II) | Special Education Grants to States (IDEA Basic) | Special Education Preschool Grants (IDEA Preschool) | Preschool Education Aid | SDA Emergent Needs and Capital Maintenance | Total Brought Forward |
| | Total | | | | | | | |
| REVENUES: | | | | | | | | |
| Federal Sources | \$ 563,235.58 | \$ 99,055.00 | \$ 21,365.81 | \$ 145,551.00 | \$ 7,742.00 | \$ - | \$ - | \$ 289,521.77 |
| State Sources | 315,259.09 | | | | | 289,128.09 | 26,131.00 | - |
| Local Sources | <u>55,888.48</u> | | | | | | | <u>55,888.48</u> |
| Total Revenues | <u>\$ 934,383.15</u> | <u>\$ 99,055.00</u> | <u>\$ 21,365.81</u> | <u>\$ 145,551.00</u> | <u>\$ 7,742.00</u> | <u>\$ 289,128.09</u> | <u>\$ 26,131.00</u> | <u>\$ 345,410.25</u> |
| EXPENDITURES: | | | | | | | | |
| Instruction: | | | | | | | | |
| Salaries of Teachers | \$ 370,658.82 | \$ 98,855.00 | \$ - | \$ - | \$ 7,742.00 | \$ 147,154.00 | \$ - | \$ 116,907.82 |
| Other Salaries for Instruction | 43,252.00 | | | | | 43,252.00 | | - |
| Other Purchased Services | 145,551.00 | | | 145,551.00 | | | | - |
| Supplies and Materials | <u>22,072.81</u> | <u>200.00</u> | | | | <u>6,622.81</u> | | <u>15,250.00</u> |
| Total Instruction | <u>581,534.63</u> | <u>99,055.00</u> | <u>-</u> | <u>145,551.00</u> | <u>7,742.00</u> | <u>197,028.81</u> | <u>-</u> | <u>132,157.82</u> |
| Support Services: | | | | | | | | |
| Salaries | 13,304.70 | | 13,304.70 | | | | | - |
| Salaries of Supervisors | 19,800.00 | | | | | 19,800.00 | | - |
| Salaries of Principal & Assistants | 11,000.00 | | | | | 11,000.00 | | - |
| Salaries of Other Professional Staff | 13,609.00 | | | | | 13,609.00 | | - |
| Salaries of Secretarial and Clerical Staff | 11,562.00 | | | | | 11,562.00 | | - |
| Other Salaries | 4,736.00 | | | | | 4,736.00 | | - |
| Personal Services - Employee Benefits | 129,637.25 | | | | | 81,274.50 | | 48,362.75 |
| Purchased Technical Services | 117,650.81 | | 8,061.11 | | | 3,150.00 | | 106,439.70 |
| Purchased Services | 26,587.60 | | | | | 26,587.60 | | - |
| Supplies and Materials | 9,311.68 | | | | | 6,750.18 | | 2,561.50 |
| Student Activities | <u>56,496.84</u> | | | | | | | <u>56,496.84</u> |
| Total Support Services | <u>413,695.88</u> | <u>-</u> | <u>21,365.81</u> | <u>-</u> | <u>-</u> | <u>178,469.28</u> | <u>-</u> | <u>213,860.79</u> |
| Facilities Acquisition and Construction Services: | | | | | | | | |
| Building | <u>26,131.00</u> | | | | | | <u>26,131.00</u> | <u>-</u> |
| Total Facilities Acquisition and Construction Services | <u>26,131.00</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>26,131.00</u> | <u>-</u> |
| Total Expenditures | <u>1,021,361.51</u> | <u>99,055.00</u> | <u>21,365.81</u> | <u>145,551.00</u> | <u>7,742.00</u> | <u>375,498.09</u> | <u>26,131.00</u> | <u>346,018.61</u> |
| Other Financing Sources: | | | | | | | | |
| Transfer from General Fund | <u>86,370.00</u> | | | | | <u>86,370.00</u> | | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>86,370.00</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>86,370.00</u> | <u>-</u> | <u>-</u> |
| Total Expenditures and Other Financing Sources (Uses) | <u>934,991.51</u> | <u>99,055.00</u> | <u>21,365.81</u> | <u>145,551.00</u> | <u>7,742.00</u> | <u>289,128.09</u> | <u>26,131.00</u> | <u>346,018.61</u> |
| Excess (Deficiency) of Revenues | | | | | | | | |
| Over (Under) Expenditures | <u>(608.36)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(608.36)</u> |
| Fund Balance, July 1 | <u>19,300.14</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>19,300.14</u> |
| Fund Balance, June 30 | <u>\$ 18,691.78</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 18,691.78</u> |

(Continued)

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2024

| | EDUCATION STABILIZATION FUND SECTION 1 - ELEMENTARY AND SECONDARY EDUCATION | | | | | | |
|--|--|-----------------------|---|---|---|----------------------------|------------------------------------|
| | Total Carried <u>Forward</u> | ARP - <u>ESSER</u> | ARP - Accelerated <u>Learning</u> | ARP - Evidence Based Summer Learning and <u>Enrichment</u> | ARP - Evidence Based Comprehensive Beyond <u>School Day</u> | Scholarship <u>Fund</u> | Student Activity <u>Fund</u> |
| REVENUES: | | | | | | | |
| Federal Sources | \$ 289,521.77 | \$ 240,812.77 | \$ 16,300.00 | \$ 7,405.00 | \$ 25,004.00 | \$ - | \$ - |
| State Sources | - | | | | | | |
| Local Sources | <u>55,888.48</u> | | | | | <u>2.89</u> | <u>55,885.59</u> |
| Total Revenues | <u>\$ 345,410.25</u> | <u>\$ 240,812.77</u> | <u>\$ 16,300.00</u> | <u>\$ 7,405.00</u> | <u>\$ 25,004.00</u> | <u>\$ 2.89</u> | <u>\$ 55,885.59</u> |
| EXPENDITURES: | | | | | | | |
| Instruction: | | | | | | | |
| Salaries of Teachers | \$ 116,907.82 | \$ 86,275.82 | \$ - | \$ 7,405.00 | \$ 23,227.00 | \$ - | \$ - |
| Other Salaries for Instruction | - | | | | | | |
| Supplies and Materials | <u>15,250.00</u> | <u>15,250.00</u> | | | | | |
| Total Instruction | <u>132,157.82</u> | <u>101,525.82</u> | <u>-</u> | <u>7,405.00</u> | <u>23,227.00</u> | <u>-</u> | <u>-</u> |
| Support Services: | | | | | | | |
| Salaries of Supervisors | - | | | | | | |
| Salaries of Principal & Assistants | - | | | | | | |
| Salaries of Other Professional Staff | - | | | | | | |
| Salaries of Secretarial and Clerical Staff | - | | | | | | |
| Other Salaries | - | | | | | | |
| Personal Services - Employee Benefits | 48,362.75 | 46,585.75 | | | 1,777.00 | | |
| Purchased Technical Services | 106,439.70 | 90,139.70 | 16,300.00 | | | | |
| Purchased Services | - | | | | | | |
| Supplies and Materials | 2,561.50 | 2,561.50 | | | | | |
| Student Activities | <u>56,496.84</u> | | | | | | <u>56,496.84</u> |
| Total Support Services | <u>213,860.79</u> | <u>139,286.95</u> | <u>16,300.00</u> | <u>-</u> | <u>1,777.00</u> | <u>-</u> | <u>56,496.84</u> |
| Facilities Acquisition and Construction Services: | | | | | | | |
| Building | - | | | | | | |
| Total Facilities Acquisition and Construction Services | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Expenditures | <u>346,018.61</u> | <u>240,812.77</u> | <u>16,300.00</u> | <u>7,405.00</u> | <u>25,004.00</u> | <u>-</u> | <u>56,496.84</u> |
| Other Financing Sources: | | | | | | | |
| Transfer from General Fund | - | | | | | | |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Expenditures and Other Financing Sources (Uses) | <u>346,018.61</u> | <u>240,812.77</u> | <u>16,300.00</u> | <u>7,405.00</u> | <u>25,004.00</u> | <u>-</u> | <u>56,496.84</u> |
| Excess (Deficiency) of Revenues | | | | | | | |
| Over (Under) Expenditures | <u>(608.36)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2.89</u> | <u>(611.25)</u> |
| Fund Balance, July 1 | <u>19,300.14</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>4.60</u> | <u>19,295.54</u> |
| Fund Balance, June 30 | <u>\$ 18,691.78</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 7.49</u> | <u>\$ 18,684.29</u> |

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Special Revenue Fund
Schedule of Preschool Education Aid Expenditures
Preschool - All Programs
Budgetary Basis
For the Fiscal Year Ended June 30, 2024

GOVERNMENT-WIDE TOTAL

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|----------------------|----------------------|---------------------|
| EXPENDITURES: | | | |
| Instruction: | | | |
| Salaries of Teachers | \$ 147,154.00 | \$ 147,154.00 | \$ - |
| Other Salaries | 43,252.00 | 43,252.00 | |
| Supplies and Materials | 7,787.00 | 6,622.81 | 1,164.19 |
| | <u>198,193.00</u> | <u>197,028.81</u> | <u>1,164.19</u> |
| Total Instruction | | | |
| | <u>198,193.00</u> | <u>197,028.81</u> | <u>1,164.19</u> |
| Support Services: | | | |
| Salaries of Supervisors of Instruction | 29,800.00 | 19,800.00 | 10,000.00 |
| Salaries of Other Principals & Assts | 11,000.00 | 11,000.00 | |
| Salaries of Other Professional Staff | 13,609.00 | 13,609.00 | |
| Salaries of Secretarial and Clerical Assistants | 11,562.00 | 11,562.00 | |
| Other Salaries | 4,736.00 | 4,736.00 | |
| Personal Service - Employee Benefits | 101,350.00 | 81,274.50 | 20,075.50 |
| Non-Instructional Professional Service | 3,150.00 | 3,150.00 | |
| Purchased Services | 45,000.00 | 26,587.60 | 18,412.40 |
| Other Purchased Services | 5,450.00 | | 5,450.00 |
| Misc Purchased Services | 1,000.00 | | 1,000.00 |
| Supplies and Materials | 7,000.00 | 6,750.18 | 249.82 |
| | <u>233,657.00</u> | <u>178,469.28</u> | <u>55,187.72</u> |
| Total Instruction | | | |
| | <u>233,657.00</u> | <u>178,469.28</u> | <u>55,187.72</u> |
| Total Expenditures | <u>\$ 431,850.00</u> | <u>\$ 375,498.09</u> | <u>\$ 56,351.91</u> |

CALCULATION OF BUDGET AND CARRYOVER

| | |
|---|-------------------|
| Total 2023-24 Preschool Education Aid Allocation | \$ 345,480.00 |
| Add: Actual ECPA Carryover (June 30, 2023) | - |
| Add: Actual Transfer from General Fund 2023-24 | <u>86,370.00</u> |
| Total Preschool Education Aid Funds Available for 2022-23 Budget | 431,850.00 |
| Less: 2023-24 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover) | <u>431,850.00</u> |
| Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2024 | - |
| Add: 2023-24 Unexpended Preschool Education Aid | <u>56,351.91</u> |
| 2023-24 Carryover - Preschool Education Aid | <u>56,351.91</u> |
| 2023-24 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2024-2025 | <u>\$ -</u> |

PROPRIETARY FUNDS

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
 Proprietary Fund
 Business-Type Activities - Enterprise Fund
 Statement of Net Position
 June 30, 2024

| | <u>Food Service</u> |
|----------------------------------|-----------------------------|
| ASSETS: | |
| Current Assets: | |
| Cash and Cash Equivalents | \$ 101,377.53 |
| Accounts Receivable: | |
| State | 250.43 |
| Federal | 4,901.94 |
| Other | 22,975.85 |
| Inventories | <u>12,286.23</u> |
| Total Current Assets | <u>141,791.98</u> |
| Noncurrent Assets: | |
| Equipment | 77,149.27 |
| Less Accumulated Depreciation | <u>(30,570.46)</u> |
| Total Noncurrent Assets | <u>46,578.81</u> |
| Total Assets | <u>188,370.79</u> |
| LIABILITIES: | |
| Current Liabilities: | |
| Accounts Payable | <u>49,627.13</u> |
| NET POSITION: | |
| Net Investment in Capital Assets | 5,838.81 |
| Unrestricted | <u>132,904.85</u> |
| Total Net Position | <u><u>\$ 138,743.66</u></u> |

