

SOMERVILLE BOROUGH SCHOOL DISTRICT

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

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2024**

Annual Comprehensive Financial Report

of the

Somerville Borough School District

Somerville, New Jersey

For the Fiscal Year Ended June 30, 2024

Prepared by

Somerville Board of Education

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INTRODUCTORY SECTION
(UNAUDITED)

Somerville Board of Education

Administrative Headquarters

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Superintendent of Schools
Telephone 908-218-4101

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

November 18, 2024

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

Dear Board Members:

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

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

1) REPORTING ENTITY AND ITS SERVICES:

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

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

The District provides a full range of educational services appropriate to grade levels Preschool through Grade 12 for the students residing in Somerville Borough, and 9 through 12 for students residing in Branchburg Township. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2023-2024 fiscal year with an average daily enrollment of 2,155 students, which is a increase of 17 students from the previous year's enrollment.

2) ECONOMIC CONDITION AND OUTLOOK:

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

3) MAJOR INITIATIVES:

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

We have made significant investments to improve student learning. This includes providing district-wide hotspots for students with connectivity issues and ensuring every K-12 student has access to technology through our 1:1 initiative. Additionally, we have purchased electronic programs such as Learning Ally and myOn to expand students' access to books outside the classroom. Through the Google Learning Suite, instructional materials are readily available to support both synchronous and asynchronous learning.

Teacher and staff development are central to improving academic outcomes. We are employing three full-time librarians and increasing the use of interventionists to support core academic instruction. To enhance teaching practices, we invest in embedded professional development where providers collaborate with classroom teachers in real-time learning environments. This hands-on approach ensures that professional learning is directly applied in classrooms.

Our commitment to improving student outcomes also extends to leveraging our student information system, Real-Time. This platform streamlines report card delivery and communication while serving as a repository for assessment data. This data enables us to quickly identify and respond to individual student needs, supporting targeted instructional strategies.

By focusing on the