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Proprietary Fund
Business-Type Activities - Enterprise Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2024

| | <u>Food Service</u> |
|---|-----------------------------|
| OPERATING REVENUES: | |
| Charges for Services: | |
| Daily Sales - Reimbursable | \$ 39,469.40 |
| Daily Sales - Non-Reimbursable | 13,956.76 |
| Miscellaneous | 8,102.51 |
| Woodlynne Interlocal | <u>12,000.00</u> |
| Total Operating Revenues | <u>73,528.67</u> |
| OPERATING EXPENSES: | |
| Salaries | 62,009.78 |
| Employee Benefits | 13,831.47 |
| Supplies and Materials | 13,412.00 |
| Cost of Sales - Reimbursable Programs | 69,787.18 |
| Cost of Sales - Non-Reimbursable Programs | 5,172.00 |
| Cleaning, Repairs and Maintenance | 2,712.18 |
| Purchased Professional and Technical Services | 12,190.00 |
| Management Fee | 29,625.00 |
| Depreciation | 433.95 |
| Insurance | 3,580.29 |
| Miscellaneous | <u>2,030.58</u> |
| Total Operating Expenses | <u>214,784.43</u> |
| Operating Income / (Loss) | <u>(141,255.76)</u> |
| NONOPERATING REVENUES: | |
| State Sources: | |
| State School Lunch Program | 2,156.98 |
| State School Reduced Lunch Program | 816.40 |
| State School Reduced Breakfast Program | 76.80 |
| Working Class Families State Supplement - NJEIE | 1,819.90 |
| Federal Sources: | |
| National School Lunch Program | 85,514.90 |
| National School Breakfast Program | 16,513.04 |
| Healthy Hunger Free Kids Act | 2,622.40 |
| National School Lunch Program - Commodities | <u>19,257.09</u> |
| Total Nonoperating Revenues | <u>128,777.51</u> |
| Change in Net Position | (12,478.25) |
| Net Position -- July 1 | <u>151,221.91</u> |
| Net Position -- June 30 | <u><u>\$ 138,743.66</u></u> |

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Proprietary Fund
Business-Type Activities - Enterprise Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2024

| | <u>Food Service</u> |
|--|-------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Receipts from Customers | \$ 70,567.18 |
| Payments to Employees | (62,009.78) |
| Payments for Employee Benefits | (13,831.47) |
| Payments to Suppliers | <u>(116,778.51)</u> |
| Net Cash Provided by (used for) Operating Activities | <u>(122,052.58)</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | |
| Federal and State Sources | <u>120,840.00</u> |
| Net Cash Provided by (used for) Non-Capital Financing Activities | <u>120,840.00</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (1,212.58) |
| Cash and Cash Equivalents -- July 1 | <u>102,590.11</u> |
| Cash and Cash Equivalents -- June 30 | <u><u>\$ 101,377.53</u></u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) | |
| by Operating Activities: | |
| Operating Income (Loss) | <u>\$ (141,255.76)</u> |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash | |
| Provided by (used for) Operating Activities: | |
| Depreciation | 433.95 |
| Commodities Acceptance | 19,257.09 |
| (Increase) Decrease in Inventories | 1,694.23 |
| (Increase) Decrease in Accounts Receivable | (2,961.49) |
| Increase (Decrease) in Other Current Liabilities | <u>779.40</u> |
| Total Adjustments | <u>19,203.18</u> |
| Net Cash Provided by (used for) Operating Activities | <u><u>\$ (122,052.58)</u></u> |

LONG-TERM DEBT

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2024

| <u>Issue</u> | <u>Date of Issue</u> | <u>Amount of Issue</u> | <u>Annual Maturities</u> | | <u>Interest Rate</u> | <u>Balance</u> | <u>Paid</u> | <u>Balance</u> |
|--------------------------|--------------------------|----------------------------|--------------------------|---------------|--------------------------|------------------------|----------------------|------------------------|
| | | | <u>Date</u> | <u>Amount</u> | | <u>July 1, 2023</u> | | <u>June 30, 2024</u> |
| Series 2015 School Bonds | 02/11/15 | \$ 3,934,000.00 | 08/15/24 | \$ 180,000.00 | 3.00% | | | |
| | | | 08/15/25 | 185,000.00 | 3.00% | | | |
| | | | 08/15/26 | 195,000.00 | 3.00% | | | |
| | | | 08/15/27 | 200,000.00 | 3.00% | | | |
| | | | 08/15/28 | 205,000.00 | 3.00% | | | |
| | | | 08/15/29 | 215,000.00 | 3.00% | | | |
| | | | 08/15/30 | 220,000.00 | 3.00% | | | |
| | | | 08/15/31 | 230,000.00 | 3.00% | | | |
| | | | 08/15/32 | 235,000.00 | 3.00% | | | |
| | | | 08/15/33 | 245,000.00 | 3.00% | | | |
| | | | 08/15/34 | 255,000.00 | 3.25% | | | |
| | | | 08/15/35 | 265,000.00 | 3.25% | | | |
| | | | | | | <u>\$ 2,805,000.00</u> | <u>\$ 175,000.00</u> | <u>\$ 2,630,000.00</u> |
| | | | | | | | | |

BOROUGH OF MAGNOLIA SCHOOL DISTRICT

Debt Service Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2024

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | Variance Positive (Negative) <u>Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|-------------------|---|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 204,374.00 | \$ - | \$ 204,374.00 | \$ 204,374.00 | \$ - |
| State Aid: | | | | | |
| Debt Service Aid Type II | <u>53,451.00</u> | | <u>53,451.00</u> | <u>53,451.00</u> | <u>-</u> |
| Total Revenues | <u>257,825.00</u> | <u>-</u> | <u>257,825.00</u> | <u>257,825.00</u> | <u>-</u> |
| EXPENDITURES: | | | | | |
| Regular Debt Service: | | | | | |
| Interest | 82,825.00 | | 82,825.00 | 82,825.00 | - |
| Redemption of Principal | <u>175,000.00</u> | | <u>175,000.00</u> | <u>175,000.00</u> | <u>-</u> |
| Total Expenditures | <u>257,825.00</u> | <u>-</u> | <u>257,825.00</u> | <u>257,825.00</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | - | - | - | - |
| Fund Balance, July 1 | <u>0.47</u> | <u>-</u> | <u>0.47</u> | <u>0.47</u> | <u>-</u> |
| Fund Balance, June 30 | <u>\$ 0.47</u> | <u>\$ -</u> | <u>\$ 0.47</u> | <u>\$ 0.47</u> | <u>\$ -</u> |

STATISTICAL SECTION

Financial Trends Information

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

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Governmental Activities: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 1,003,190.35 | \$ 718,473.52 | \$ 3,293,600.40 | \$ 4,608,626.62 | \$ 4,685,150.47 | \$ 4,726,466.95 | \$ 5,058,205.14 | \$ 5,650,205.24 | \$ 6,325,582.45 | \$ 6,256,167.29 |
| Restricted | 2,646,536.44 | 3,809,756.82 | 2,991,767.48 | 2,855,826.72 | 2,828,485.11 | 3,389,795.05 | 4,377,789.14 | 4,361,902.89 | 3,836,811.69 | 4,836,692.00 |
| Unrestricted (Deficit) | (1,428,470.32) | (1,580,506.10) | (1,154,964.67) | (1,799,609.64) | (1,834,894.75) | (1,820,163.42) | (1,717,445.22) | (1,514,072.29) | (756,398.20) | (1,399,075.91) |
| Total Governmental Activities Net Position | <u>\$ 2,221,256.47</u> | <u>\$ 2,947,724.24</u> | <u>\$ 5,130,403.21</u> | <u>\$ 5,664,843.70</u> | <u>\$ 5,678,740.83</u> | <u>\$ 6,296,098.58</u> | <u>\$ 7,718,549.06</u> | <u>\$ 8,498,035.84</u> | <u>\$ 9,405,995.94</u> | <u>\$ 9,693,783.38</u> |
| Business-type Activities: | | | | | | | | | | |
| Unrestricted | \$ 54,840.98 | \$ 62,864.45 | \$ 45,507.46 | \$ 47,138.12 | \$ 43,482.60 | \$ 23,955.70 | \$ 113,784.87 | \$ 155,623.87 | \$ 6,272.76 | \$ 5,838.81 |
| Total Business-type Activities Net Position | <u>\$ 54,840.98</u> | <u>\$ 62,864.45</u> | <u>\$ 45,507.46</u> | <u>\$ 47,138.12</u> | <u>\$ 43,482.60</u> | <u>\$ 23,955.70</u> | <u>\$ 113,784.87</u> | <u>\$ 155,623.87</u> | <u>\$ 151,221.91</u> | <u>\$ 138,743.66</u> |
| District-wide: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 1,003,190.35 | \$ 718,473.52 | \$ 3,293,600.40 | \$ 4,608,626.62 | \$ 4,685,150.47 | \$ 4,726,466.95 | \$ 5,058,205.14 | \$ 5,650,205.24 | \$ 6,331,855.21 | \$ 6,262,006.10 |
| Restricted | 2,646,536.44 | 3,809,756.82 | 2,991,767.48 | 2,855,826.72 | 2,828,485.11 | 3,389,795.05 | 4,377,789.14 | 4,361,902.89 | 3,836,811.69 | 4,836,692.00 |
| Unrestricted (Deficit) | (1,373,629.34) | (1,517,641.65) | (1,109,457.21) | (1,752,471.52) | (1,791,412.15) | (1,796,207.72) | (1,603,660.35) | (1,358,448.42) | (611,449.05) | (1,266,171.06) |
| Total District Net Position | <u>\$ 2,276,097.45</u> | <u>\$ 3,010,588.69</u> | <u>\$ 5,175,910.67</u> | <u>\$ 5,711,981.82</u> | <u>\$ 5,722,223.43</u> | <u>\$ 6,320,054.28</u> | <u>\$ 7,832,333.93</u> | <u>\$ 8,653,659.71</u> | <u>\$ 9,557,217.85</u> | <u>\$ 9,832,527.04</u> |

For the fiscal year ended June 30, 2021, the School District adopted GASBS No. 84, which required the School District to report several funds that were previously reported as fiduciary fund type as governmental activities and governmental fund type. Balances prior to June 30, 2021 are shown as originally reported and have not been restated for this adoption.

Source: District Records

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|--|------------------------|------------------------|------------------------|------------------------|-------------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular | \$ 2,124,436.95 | \$ 2,469,201.34 | \$ 2,325,596.92 | \$ 2,359,661.75 | \$ 2,488,234.38 | \$ 2,491,258.93 | \$ 2,323,388.97 | \$ 2,554,438.46 | \$ 2,728,420.84 | \$ 2,990,658.61 |
| Special Education | 723,015.17 | 783,745.44 | 766,662.03 | 793,649.63 | 1,053,653.07 | 912,535.61 | 871,517.32 | 842,488.33 | 928,882.57 | 840,700.52 |
| Other Instruction | 241,712.73 | 260,148.31 | 267,842.72 | 213,789.83 | 207,345.09 | 216,112.62 | 168,932.73 | 263,674.92 | 268,175.07 | 146,974.20 |
| Support Services: | | | | | | | | | | |
| Tuition | 318,265.23 | 312,614.62 | 387,501.04 | 196,783.26 | 194,717.66 | 144,021.84 | 228,286.46 | 490,412.34 | 493,756.08 | 471,122.42 |
| Student & Instruction Related Services | 549,089.95 | 604,023.03 | 644,740.29 | 764,099.56 | 837,559.21 | 942,087.94 | 946,697.03 | 1,268,104.29 | 1,313,602.52 | 1,605,307.88 |
| General Administration | 349,692.63 | 330,504.53 | 279,434.50 | 277,013.02 | 360,767.82 | 391,667.76 | 380,560.30 | 366,943.84 | 431,648.58 | 420,448.80 |
| School Administrative Services | 187,338.68 | 181,806.59 | 184,958.71 | 195,836.23 | 177,326.61 | 186,390.68 | 193,419.82 | 188,247.37 | 204,241.00 | 192,251.34 |
| Central Services | 137,228.07 | 143,895.95 | 142,250.99 | 134,253.95 | 147,734.23 | 140,003.65 | 154,163.05 | 144,722.76 | 158,990.56 | 163,021.80 |
| Administrative Technology | 4,600.00 | 12,535.00 | 15,400.00 | 14,000.00 | 11,250.00 | 11,000.00 | 13,907.50 | 13,633.00 | 2,299.34 | 17,242.50 |
| Plant Operations and Maintenance | 497,719.82 | 472,066.99 | 442,453.27 | 459,490.96 | 468,986.85 | 474,721.28 | 444,800.13 | 536,874.46 | 604,623.67 | 608,032.66 |
| Pupil Transportation | 39,272.29 | 37,243.83 | 82,985.92 | 109,290.66 | 146,774.31 | 102,623.25 | 77,353.88 | 198,774.15 | 204,371.60 | 203,832.63 |
| Unallocated Benefits | 2,708,076.22 | 3,148,407.48 | 3,755,225.09 | 4,083,052.66 | 3,647,535.23 | 3,281,088.93 | 3,972,456.51 | 3,119,866.58 | 2,858,838.83 | 2,769,343.11 |
| Transfer to Charter School | - | - | - | - | 18,656.00 | 7,000.00 | 6,132.00 | 19,432.00 | 22,490.00 | 20,929.00 |
| Interest on Long-term Debt | 36,248.55 | 114,899.60 | 112,325.67 | 107,867.67 | 103,240.60 | 101,528.22 | 93,251.57 | 88,598.93 | 83,517.68 | 78,509.21 |
| Unallocated Depreciation | 29,721.89 | - | - | - | - | - | - | - | - | - |
| Total Governmental Activities Expenses | <u>7,946,418.18</u> | <u>8,871,092.71</u> | <u>9,407,377.15</u> | <u>9,708,789.18</u> | <u>9,863,781.06</u> | <u>9,402,040.71</u> | <u>9,874,867.27</u> | <u>10,096,211.43</u> | <u>10,303,858.34</u> | <u>10,528,374.68</u> |
| Business-type Activities: | | | | | | | | | | |
| Food Service | 147,969.21 | 162,997.89 | 164,797.07 | 185,053.36 | 165,432.69 | 152,893.76 | 130,152.78 | 199,103.96 | 189,009.40 | 214,784.43 |
| Total Business-type Activities Expense | <u>147,969.21</u> | <u>162,997.89</u> | <u>164,797.07</u> | <u>185,053.36</u> | <u>165,432.69</u> | <u>152,893.76</u> | <u>130,152.78</u> | <u>199,103.96</u> | <u>189,009.40</u> | <u>214,784.43</u> |
| Total District Expenses | <u>\$ 8,094,387.39</u> | <u>\$ 9,034,090.60</u> | <u>\$ 9,572,174.22</u> | <u>\$ 9,893,842.54</u> | <u>\$ 10,029,213.75</u> | <u>\$ 9,554,934.47</u> | <u>\$ 10,005,020.05</u> | <u>\$ 10,295,315.39</u> | <u>\$ 10,492,867.74</u> | <u>\$ 10,743,159.11</u> |

(Continued)

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Instruction (Tuition) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 29,051.67 | \$ 35,108.43 | \$ 36,998.61 | \$ 57,525.33 | \$ 79,058.92 |
| Operating Grants and Contributions | 977,712.00 | 1,127,435.00 | 995,341.00 | 841,682.23 | 905,215.47 | 653,730.24 | 1,923,578.62 | 2,240,627.43 | 2,255,591.94 | 2,243,132.58 |
| Total Governmental Activities Program Revenues | 977,712.00 | 1,127,435.00 | 995,341.00 | 841,682.23 | 905,215.47 | 682,781.91 | 1,958,687.05 | 2,277,626.04 | 2,313,117.27 | 2,322,191.50 |
| Business-type Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Food Service | 67,708.00 | 64,208.00 | 59,240.00 | 75,415.65 | 74,927.94 | 63,584.27 | 58,549.43 | 68,871.86 | 70,101.79 | 73,528.67 |
| Operating Grants and Contributions | 79,911.00 | 67,396.00 | 78,578.00 | 95,559.77 | 93,238.43 | 87,720.11 | 114,271.11 | 97,740.57 | 114,505.65 | 128,777.51 |
| Total Business-type Activities Program Revenues | 147,619.00 | 131,604.00 | 137,818.00 | 170,975.42 | 168,166.37 | 151,304.38 | 172,820.54 | 166,612.43 | 184,607.44 | 202,306.18 |
| Total District Program Revenues | \$ 1,125,331.00 | \$ 1,259,039.00 | \$ 1,133,159.00 | \$ 1,012,657.65 | \$ 1,073,381.84 | \$ 834,086.29 | \$ 2,131,507.59 | \$ 2,444,238.47 | \$ 2,497,724.71 | \$ 2,524,497.68 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | \$ (5,945,383.00) | \$ (6,075,559.00) | \$ (5,886,547.00) | \$ (5,957,595.15) | \$ (6,057,652.98) | \$ (6,193,109.33) | \$ (6,912,405.66) | \$ (7,586,155.02) | \$ (7,990,741.07) | \$ (8,206,183.18) |
| Business-type Activities | 12,825.00 | 13,655.00 | (25,227.00) | 4,085.04 | 10,374.66 | 3,335.17 | 8,023.47 | (3,655.52) | (4,401.96) | (12,478.25) |
| Total District-wide Net Expense | \$ (5,932,558.00) | \$ (6,061,904.00) | \$ (5,911,774.00) | \$ (5,953,510.11) | \$ (6,047,278.32) | \$ (6,189,774.16) | \$ (6,904,382.19) | \$ (7,589,810.54) | \$ (7,995,143.03) | \$ (8,218,661.43) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Property Taxes Levied for General Purposes, net | \$ 2,866,755.00 | \$ 3,063,628.00 | \$ 3,055,746.00 | \$ 3,152,901.00 | \$ 3,241,245.00 | \$ 3,399,743.00 | \$ 3,730,556.00 | \$ 4,292,877.00 | \$ 4,569,000.00 | \$ 4,660,380.00 |
| Taxes Levied for Debt Service | 183,862.00 | 177,616.00 | 185,498.00 | - | - | - | - | - | 204,513.00 | 204,374.00 |
| Federal and State Aid Not Restricted | 3,119,395.00 | 3,059,088.00 | 2,995,847.00 | 3,078,835.00 | 3,055,364.00 | 3,076,930.00 | 3,875,067.17 | 3,271,821.07 | 4,047,502.49 | 3,472,904.02 |
| Miscellaneous Income | 106,554.00 | 72,026.00 | 10,954.00 | 23,587.91 | 34,504.57 | 77,960.38 | 33,251.13 | 35,354.08 | 77,685.68 | 156,312.60 |
| Special Items | (10,000.00) | - | - | - | - | - | - | - | - | - |
| Total Governmental Activities | 6,266,566.00 | 6,372,358.00 | 6,248,045.00 | 6,255,323.91 | 6,331,113.57 | 6,554,633.38 | 7,638,874.30 | 7,600,052.15 | 8,898,701.17 | 8,493,970.62 |
| Business-type Activities: | | | | | | | | | | |
| Special Items | 10,000.00 | - | - | - | - | - | - | - | - | - |
| Total Business-type Activities | 10,000.00 | - | - | - | - | - | - | - | - | - |
| Total District-wide | \$ 6,276,566.00 | \$ 6,372,358.00 | \$ 6,248,045.00 | \$ 6,255,323.91 | \$ 6,331,113.57 | \$ 6,554,633.38 | \$ 7,638,874.30 | \$ 7,600,052.15 | \$ 8,898,701.17 | \$ 8,493,970.62 |
| Change in Net Position: | | | | | | | | | | |
| Governmental Activities | \$ 321,183.00 | \$ 296,799.00 | \$ 361,498.00 | \$ 297,728.76 | \$ 273,460.59 | \$ 361,524.05 | \$ 726,468.64 | \$ 13,897.13 | \$ 907,960.10 | \$ 287,787.44 |
| Business-type Activities | 22,825.00 | 13,655.00 | (25,227.00) | 4,085.04 | 10,374.66 | 3,335.17 | 8,023.47 | (3,655.52) | (4,401.96) | (12,478.25) |
| Total District | \$ 344,008.00 | \$ 310,454.00 | \$ 336,271.00 | \$ 301,813.80 | \$ 283,835.25 | \$ 364,859.22 | \$ 734,492.11 | \$ 10,241.61 | \$ 903,558.14 | \$ 275,309.19 |

For the fiscal year ended June 30, 2021, the School District adopted GASBS No. 84, which required the School District to report several funds that were previously reported as fiduciary fund type as governmental activities and governmental fund type. Balances prior to June 30, 2021 are shown as originally reported and have not been restated for this adoption.

Source: District Records

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| General Fund: | | | | | | | | | | |
| Restricted | \$ 2,725,934.49 | \$ 3,005,008.12 | \$ 2,466,324.01 | \$ 2,781,144.60 | \$ 2,753,802.99 | \$ 3,389,794.58 | \$ 4,364,518.66 | \$ 4,346,560.06 | \$ 3,817,511.08 | \$ 4,817,999.75 |
| Assigned | 27,545.72 | 18,197.43 | 592,801.01 | 34,149.00 | 13,871.00 | 96,331.03 | 182,325.00 | 80,079.00 | 830,621.00 | 146,332.73 |
| Unassigned (Deficit) | (32,159.60) | (17,226.10) | (31,034.70) | (43,576.00) | 3,927.30 | (6,853.00) | 12,351.09 | 127,786.18 | 7,375.60 | (46,509.00) |
| Total General Fund | <u>\$ 2,721,320.61</u> | <u>\$ 3,005,979.45</u> | <u>\$ 3,028,090.32</u> | <u>\$ 2,771,717.60</u> | <u>\$ 2,771,601.29</u> | <u>\$ 3,479,272.61</u> | <u>\$ 4,559,194.75</u> | <u>\$ 4,554,425.24</u> | <u>\$ 4,655,507.68</u> | <u>\$ 4,917,823.48</u> |
| All Other Governmental Funds: | | | | | | | | | | |
| Restricted, Reported in: | | | | | | | | | | |
| Special Revenue Fund | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 13,270.01 | \$ 15,342.36 | \$ 19,300.14 | \$ 18,691.78 |
| Capital Projects Fund | 3,579,233.48 | 3,308,522.75 | 640,396.45 | 74,681.65 | 74,681.65 | - | - | - | - | - |
| Debt Service Fund | - | 0.97 | 1.47 | 0.47 | 0.47 | 0.47 | 0.47 | 0.47 | 0.47 | 0.47 |
| Unassigned (Deficit) | (4,736.40) | (2,762.90) | (3,552.30) | (3,947.00) | (3,606.30) | (4,065.00) | (3,307.20) | (2,942.80) | (3,855.60) | - |
| Total All Other Governmental Funds | <u>\$ 3,574,497.08</u> | <u>\$ 3,305,760.82</u> | <u>\$ 636,845.62</u> | <u>\$ 70,735.12</u> | <u>\$ 71,075.82</u> | <u>\$ (4,064.53)</u> | <u>\$ 9,963.28</u> | <u>\$ 12,400.03</u> | <u>\$ 15,445.01</u> | <u>\$ 18,692.25</u> |

For the fiscal year ended June 30, 2021, the School District adopted GASB No. 84, which required the School District to include the revenue and expenditures of the Student Activity and Scholarship Funds in Governmental Activities. Balances prior to June 30, 2021 are shown as originally reported and have not been restated for this adoption.

Source: District Records

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---------------------|---------------------|------------------------|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Revenues | | | | | | | | | | |
| Tax Levy | \$ 3,506,489.00 | \$ 3,730,556.00 | \$ 4,012,613.00 | \$ 4,154,065.00 | \$ 4,292,877.00 | \$ 4,478,090.00 | \$ 4,596,014.00 | \$ 4,683,946.00 | \$ 4,773,513.00 | \$ 4,864,754.00 |
| Tuition | 18,616.06 | 35,108.43 | 5,112.84 | 20,848.00 | 36,998.61 | 61,969.60 | 68,275.34 | 66,420.00 | 447.84 | 23,170.44 |
| Other Restricted Miscellaneous Revenues | - | - | - | - | - | - | 1,024.59 | 799.20 | 1,415.82 | 1,942.85 |
| Unrestricted Miscellaneous Revenues | 19,108.56 | 33,251.13 | 59,667.58 | 59,643.60 | 35,354.08 | 51,262.86 | 68,197.18 | 46,674.42 | 76,269.86 | 154,369.75 |
| Local Sources | - | - | - | - | - | - | 12,677.54 | 32,254.93 | 57,079.62 | 55,888.48 |
| State Sources | 3,748,197.58 | 4,625,919.19 | 5,850,750.32 | 4,142,520.32 | 4,402,965.43 | 4,517,113.78 | 4,772,965.38 | 5,063,613.05 | 5,860,688.12 | 5,784,712.27 |
| Federal Sources | 251,108.89 | 269,908.60 | 270,789.51 | 284,467.75 | 272,094.07 | 346,136.22 | 425,763.04 | 875,846.23 | 821,477.31 | 580,309.33 |
| Total Revenue | 7,543,520.09 | 8,694,743.35 | 10,198,933.25 | 8,661,544.67 | 9,040,289.19 | 9,454,572.46 | 9,944,917.07 | 10,769,553.83 | 11,590,891.57 | 11,465,147.12 |
| Expenditures | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular Instruction | 2,113,803.82 | 2,300,819.28 | 2,301,698.80 | 2,335,763.62 | 2,352,428.80 | 2,357,570.14 | 2,181,628.43 | 2,392,217.72 | 2,537,413.29 | 2,788,382.04 |
| Special Education Instruction | 723,015.17 | 783,745.44 | 766,662.03 | 793,649.63 | 1,053,653.07 | 912,535.61 | 871,517.32 | 842,488.33 | 928,882.57 | 840,700.52 |
| Other Instruction | 241,712.73 | 260,148.31 | 267,842.72 | 213,789.83 | 207,345.09 | 216,112.62 | 168,932.73 | 263,674.92 | 268,175.07 | 146,974.20 |
| Support Services: | | | | | | | | | | |
| Tuition | 318,265.23 | 312,614.62 | 387,501.04 | 196,783.26 | 194,717.66 | 144,021.84 | 228,286.46 | 490,412.34 | 493,756.08 | 471,122.42 |
| Student & Inst. Related Services | 549,089.95 | 604,023.03 | 644,740.29 | 764,099.56 | 837,559.21 | 942,087.94 | 946,702.41 | 1,268,106.91 | 1,313,604.65 | 1,605,307.88 |
| General Administration | 347,711.17 | 255,966.99 | 269,192.45 | 266,770.97 | 302,565.43 | 334,372.56 | 319,805.79 | 297,420.66 | 349,788.21 | 333,758.84 |
| School Administrative Services | 187,338.68 | 181,806.59 | 184,958.71 | 195,836.23 | 177,326.61 | 186,390.68 | 193,419.82 | 188,247.37 | 204,241.00 | 192,251.34 |
| Central Services | 137,228.07 | 143,895.95 | 142,250.99 | 134,253.95 | 147,734.23 | 140,003.65 | 154,163.05 | 144,722.76 | 158,990.56 | 163,021.80 |
| Administrative Technology | 4,600.00 | 12,535.00 | 15,400.00 | 14,000.00 | 11,250.00 | 11,000.00 | 13,907.50 | 13,633.00 | 2,299.34 | 17,242.50 |
| Plant Operations and Maintenance | 497,719.82 | 471,740.99 | 441,929.05 | 458,867.63 | 468,120.85 | 473,855.28 | 443,517.55 | 535,362.86 | 602,229.41 | 599,375.33 |
| Pupil Transportation | 39,272.29 | 37,243.83 | 82,985.92 | 109,290.66 | 146,774.31 | 102,623.25 | 77,353.88 | 198,774.15 | 204,371.60 | 203,832.63 |
| Unallocated Benefits | 1,950,114.70 | 2,106,307.81 | 2,210,144.50 | 2,426,748.20 | 2,745,680.54 | 2,661,171.27 | 2,766,015.24 | 3,201,682.77 | 3,364,452.80 | 3,508,221.70 |
| Transfer to Charter School | - | - | - | - | 18,656.00 | 7,000.00 | 6,132.00 | 19,432.00 | 22,490.00 | 20,929.00 |
| Capital Outlay | 393,487.19 | 1,091,453.90 | 4,843,733.58 | 1,310,839.35 | 112,493.00 | 69,261.65 | 371,631.00 | 656,350.80 | 776,734.57 | 49,303.88 |
| Debt Service: | | | | | | | | | | |
| Principal | - | - | 169,000.00 | 150,000.00 | 155,000.00 | 160,000.00 | 160,000.00 | 165,000.00 | 170,000.00 | 175,000.00 |
| Interest and Other Charges | - | 116,519.03 | 117,697.50 | 113,335.00 | 108,760.00 | 104,035.00 | 99,235.00 | 94,360.00 | 89,335.00 | 84,160.00 |
| Total Expenditures | 7,503,358.82 | 8,678,820.77 | 12,845,737.58 | 9,484,027.89 | 9,040,064.80 | 8,822,041.49 | 9,002,248.18 | 10,771,886.59 | 11,486,764.15 | 11,199,584.08 |
| Excess (Deficiency) of Revenues over (under) Expenditures | 40,161.27 | 15,922.58 | (2,646,804.33) | (822,483.22) | 632,530.97 | 632,530.97 | 942,668.89 | (2,332.76) | 104,127.42 | 265,563.04 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Proceeds from Issuance of Bonds | 4,016,001.26 | - | - | - | - | - | - | - | - | - |
| Net Change in Fund Balances | \$ 40,161.27 | \$ 15,922.58 | \$ 1,369,196.93 | \$ (822,483.22) | \$ 632,530.97 | \$ 632,530.97 | \$ 942,668.89 | \$ (2,332.76) | \$ 104,127.42 | \$ 265,563.04 |
| Debt Service as a Percentage of Noncapital Expenditures | 0.00% | 1.54% | 3.58% | 3.22% | 2.95% | 3.02% | 3.00% | 2.56% | 2.42% | 2.32% |

Source: District Records

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
 General Fund - Other Local Revenue By Source
 Last Ten Fiscal Years
Unaudited

| | Fiscal Year Ended June 30, | | | | | | | | | |
|----------------------|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
| Interest on Deposits | \$ 4,279.72 | \$ 5,717.12 | \$ 4,163.57 | \$ 3,754.23 | \$ 21,083.63 | \$ 19,574.83 | \$ 36,930.97 | \$ 25,888.80 | \$ 41,189.63 | \$ 57,024.29 |
| Prior Year Refunds | 194.19 | 1,480.53 | 27,898.29 | 11,916.38 | 489.36 | 16,969.41 | 14,537.25 | 13,054.52 | 22,156.45 | - |
| JIF Payments | 5,000.00 | 2,500.00 | 4,500.00 | 3,707.50 | 7,000.00 | 4,500.00 | 9,000.00 | 2,000.00 | 2,000.00 | 10,000.00 |
| E-rate | - | 9,397.75 | 12,277.07 | 9,424.81 | 6,660.00 | - | - | - | 7,189.78 | 53,015.88 |
| Energy Rebate | - | - | - | 16,864.00 | - | - | - | - | - | - |
| Rent | - | 8,550.00 | 8,550.00 | 8,550.00 | - | - | - | - | - | - |
| Donations | - | - | - | - | - | - | - | - | - | 5,138.05 |
| Miscellaneous | 9,634.65 | 5,605.73 | 2,278.65 | 5,426.68 | 121.09 | 4,277.00 | 7,728.96 | 5,731.10 | 3,734.00 | 31,134.38 |
| | <u>\$ 19,108.56</u> | <u>\$ 33,251.13</u> | <u>\$ 59,667.58</u> | <u>\$ 59,643.60</u> | <u>\$ 35,354.08</u> | <u>\$ 45,321.24</u> | <u>\$ 68,197.18</u> | <u>\$ 46,674.42</u> | <u>\$ 76,269.86</u> | <u>\$ 156,312.60</u> |

Source: District Records

Revenue Capacity Information

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

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

| Year | Vacant Land | Residential | Commercial | Industrial | Apartment | Total Assessed Value | Public Utilities ^a | Net Valuation Taxable | Estimated Actual (County Equalized) Value | Total Direct School Tax Rate ^b |
|------|--------------|----------------|---------------|--------------|---------------|----------------------|-------------------------------|-----------------------|---|---|
| 2024 | \$ 4,003,800 | \$ 210,594,900 | \$ 35,144,300 | \$ 6,232,000 | \$ 10,902,600 | \$ 266,877,600 | \$ - | \$ 266,877,600 | \$ 394,031,596 | \$ 1.840 |
| 2023 | 4,815,100 | 209,813,400 | 34,009,900 | 6,232,000 | 10,902,600 | 265,773,000 | - | 265,773,000 | 349,287,686 | 1.813 |
| 2022 | 5,193,400 | 208,963,500 | 34,009,900 | 6,232,000 | 10,902,600 | 265,301,400 | - | 265,301,400 | 309,642,157 | 1.783 |
| 2021 | 5,270,500 | 208,555,100 | 34,024,700 | 6,232,000 | 10,902,600 | 264,984,900 | - | 264,984,900 | 289,190,112 | 1.751 |
| 2020 | 5,446,500 | 208,041,800 | 32,974,700 | 6,232,000 | 10,902,600 | 263,597,600 | 100 | 263,597,700 | 278,467,879 | 1.721 |
| 2019 | 5,339,900 | 207,962,200 | 33,258,500 | 6,232,000 | 10,686,600 | 263,479,200 | 100 | 263,479,300 | 273,801,617 | 1.664 |
| 2018 | 4,868,500 | 207,696,600 | 32,536,500 | 6,232,000 | 10,686,600 | 262,020,200 | 100 | 262,020,300 | 270,486,525 | 1.612 |
| 2017 | 4,958,000 | 207,231,900 | 32,536,500 | 6,232,000 | 10,686,600 | 261,645,000 | 100 | 261,645,100 | 262,590,425 | 1.560 |
| 2016 | 5,057,300 | 207,170,300 | 32,228,600 | 6,232,000 | 10,686,600 | 261,374,800 | 100 | 261,374,900 | 259,223,347 | 1.481 |
| 2015 | 4,924,700 | 207,143,700 | 32,519,900 | 6,232,000 | 10,686,600 | 261,506,900 | 100 | 261,507,000 | 251,183,368 | |

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

b Tax rates are per \$100

* Revaluation Year

BOROUGH OF MAGNOLIA SCHOOL DISTRICT

Direct and Overlapping Property Tax Rates

Per \$100.00 of Assessed Valuation

Last Ten Years

Unaudited

| <u>Year</u> | <u>School District Direct Rate</u> | | | <u>Overlapping Rates</u> | | | <u>Total Direct and Overlapping Tax Rate</u> |
|-------------|------------------------------------|--|---|--|--------------------------------|--------------------------|--|
| | <u>Basic Rate</u> | <u>General Obligation Debt Service</u> | <u>Total Direct School Tax Rate</u> | <u>Sterling Regional School District</u> | <u>Borough of Magnolia</u> | <u>Camden County</u> | |
| 2024 | \$ 1.763 | \$ 0.077 | \$ 1.840 | \$ 0.669 | \$ 1.319 | \$ 0.973 | \$ 4.801 |
| 2023 | 1.736 | 0.077 | 1.813 | 0.677 | 1.246 | 0.948 | 4.684 |
| 2022 | 1.706 | 0.077 | 1.783 | 0.665 | 1.196 | 0.918 | 4.562 |
| 2021 | 1.657 | 0.094 | 1.751 | 0.700 | 1.142 | 0.925 | 4.518 |
| 2020 | 1.640 | 0.081 | 1.721 | 0.684 | 1.127 | 0.900 | 4.432 |
| 2019 | 1.583 | 0.081 | 1.664 | 0.664 | 1.116 | 0.904 | 4.348 |
| 2018 | 1.533 | 0.079 | 1.612 | 0.646 | 1.076 | 0.926 | 4.260 |
| 2017 | 1.482 | 0.078 | 1.560 | 0.640 | 1.037 | 0.899 | 4.136 |
| 2016 | 1.420 | 0.061 | 1.481 | 0.634 | 1.022 | 0.883 | 4.020 |
| 2015 | 1.362 | 0.022 | 1.384 | 0.648 | 1.002 | 0.847 | 3.881 |

* Revaluation Year

Source: Abstract of Ratables for the County of Camden

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Principal Property Taxpayers
Current Year and Nine Years Ago
Unaudited

| <u>Taxpayer</u> | 2024 | | | 2015 | | |
|-----------------------------------|---------------------------------------|-------------|---|---------------------------------------|-------------|---|
| | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>% of Total District Net Assessed Value</u> | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>% of Total District Net Assessed Value</u> |
| Coventry Apartments | \$ 5,700,000.00 | 1 | 2.14% | \$ 5,700,000.00 | 1 | 2.18% |
| Barrington Business Holdings, LLC | 5,250,000.00 | 2 | 1.97% | | | |
| Wal-Mart | 3,645,000.00 | 3 | 1.37% | 3,645,000.00 | 3 | 1.39% |
| Walgreen Eastern Co. | 2,115,600.00 | 4 | 0.79% | 2,115,600.00 | 5 | 0.81% |
| Magnolia Vant Realty LLC | 1,869,600.00 | 5 | 0.70% | | | |
| Raab Family Partnership | 1,576,000.00 | 6 | 0.59% | 2,462,500.00 | 4 | 0.94% |
| F.V.B. Enterprises Inc. | 1,561,900.00 | 7 | 0.59% | 1,561,900.00 | 6 | 0.60% |
| Green Gardens Apartments | 1,482,800.00 | 8 | 0.56% | 1,482,800.00 | 7 | 0.57% |
| AutoZone Northeast Inc. | 1,317,400.00 | 9 | 0.49% | 1,419,500.00 | 8 | 0.54% |
| Magnolia Holdings LP | 1,200,000.00 | 10 | 0.45% | | | |
| 1 Commerce Dr. Holdings | | | | 5,250,000.00 | 2 | 2.01% |
| Magnolia Equities, LLC | | | | 1,219,500.00 | 9 | 0.47% |
| Magnolia Property LLC | | | | 929,900.00 | 10 | 0.36% |
| Total | <u>\$ 25,718,300.00</u> | | <u>9.64%</u> | <u>\$ 25,786,700.00</u> | | <u>9.86%</u> |

Source: Municipal Tax Assessor

BOROUGH OF MAGNOLIA 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 (1) | | Collections in Subsequent Years |
|----------------------------------|-------------------------------------|--|-----------------------|------------------------------------|
| | | Amount | Percentage of Levy | |
| 2024 | \$ 4,864,754.00 | \$ 4,864,754.00 | 100.00% | n/a |
| 2023 | 4,773,513.00 | 4,773,513.00 | 100.00% | n/a |
| 2022 | 4,683,946.00 | 4,683,946.00 | 100.00% | n/a |
| 2021 | 4,391,580.00 | 4,391,580.00 | 100.00% | n/a |
| 2020 | 4,478,090.00 | 4,478,090.00 | 100.00% | n/a |
| 2019 | 4,292,877.00 | 4,292,877.00 | 100.00% | n/a |
| 2018 | 4,154,065.00 | 4,154,065.00 | 100.00% | n/a |
| 2017 | 4,012,613.00 | 4,012,613.00 | 100.00% | n/a |
| 2016 | 3,730,556.00 | 3,730,556.00 | 100.00% | n/a |
| 2015 | 3,506,489.00 | 3,506,489.00 | 100.00% | n/a |

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

Source: District Records

Debt Capacity Information

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

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

| Fiscal Year Ended June 30, | Governmental Activities | | Business- Type Activities | Total District | Percentage of Personal Income (1) | Per Capita (2) |
|-------------------------------------|-----------------------------|-------------------------------------|-------------------------------------|-----------------|---|-------------------|
| | General Obligation Bonds | Financed Purchase Obligations | Financed Purchase Obligations | | | |
| 2024 | \$ 2,630,000.00 | \$ - | \$ - | \$ 2,630,000.00 | 1.00% | \$ 603.76 |
| 2023 | 2,805,000.00 | - | - | 2,805,000.00 | 1.05% | 646.31 |
| 2022 | 2,975,000.00 | - | - | 2,975,000.00 | 1.17% | 687.23 |
| 2021 | 3,140,000.00 | - | - | 3,140,000.00 | 1.32% | 736.40 |
| 2020 | 3,300,000.00 | - | - | 3,300,000.00 | 1.43% | 772.29 |
| 2019 | 3,460,000.00 | - | - | 3,460,000.00 | 1.56% | 809.36 |
| 2018 | 3,615,000.00 | - | - | 3,615,000.00 | 1.63% | 845.61 |
| 2017 | 3,765,000.00 | - | - | 3,765,000.00 | 1.67% | 881.73 |
| 2016 | 3,934,000.00 | - | - | 3,934,000.00 | 1.85% | 919.59 |
| 2015 | 3,394,000.00 | - | - | 3,394,000.00 | 1.63% | 793.73 |

(1) Personal income has been estimated based upon the municipal population and per capita

(2) Population information provided by the NJ Dept Of Labor and Workforce Development

BOROUGH OF MAGNOLIA 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 of Property (1) | Per Capita (2) |
|----------------------------------|---------------------------------|------------|---|---|----------------|
| | General Obligation Bonds | Deductions | Net General Bonded Debt Outstanding | | |
| 2024 | \$ 2,630,000.00 | \$ - | \$ 2,630,000.00 | 0.99% | \$ 603.76 |
| 2023 | 2,805,000.00 | - | 2,805,000.00 | 1.06% | 646.31 |
| 2022 | 3,140,000.00 | - | 3,140,000.00 | 1.18% | 687.23 |
| 2021 | 3,140,000.00 | - | 3,140,000.00 | 1.19% | 736.40 |
| 2020 | 3,300,000.00 | - | 3,300,000.00 | 1.25% | 772.29 |
| 2019 | 3,460,000.00 | - | 3,460,000.00 | 1.32% | 809.36 |
| 2018 | 3,615,000.00 | - | 3,615,000.00 | 1.38% | 845.61 |
| 2017 | 3,765,000.00 | - | 3,765,000.00 | 1.44% | 881.73 |
| 2016 | 3,394,000.00 | - | 3,394,000.00 | 1.29% | 919.59 |
| 2015 | 3,394,000.00 | - | 3,394,000.00 | 1.29% | 793.73 |

(1) Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation

(2) Population information provided by the NJ Dept Of Labor and Workforce Development

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2023
Unaudited

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Statutory Net Debt Outstanding</u> | <u>Net Debt Outstanding Allocated to Borough</u> |
|---|--------------------------|--------------------------|---|--|
| Municipal Debt: (1) | | | | |
| Borough of Magnolia | \$ 1,699,756.73 | \$ 156,643.43 | \$ 1,543,113.30 | \$ 1,543,113.30 |
| Sterling Regional High School District | 619,957.75 | 619,957.75 | | |
| Magnolia Borough School District | 2,630,000.00 | 2,630,000.00 | | |
| | <u>4,949,714.48</u> | <u>3,406,601.18</u> | <u>1,543,113.30</u> | <u>1,543,113.30</u> |
| Overlapping Debt Apportioned to the Municipality: | | | | |
| County of Camden: (2) | | | | |
| General: | | | | |
| Bonds | 63,215,195.86 | 25,514,196.41 (3) | 37,700,999.45 | 278,842.70 (5) |
| Notes | 27,980,000.00 | | 27,980,000.00 | 206,944.61 (5) |
| Loan Agreement | 335,270,000.00 | | 335,270,000.00 | 2,479,711.23 (5) |
| Bonds Issued by Other Public Bodies Guaranteed by the County | 225,287,066.74 | 225,287,066.74 (4) | | - |
| | <u>651,752,262.60</u> | <u>250,801,263.15</u> | <u>400,950,999.45</u> | <u>2,965,498.54</u> |
| | <u>\$ 656,701,977.08</u> | <u>\$ 254,207,864.33</u> | <u>\$ 402,494,112.75</u> | <u>\$ 4,508,611.84</u> |

Sources:

- (1) 2023 Annual Debt Statement
- (2) County's 2023 Audit Report
- (3) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.
- (4) Deductible in accordance with N.J.S. 40:37A-80.
- (5) Such debt is allocated as a proportion of the Borough's share of the total 2024 Equalized Value, which is 0.740%.
The source for this computation was the 2024 Table of Equalized Valuations (column 1c), which is supplied by the
New Jersey Division of Taxation.

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Computation of Legal Debt Margin
Last Ten Fiscal Years
Unaudited

| | | | | | | | | | | Legal Debt Margin Calculation for Fiscal Year 2024 | |
|---|--|--|--|--|--|--|--|--|--|--|---------------------|
| | | | | | | | | | | Equalized Valuation Basis (1) | |
| | | | | | | | | | | 2023 | \$ 392,400,709.00 |
| | | | | | | | | | | 2022 | 348,667,893.00 |
| | | | | | | | | | | 2021 | 309,272,759.00 |
| | | | | | | | | | | | |
| | | | | | | | | | | [A] | \$ 1,050,341,361.00 |
| | | | | | | | | | | | |
| Average equalized valuation of taxable property | | | | | | | | | | [A/3] | \$ 350,113,787.00 |
| | | | | | | | | | | | |
| Debt limit (3% of average equalization value) (2) | | | | | | | | | | [B] | \$ 10,503,413.61 |
| | | | | | | | | | | | |
| Total Net Debt Applicable to Limit | | | | | | | | | | [C] | 2,630,000.00 |
| | | | | | | | | | | | |
| Legal Debt Margin | | | | | | | | | | [B-C] | \$ 7,873,413.61 |
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Demographic and Economic Information

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

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

| <u>Year</u> | <u>Population (1)</u> | <u>Personal Income (2)</u> | <u>Per Capita Personal Income (3)</u> | <u>Unemployment Rate (4)</u> |
|-------------|-----------------------|--------------------------------|---|----------------------------------|
| 2023 | 4,356 | \$ 263,490,084.00 | \$ 60,489 * | 4.60% |
| 2022 | 4,340 | 267,526,280.00 | 61,642 * | 3.90% |
| 2021 | 4,329 | 254,675,070.00 | 58,830 * | 6.60% |
| 2020 | 4,264 | 237,845,920.00 | 55,780 * | 10.50% |
| 2019 | 4,273 | 231,182,119.00 | 54,103 | 4.10% |
| 2018 | 4,275 | 221,778,450.00 | 51,878 | 4.10% |
| 2017 | 4,270 | 225,789,060.00 | 52,878 | 5.20% |
| 2016 | 4,278 | 213,198,408.00 | 49,836 | 5.30% |
| 2015 | 4,276 | 207,980,364.00 | 48,639 | 6.60% |
| 2014 | 4,285 | 199,959,525.00 | 46,665 | 7.60% |

(1) Population information provided by the NJ Dept Of Labor and Workforce Development

(2) Personal income has been estimated based upon the municipal population and per capita

(3) Per Capita personal income by municipality-estimated based upon the 2020/2010 Census published

(4) Unemployment data provided by the NJ Dept of Labor and Workforce Development

* = estimated

Principal Employers
Current Year and Nine Years Ago
Unaudited

(1) Information Not Available

Operating Information

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

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

| <u>Function/Program</u> | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
| Instruction: | | | | | | | | | | |
| Regular | 29 | 29 | 39 | 29 | 28 | 25 | 25 | 25 | 25 | 29 |
| Special Education | 22 | 26 | 15 | 25 | 27 | 28 | 28 | 28 | 28 | 23 |
| Other Instruction | 1 | - | - | - | - | - | - | - | - | - |
| Support Services: | | | | | | | | | | |
| Student & Instruction Related Services | 1 | 1 | 1 | - | 4 | 8 | 8 | 8 | 8 | 10 |
| General Administration | 2 | 2 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| School Administration | 5 | 4 | 5 | 3 | 5 | 3 | 3 | 3 | 3 | 3 |
| Plant Operations and Maintenance | 5 | 5 | 6 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Total | <u>64</u> | <u>66</u> | <u>69</u> | <u>64</u> | <u>71</u> | <u>71</u> | <u>71</u> | <u>71</u> | <u>71</u> | <u>72</u> |

Source: District Personnel Records

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

| Fiscal Year June 30, | Average Daily Enrollment (ADE) ^c | Operating Expenditures ^a | Cost Per Pupil | 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 | Senior High School | | | | |
| 2024 | 405.8 | \$ 10,941,759.08 | \$ 26,964.76 | -6.00% | d | d | N/A | 405.8 | 382.5 | 3.66% | 94.27% |
| 2023 | 391.4 | 11,228,764.15 | 28,685.79 | 1.65% | d | d | N/A | 391.4 | 359.3 | -1.63% | 91.78% |
| 2022 | 397.9 | 11,228,764.15 | 28,219.36 | 1.07% | d | d | N/A | 397.9 | 367.7 | 5.67% | 92.41% |
| 2021 | 376.6 | 10,513,861.59 | 27,920.07 | 30.57% | d | 7:1 | N/A | 376.6 | 355.8 | -5.19% | 94.49% |
| 2020 | 397.2 | 8,493,386.73 | 21,383.15 | -0.47% | 49 | 10:1 | N/A | 397.2 | 374.6 | -1.41% | 94.31% |
| 2019 | 402.9 | 8,656,313.09 | 21,485.02 | 12.02% | 47 | 9:1 | N/A | 402.9 | 381.5 | -4.03% | 94.70% |
| 2018 | 419.8 | 8,051,759.95 | 19,179.99 | 9.59% | 45 | 11:1 | N/A | 419.8 | 397.6 | -2.12% | 94.70% |
| 2017 | 428.9 | 7,506,204.84 | 17,501.06 | 6.69% | 44 | 10:1 | N/A | 428.9 | 407.2 | -0.44% | 94.94% |
| 2016 | 430.8 | 7,066,591.04 | 16,403.41 | 0.78% | 47 | 9:1 | N/A | 430.8 | 408.8 | 2.80% | 94.89% |
| 2015 | 419.1 | 6,820,545.98 | 16,276.21 | -6.38% | 47 | 10:1 | N/A | 419.1 | 397.3 | 6.42% | 94.80% |

Sources: District records

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 Information Unavailable

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---------------------------------|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
| <u>District Building</u> | | | | | | | | | | |
| <u>Elementary</u> | | | | | | | | | | |
| Magnolia Elementary School | | | | | | | | | | |
| Square Feet | 62,723 | 62,723 | 62,723 | 62,723 | 62,723 | 62,723 | 62,723 | 62,723 | 62,723 | 62,723 |
| Capacity (students) | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 |
| Enrollment | 421 | 429 | 428 | 422 | 406 | 393 | 393 | 393 | 410 | 427 |

Number of Schools at June 30, 2024
 Elementary = 1

Source: District Records

Note: Enrollment is based on the annual October district count.

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

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

Fiscal Year Ended June 30,

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|----------------------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|---------------|---------------|---------------|
| <u>* School Facilities</u> | | | | | | | | | | |
| Magnolia Elementary School | \$ 72,929.66 | \$ 63,523.60 | \$ 80,841.15 | \$ 95,665.54 | \$ 100,486.08 | \$ 100,484.51 | \$ 90,994.98 | \$ 140,305.37 | \$ 139,050.72 | \$ 156,378.51 |

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

BOROUGH OF MAGNOLIA SCHOOL DISTRICT

Insurance Schedule

June 30, 2024

Unaudited

| | <u>Coverage</u> | <u>Deductible</u> |
|--|-------------------|----------------------|
| Burlington County Insurance Pool | | |
| Property / Inland Marine / Auto Physical Damage | \$ 175,000,000.00 | \$ 500.00 |
| Property Valuation | Replacement Cost | ACV |
| Boiler and Machinery | 125,000,000.00 | 1,000.00 |
| Crime | 500,000.00 | 500.00 |
| General Liability / Auto Liability | 27,000,000.00 | - |
| Workers' Compensation | Statutory | - |
| Educator's Legal Liability | 27,000,000.00 | - |
| Pollution Legal Liability | 3,000,000.00 | 25,000.00-250,000.00 |
| Cyber Liability | 2,000,000.00 | 50,000.00-100,000.00 |
| Crisis Prevention & Disaster Management Services | 1,000,000.00 | 10,000.00 |
| Student Accident Policy | | |
| Student Accident | 1,000,000.00 | - |
| Selective Insurance Company Bond: | | |
| School Business Administrator | 25,000.00 | - |
| School Treasurer | 200,000.00 | - |

Source: District Records

SINGLE AUDIT SECTION

Exhibit K-1**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS****INDEPENDENT AUDITOR'S REPORT**

The Honorable President and
Members of the Board of Education
Borough of Magnolia School District
Magnolia, New Jersey 08049

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and each major fund of the Borough of Magnolia School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated January 21, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying *Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance*, as item *Finding No. 2024-002* that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Magnolia School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and which are described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as Findings No. 2024-001 and 2024-002.

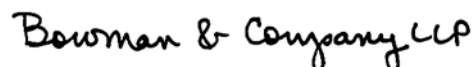
The Borough of Magnolia School District's Response to Findings

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

Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Carol A. McAllister
Certified Public Accountant
Public School Accountant No. CS 234800

Voorhees, New Jersey
January 21, 2025

Exhibit K-2**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE STATE OF NEW JERSEY CIRCULAR 15-08-OMB****INDEPENDENT AUDITOR'S REPORT**

The Honorable President and
Members of the Board of Education
Borough of Magnolia School District
Magnolia, New Jersey 08049

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

We have audited the Borough of Magnolia School District's, in the County of Camden, State of New Jersey, compliance with the types of compliance requirements identified as subject to audit in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2024. The School District's major state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

In our opinion, the Borough of Magnolia School District, in the County of Camden, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2024.

Basis for Opinion on Each Major State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

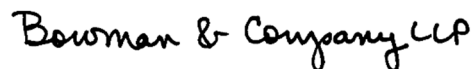
Report on Internal Control over Compliance (Cont'd)

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 State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Carol A. McAllister
Certified Public Accountant
Public School Accountant No. CS 234800

Voorhees, New Jersey
January 21, 2025

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2024

| Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Additional Award Identification | Federal FAIN Number | Pass-Through Entity Identifying Number | Program or Award Amount | Grant Period From To | | Balance June 30, 2023 |
|--|-----------------------------------|---------------------------------|---------------------|--|-------------------------|-------------------------|------------|--------------------------|
| General Fund | | | | | | | | |
| U.S. Department of Health and Human Services: | | | | | | | | |
| Passed-through State Department of Human Services: | | | | | | | | |
| Medical Assistance Program (SEMI) Cluster | 93.778 | N/A | 2205NJ5MAP | 100-054-7540-211 | \$ 30,185.46 | 07/01/2022 | 06/30/2023 | \$ (1,577.38) |
| Medical Assistance Program (SEMI) Cluster | 93.778 | N/A | 2305NJ5MAP | 100-054-7540-211 | 16,420.75 | 07/01/2023 | 06/30/2024 | |
| Total Medical Assistance Program (SEMI) Cluster | | | | | | | | (1,577.38) |
| U.S. Department of Agriculture | | | | | | | | |
| Passed-through N.J. State Department of Agriculture: | | | | | | | | |
| P-EBT Administrative Cost | 10.649 | COVID-19 | 2022225900941 | 100-115-3350-010 | 653.00 | 07/01/2023 | 06/30/2024 | |
| Total General Fund | | | | | | | | (1,577.38) |
| Special Revenue Fund: | | | | | | | | |
| U.S. Department of Education: | | | | | | | | |
| Passed-through N.J. State Department of Education: | | | | | | | | |
| E.S.S.A.: | | | | | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | N/A | S010A220030 | ESSA-2890-23 | 102,025.00 | 07/01/2022 | 09/30/2023 | (102,025.00) |
| Title I Grants to Local Educational Agencies | 84.010 | N/A | S010A230030 | ESSA-2890-24 | 99,055.00 | 07/01/2023 | 09/30/2024 | |
| Total Title I | | | | | | | | (102,025.00) |
| Supporting Effective Instruction State Grants (Title II) | 84.367 | 84.367A | S367A220029 | ESSA-2890-23 | 24,404.00 | 07/01/2022 | 09/30/2023 | (14,855.00) |
| Supporting Effective Instruction State Grants (Title II) | 84.367 | 84.367A | S367A230029 | ESSA-2890-24 | 32,393.00 | 07/01/2023 | 09/30/2024 | |
| Total Title II | | | | | | | | (14,855.00) |
| Special Education Cluster (IDEA): | | | | | | | | |
| Special Education Grants to States (IDEA Basic) | 84.027 | 84.027A | H027A220100 | IDEA-2890-23 | 139,939.00 | 07/01/2022 | 09/30/2023 | (139,939.00) |
| Special Education Grants to States (IDEA Basic) | 84.027 | 84.027A | H027A230100 | IDEA-2890-24 | 145,551.00 | 07/01/2023 | 09/30/2024 | |
| Total Special Education Grants to States (IDEA Basic) | | | | | | | | (139,939.00) |
| Special Education Preschool Grants (IDEA Preschool) | 84.173 | N/A | H173A220114 | IDEA-2890-23 | 7,782.00 | 07/01/2022 | 09/30/2023 | (7,782.00) |
| Special Education Preschool Grants (IDEA Preschool) | 84.173 | N/A | H173A230114 | IDEA-2890-24 | 7,742.00 | 07/01/2023 | 09/30/2024 | |
| Total Special Education Preschool Grants (IDEA Preschool) | | | | | | | | (7,782.00) |
| Total IDEA Special Education Cluster | | | | | | | | (147,721.00) |
| Education Stabilization Fund (ESF): | | | | | | | | |
| Elementary and Secondary School Emergency Relief Fund: | | | | | | | | |
| Coronavirus Response and Relief Supplemental Appropriation Act (CRRSA): | | | | | | | | |
| CRSSA - ESSER II | 84.425 | COVID-19, 84.425D | S425D210027 | 100-034-2890-518 | 354,955.00 | 03/13/2020 | 09/30/2023 | (167,327.00) |
| CRSSA - Learning Acceleration | 84.425 | COVID-19, 84.425D | S425D210027 | 100-034-2890-518 | 25,000.00 | 03/13/2020 | 09/30/2023 | (13,035.00) |
| CRSSA - Mental Health | 84.425 | COVID-19, 84.425D | S425D210027 | 100-034-2890-518 | 45,000.00 | 03/13/2020 | 09/30/2023 | (7,561.00) |
| American Rescue Plan Act (ARP): | | | | | | | | |
| ARP-ESSER | 84.425 | COVID-19, 84.425U | S425U210027 | 100-034-2890-523 | 797,738.00 | 03/13/2020 | 09/30/2024 | (212,478.23) |
| Accelerated Learning Coach and Educator Support | 84.425 | COVID-19, 84.425U | S425U210027 | 100-034-2890-523 | 50,000.00 | 03/13/2020 | 09/30/2024 | (33,700.00) |
| Evidence Based Summer Learning and Enrichment | 84.425 | COVID-19, 84.425U | S425U210027 | 100-034-2890-523 | 40,000.00 | 03/13/2020 | 09/30/2024 | (32,595.00) |
| Evidence Based Comprehensive Beyond the School Day | 84.425 | COVID-19, 84.425U | S425U210027 | 100-034-2890-523 | 40,000.00 | 03/13/2020 | 09/30/2024 | (14,996.00) |
| NJTSSS Mental Health Support Staff | 84.425 | COVID-19, 84.425U | S425U210027 | 100-034-2890-523 | 45,000.00 | 03/13/2020 | 09/30/2024 | (45,000.00) |
| Total Education Stabilization Fund (ESF) | | | | | | | | (526,692.23) |
| Total U.S. Department of Education - Passed-through N.J. State Department of Education | | | | | | | | (791,293.23) |
| Total Special Revenue Fund | | | | | | | | (791,293.23) |
| Enterprise Fund: | | | | | | | | |
| U.S. Department of Agriculture | | | | | | | | |
| Passed-through N.J. State Department of Agriculture: | | | | | | | | |
| Child Nutrition Cluster: | | | | | | | | |
| Non-Cash Assistance (Food Distribution Program): | | | | | | | | |
| National School Lunch Program - Commodities (Non-Cash) | 10.555 | N/A | 241NJ304N1099 | N/A | 19,257.09 | 07/01/2023 | 06/30/2024 | |
| Total Non-Cash Assistance | | | | | | | | - |
| Cash Assistance: | | | | | | | | |
| School Breakfast Program | 10.553 | N/A | 241NJ304N1099 | N/A | 16,513.04 | 07/01/2023 | 06/30/2024 | |
| School Breakfast Program | 10.553 | N/A | 231NJ304N1099 | N/A | 6,633.15 | 07/01/2022 | 06/30/2023 | (1,733.04) |
| Total School Breakfast Program | | | | | | | | (1,733.04) |
| National School Lunch Program | 10.555 | N/A | 241NJ304N1099 | N/A | 85,514.90 | 07/01/2023 | 06/30/2024 | |
| National School Lunch Program - Healthy Hunger-Free Kids Act | 10.555 | N/A | 241NJ304N1099 | N/A | 2,622.40 | 07/01/2023 | 06/30/2024 | |
| National School Lunch Program | 10.555 | N/A | 231NJ304N1099 | N/A | 79,627.13 | 07/01/2022 | 06/30/2023 | (13,733.36) |
| National School Lunch Program - Healthy Hunger-Free Kids Act | 10.555 | N/A | 231NJ304N1099 | N/A | 2,257.04 | 07/01/2022 | 06/30/2023 | (396.96) |
| Total National School Lunch Program | | | | | | | | (14,130.32) |
| Total Child Nutrition Cluster | | | | | | | | (15,863.36) |
| Total Enterprise Fund | | | | | | | | (15,863.36) |
| Total Federal Financial Assistance | | | | | | | | \$ (808,733.97) |

(a) see note 5 in the notes to the schedules of expenditures of federal awards and state financial assistance

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

These funds were not audited in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) since the total of all grant award expenditures was less than \$750,000.

| Carryover / (Walkover) Amount | Cash Received | Budgetary Expenditures | | | Passed- Through to Sub recipients | Adjustments (a) | Repayment of Prior Years' Balances | Balance June 30, 2024 | | |
|-------------------------------------|--|--|-----------------|--|---|-----------------|--|--|---------------------|-------------------|
| | | Pass-Through Funds | Direct Funds | Total Budgetary Expenditures | | | | (Accounts Receivable) | Unearned Revenue | Due to Grantor |
| \$ - | \$ 1,577.38 13,448.05 | \$ - (16,420.75) | \$ - | \$ - (16,420.75) | \$ - | \$ - | \$ - | \$ - (2,972.70) | \$ - | \$ - |
| - | 15,025.43 | (16,420.75) | - | (16,420.75) | - | - | - | (2,972.70) | - | - |
| | 653.00 | (653.00) | | (653.00) | | | | | | |
| - | 15,678.43 | (17,073.75) | - | (17,073.75) | - | - | - | (2,972.70) | - | - |
| | 102,025.00 | (99,055.00) | | (99,055.00) | | | | (99,055.00) | | |
| - | 102,025.00 | (99,055.00) | - | (99,055.00) | - | - | - | (99,055.00) | - | - |
| | 14,855.00 | (21,365.81) | | (21,365.81) | | | | (21,365.81) | | |
| - | 14,855.00 | (21,365.81) | - | (21,365.81) | - | - | - | (21,365.81) | - | - |
| | 139,939.00 | (145,551.00) | | (145,551.00) | | | | (145,551.00) | | |
| - | 139,939.00 | (145,551.00) | - | (145,551.00) | - | - | - | (145,551.00) | - | - |
| | 7,782.00 | (7,742.00) | | (7,742.00) | | | | (7,742.00) | | |
| - | 7,782.00 | (7,742.00) | - | (7,742.00) | - | - | - | (7,742.00) | - | - |
| - | 147,721.00 | (153,293.00) | - | (153,293.00) | - | - | - | (153,293.00) | - | - |
| | 167,327.00 13,035.00 7,561.00 | | | | | | | | | |
| | 212,476.00 28,657.00 32,595.00 14,996.00 45,000.00 | (240,812.77) (16,300.00) (7,405.00) (25,004.00) | | (240,812.77) (16,300.00) (7,405.00) (25,004.00) | | (8,000.00) | | (248,815.00) (21,343.00) (7,405.00) (25,004.00) | | |
| - | 521,647.00 | (289,521.77) | - | (289,521.77) | - | (8,000.00) | - | (302,567.00) | - | - |
| - | 786,248.00 | (563,235.58) | - | (563,235.58) | - | (8,000.00) | - | (576,280.81) | - | - |
| - | 786,248.00 | (563,235.58) | - | (563,235.58) | - | (8,000.00) | - | (576,280.81) | - | - |
| | 19,257.09 | (19,257.09) | | (19,257.09) | | | | | | |
| - | 19,257.09 | (19,257.09) | - | (19,257.09) | - | - | - | - | - | - |
| | 15,674.43 1,733.04 | (16,513.04) | | (16,513.04) | | | | (838.61) | | |
| - | 17,407.47 | (16,513.04) | - | (16,513.04) | - | - | - | (838.61) | - | - |
| | 81,572.45 2,501.52 13,733.36 396.96 | (85,514.90) (2,622.40) | | (85,514.90) (2,622.40) | | | | (3,942.45) (120.88) | | |
| - | 98,204.29 | (88,137.30) | - | (88,137.30) | - | - | - | (4,063.33) | - | - |
| - | 134,868.85 | (123,907.43) | - | (123,907.43) | - | - | - | (4,901.94) | - | - |
| - | 134,868.85 | (123,907.43) | - | (123,907.43) | - | - | - | (4,901.94) | - | - |
| \$ - | \$ 936,795.28 | \$ (704,216.76) | \$ - | \$ (704,216.76) | \$ - | \$ (8,000.00) | \$ - | \$ (584,155.45) | \$ - | \$ - |

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2024

| State Grantor/Program Title | Grant or State Project Number | Program or Award Amount | Grant Period | | Balance at June 30, 2023 | | |
|---|-------------------------------------|-------------------------------|--------------|----------|---|-------------------|--|
| | | | From | To | Unearned Revenue / Accounts Receivable | Due to Grantor | |
| General Fund: | | | | | | | |
| New Jersey Department of Education: | | | | | | | |
| Current Expense | | | | | | | |
| State Aid - Public: | | | | | | | |
| Special Education Categorical Aid | 24-495-034-5120-089 | \$ 381,046.00 | 07/01/23 | 06/30/24 | \$ - | \$ - | |
| Special Education Categorical Aid | 23-495-034-5120-089 | 244,021.00 | 07/01/22 | 06/30/23 | (23,170.58) | | |
| Equalization Aid | 24-495-034-5120-078 | 3,048,861.00 | 07/01/23 | 06/30/24 | | | |
| Equalization Aid | 23-495-034-5120-078 | 3,019,963.00 | 07/01/22 | 06/30/23 | (286,755.16) | | |
| Security Aid | 24-495-034-5120-084 | 98,488.00 | 07/01/23 | 06/30/24 | | | |
| Security Aid | 23-495-034-5120-084 | 98,488.00 | 07/01/22 | 06/30/23 | (9,351.75) | | |
| Total State Aid - Public | | | | | (319,277.49) | - | |
| Transportation Aid | | | | | | | |
| Transportation Aid | 24-495-034-5120-014 | 16,028.00 | 07/01/23 | 06/30/24 | | | |
| Transportation Aid | 23-495-034-5120-014 | 16,028.00 | 07/01/22 | 06/30/23 | (1,521.91) | | |
| Total Transportation Aid | | | | | (1,521.91) | - | |
| Extraordinary Aid: | | | | | | | |
| Extraordinary Aid | 24-495-034-5120-044 | 56,220.00 | 07/01/23 | 06/30/24 | | | |
| Extraordinary Aid | 23-495-034-5120-044 | 78,175.00 | 07/01/22 | 06/30/23 | (78,175.00) | | |
| Total Extraordinary Aid | | | | | (78,175.00) | - | |
| Reimbursed TPAF Social Security Contributions: | | | | | | | |
| Reimbursed TPAF Social Security Contributions | 24-495-034-5094-003 | 260,257.18 | 07/01/23 | 06/30/24 | | | |
| Reimbursed TPAF Social Security Contributions | 23-495-034-5094-003 | 260,640.12 | 07/01/22 | 06/30/23 | (12,685.20) | | |
| Total Reimbursed TPAF Social Security Contributions | | | | | (12,685.20) | - | |
| General Fund (Non-Cash Assistance): | | | | | | | |
| New Jersey Department of Education: | | | | | | | |
| On-Behalf TPAF Pension Contributions (non-budgeted) - | | | | | | | |
| Normal Cost | 24-495-034-5094-002 | 1,229,965.00 | 07/01/23 | 06/30/24 | | | |
| Non-Contributory Group Insurance | 24-495-034-5094-004 | 14,027.00 | 07/01/23 | 06/30/24 | | | |
| Post-Retirement Medical Contributions | 24-495-034-5094-001 | 338,569.00 | 07/01/23 | 06/30/24 | | | |
| Long-Term Disability Insurance | 24-495-034-5094-004 | 615.00 | 07/01/23 | 06/30/24 | | | |
| Total On-Behalf TPAF Pension Contributions (non-budgeted) | | | | | - | - | |
| Total General Fund | | | | | (411,659.60) | - | |
| Special Revenue Fund: | | | | | | | |
| New Jersey Department of Education: | | | | | | | |
| Preschool Education Aid | 24-495-034-5120-086 | 345,480.00 | 07/01/23 | 06/30/24 | | | |
| Preschool Education Aid | 23-495-034-5120-086 | 38,556.00 | 07/01/22 | 06/30/23 | (3,855.60) | | |
| Total Preschool Education Aid | | | | | (3,855.60) | - | |
| New Jersey Schools Development Authority (SDA): | | | | | | | |
| Capital Maintenance and Emergent Project Grant | N/A | 8,794.00 | 07/01/21 | 06/30/22 | | | |
| Capital Maintenance and Emergent Project Grant | N/A | 8,899.00 | 07/01/22 | 06/30/23 | | | |
| Capital Maintenance and Emergent Project Grant | N/A | 8,438.00 | 07/01/23 | 06/30/24 | | | |
| Total New Jersey Schools Development Authority (SDA) | | | | | - | - | |
| Total Special Revenue Fund | | | | | (3,855.60) | - | |
| Debt Service Fund: | | | | | | | |
| School Construction Debt Service Aid - Debt Service Type II Aid | 24-495-034-5120-075 | 53,451.00 | 07/01/23 | 06/30/24 | - | - | |
| Enterprise Fund: | | | | | | | |
| State School Lunch Program | 24-495-010-3350-023 | 2,156.98 | 07/01/23 | 06/30/24 | | | |
| State School Reduced Lunch Program | 24-495-010-3350-023 | 816.40 | 07/01/23 | 06/30/24 | | | |
| Working Class Families State Supplement - EIE Lunch | 24-495-010-3350-006 | 1,751.75 | 07/01/23 | 06/30/24 | | | |
| State School Reduced Breakfast Program | 24-495-010-3350-023 | 76.80 | 07/01/23 | 06/30/24 | | | |
| Working Class Families State Supplement - EIE Breakfast | 24-495-010-3350-006 | 68.15 | 07/01/23 | 06/30/24 | | | |
| State School Lunch Program | 23-495-010-3350-023 | 1,859.60 | 07/01/22 | 06/30/23 | (326.29) | | |
| State School Reduced Lunch Program | 23-495-010-3350-023 | 1,484.80 | 07/01/22 | 06/30/23 | (258.40) | | |
| State School Reduced Breakfast Program | 23-495-010-3350-023 | 93.00 | 07/01/22 | 06/30/23 | (24.00) | | |
| Total Enterprise Fund | | | | | (608.69) | - | |
| Total State Financial Assistance | | | | | \$ (416,123.89) | \$ - | |
| Less: State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit: | | | | | | | |
| General Fund (Non-Cash Assistance): | | | | | | | |
| New Jersey Department of Education: | | | | | | | |
| On-Behalf TPAF Pension Contributions (non-budgeted) - | | | | | | | |
| Normal Cost | 24-495-034-5094-002 | \$ 1,229,965.00 | 07/01/23 | 06/30/24 | | | |
| Non-Contributory Group Insurance | 24-495-034-5094-004 | 14,027.00 | 07/01/23 | 06/30/24 | | | |
| Post-Retirement Medical Contributions | 24-495-034-5094-001 | 338,569.00 | 07/01/23 | 06/30/24 | | | |
| Long-Term Disability Insurance | 24-495-034-5094-004 | 615.00 | 07/01/23 | 06/30/24 | | | |
| Total General Fund (Non-Cash Assistance) | | | | | | | |
| Total State Financial Assistance subject to Major Program Determination for State Single Audit | | | | | | | |

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

| Carryover/ (Walkover) Amount | Cash Received | Adjustments | Total Budgetary Expenditures | Passed- Through to Sub recipients | Repayment of Prior Years' Balances | Balance at June 30, 2024 | | | Memo | |
|------------------------------------|------------------|-------------|------------------------------------|---|--|--------------------------|---------------------|-------------------|--|-------------------------------------|
| | | | | | | Accounts Receivable | Unearned Revenue | Due to Grantor | Budgetary Receivable June 30, 2024 | Cumulative Total Expenditures |
| \$ - | \$ 343,125.59 | \$ - | \$ (381,046.00) | \$ - | \$ - | \$ (37,920.41) | \$ - | \$ - | \$ (37,920.41) | \$ (381,046.00) |
| | 23,170.58 | | | | | | | | | (244,021.00) |
| | 2,745,448.65 | | (3,048,861.00) | | | (303,412.35) | | | (303,412.35) | (3,048,861.00) |
| | 286,755.16 | | | | | | | | | (3,019,963.00) |
| | 88,686.81 | | (98,488.00) | | | (9,801.19) | | | (9,801.19) | (98,488.00) |
| | 9,351.75 | | | | | | | | | (98,488.00) |
| - | 3,496,538.54 | - | (3,528,395.00) | - | - | (351,133.95) | - | - | (351,133.95) | (6,890,867.00) |
| | 14,432.95 | | (16,028.00) | | | (1,595.05) | | | (1,595.05) | (16,028.00) |
| | 1,521.91 | | | | | | | | | (16,028.00) |
| - | 15,954.86 | - | (16,028.00) | - | - | (1,595.05) | - | - | (1,595.05) | (32,056.00) |
| | | | (56,220.00) | | | (56,220.00) | | | | (56,220.00) |
| | 78,175.00 | | | | | | | | | (78,175.00) |
| - | 78,175.00 | - | (56,220.00) | - | - | (56,220.00) | - | - | - | (134,395.00) |
| | 247,405.53 | | (260,257.18) | | | (12,851.65) | | | | (260,257.18) |
| | 12,685.20 | | | | | | | | | (260,640.12) |
| - | 260,090.73 | - | (260,257.18) | - | - | (12,851.65) | - | - | - | (520,897.30) |
| | 1,229,965.00 | | (1,229,965.00) | | | | | | | (1,229,965.00) |
| | 14,027.00 | | (14,027.00) | | | | | | | (14,027.00) |
| | 338,569.00 | | (338,569.00) | | | | | | | (338,569.00) |
| | 615.00 | | (615.00) | | | | | | | (615.00) |
| - | 1,583,176.00 | - | (1,583,176.00) | - | - | - | - | - | - | (1,583,176.00) |
| - | 5,433,935.13 | - | (5,444,076.18) | - | - | (421,800.65) | - | - | (352,729.00) | (9,161,391.30) |
| | 310,932.00 | | (289,128.09) | | | (34,548.00) | 56,351.91 | | (34,548.00) | (289,128.09) |
| | 3,855.60 | | | | | | | | | (38,556.00) |
| - | 314,787.60 | - | (289,128.09) | - | - | (34,548.00) | 56,351.91 | - | (34,548.00) | (327,684.09) |
| | 8,794.00 | | (8,794.00) | | | | | | | (8,794.00) |
| | 8,899.00 | | (8,899.00) | | | | | | | (8,899.00) |
| | 8,438.00 | | (8,438.00) | | | | | | | (8,438.00) |
| - | 26,131.00 | - | (26,131.00) | - | - | - | - | - | - | (26,131.00) |
| - | 340,918.60 | - | (315,259.09) | - | - | (34,548.00) | 56,351.91 | - | (34,548.00) | (353,815.09) |
| - | 53,451.00 | - | (53,451.00) | - | - | - | - | - | - | (53,451.00) |
| | 2,057.55 | | (2,156.98) | | | (99.43) | | | | (2,156.98) |
| | 778.00 | | (816.40) | | | (38.40) | | | | (816.40) |
| | 1,643.95 | | (1,751.75) | | | (107.80) | | | | (1,751.75) |
| | 72.00 | | (76.80) | | | (4.80) | | | | (76.80) |
| | 68.15 | | (68.15) | | | | | | | (68.15) |
| | 326.29 | | | | | | | | | (1,859.60) |
| | 258.40 | | | | | | | | | (1,484.80) |
| | 24.00 | | | | | | | | | (93.00) |
| - | 5,228.34 | - | (4,870.08) | - | - | (250.43) | - | - | - | (8,307.48) |
| \$ - | \$ 5,833,533.07 | \$ - | (5,817,656.35) | \$ - | \$ - | \$ (456,599.08) | \$ 56,351.91 | \$ - | \$ (387,277.00) | \$ (9,576,964.87) |

1,229,965.00
14,027.00
338,569.00
615.00
1,583,176.00
\$ (4,234,480.35)

BOROUGH OF MAGNOLIA SCHOOL DISTRICT

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2024

Note 1: BASIS OF PRESENTATION

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$31,929.60 for the general fund and (\$3,855.60) for the special revenue fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

| <u>Fund</u> | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|--|----------------------|------------------------|------------------------|
| General | \$ 17,073.75 | \$ 5,412,146.58 | \$ 5,429,220.33 |
| Special Revenue | 563,235.58 | 319,114.69 | 882,350.27 |
| Debt Service | | 53,451.00 | 53,451.00 |
| Food Service | 123,907.43 | 4,870.08 | 128,777.51 |
| GAAP Basis Revenues | 704,216.76 | 5,789,582.35 | 6,493,799.11 |
| GAAP Adjustments: | | | |
| State Aid Payments | | 28,074.00 | 28,074.00 |
| Total Awards and Financial Assistance Expended | <u>\$ 704,216.76</u> | <u>\$ 5,817,656.35</u> | <u>\$ 6,521,873.11</u> |

Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 5: ADJUSTMENTS

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

Note 6: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2024, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance related to TPAF members.

Note 7: MAJOR PROGRAMS

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

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified? X yes ___ none reported

Noncompliance material to financial statements noted? X yes ___ no

Federal Awards **NOT APPLICABLE**

Internal control over major programs:

Material weakness(es) identified? ___ yes ___ no

Significant deficiency(ies) identified? ___ yes ___ none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? ___ yes ___ no

Identification of major programs:

| <u>Assistance Listing Number(s)</u> | <u>FAIN Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-------------------------------------|-----------------------|---|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

Dollar threshold used to distinguish between type A and type B programs: _____

Auditee qualified as low-risk auditee? ___ yes ___ no

(Continued)

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

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

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

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

_____ Unmodified

Any audit findings disclosed that are required to be reported in
accordance with New Jersey Circular 15-08-OMB?

_____ yes X no

Identification of major programs:

State Grant / Project #

Name of State Program

495-034-5120-089

State Aid - Public:

Special Education Categorical Aid

495-034-5120-078

Equalization Aid

495-034-5120-084

Security Aid

495-034-5120-086

Preschool Education Aid

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000.00

Auditee qualified as low-risk auditee?

_____ yes X no

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section 2- Schedule of Financial Statement Findings

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

Finding No. 2024-001

Criteria or Specific Requirement

A School District is required to maintain a nonprofit school food service. The nonprofit status is determined by evaluating net cash resources which is all monies that are available to, or have accrued to the fund at any given time, less cash payable. Net cash resources may not exceed three months average expenditures.

Condition

As of June 30, 2024, net cash resources in the School District's Food Service Enterprise Fund exceeded three months average expenditures.

Context

The net cash resources as of June 30, 2024 of \$79,878.62 exceeded three months average expenditures of \$64,305.04 by \$15,573.48.

Effect

The School District has not complied with the requirement to maintain a nonprofit school food service.

Cause

The School District was monitoring the finances of its Food Service Fund and had a plan to reduce the net cash resources; however, due to the large amount of prior year excess, the District's net cash resources at the end of the current fiscal year is still above the three months average expenditures.

Recommendation

That the School District maintain a nonprofit school food service by ensuring that net cash resources do not exceed three months average expenditures.

View of Responsible Officials and Planned Corrective Action

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

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section 2- Schedule of Financial Statement Findings (Cont'd)

Finding No. 2024-002

Criteria or Specific Requirement

N.J.S.A. 18A:17-9. The Chief School Administrator or board designee other than the Board Secretary shall prepare the monthly reconciliation of bank account statements and in conjunction with the Board Secretary take any steps necessary to bring the cash record balance and reconciled bank balance into agreement prior to completion of the Board Secretary's monthly report.

The Board Secretary shall report to the Board, at each regular meeting, but not more often than once each month, the amount of total appropriations and the cash receipts for each account, the amount for which warrants have been drawn against each account, the amounts of orders or contractual obligations incurred and chargeable against each account year to date and since the date of his last report, the cash and appropriation balances for each account and fund, and the reconciled bank account balances in the manner and form prescribed by the commissioner.

N.J.S.A. 18A:17-36. At the close of the school year and not later than August 1 of each year, the Treasurer's Report and the Board Secretary's Report shall be filed with the county superintendent in the manner and form prescribed by the commissioner.

Condition

The Board Secretary's and Treasurer's reports were not presented monthly to the board and were not submitted to the executive county superintendent as prescribed (*N.J.S.A. 18A:17-9* and *18A:17-36*).

Context

The Board Secretary's Report and Treasurer's Report for the months of July 2023 through May 2024 were approved by the Board of Education on September 17, 2024. As such, it was determined that Board Secretary's Report and Treasurer's Report for the 2023-2024 school year were not filed with the executive county superintendent on or prior to August 1, 2024.

Effect or Potential Effect

Delay or failure to submit monthly report can hinder the Board's ability to make informed decisions about budgeting, spending and financial planning.

Cause

Procedures have not been designed to reconcile accounts and present reports to the board on a monthly basis.

Recommendation

The School District should establish procedures to ensure Board Secretary's and Treasurer's reports are prepared and presented monthly to the board and submitted to the executive county superintendent as prescribed (*N.J.S.A. 18A:17-9* and *18A:17-36*).

View of Responsible Officials and Planned Corrective Action

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

BOROUGH OF MAGNOLIA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs, and significant instances of abuse related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Not Applicable.

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

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

None.

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

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

FINANCIAL STATEMENT FINDINGS

Finding No. 2023-001

Condition

The net cash resources as of June 30, 2023 of \$130,968.69 exceeded three months average expenditures of \$56,631.87 by \$74,336.82.

Current Status

This finding has not been cleared. See Finding No. 2024-001.

Planned Corrective Action

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

FEDERAL AWARDS

None

STATE FINANCIAL ASSISTANCE PROGRAMS

None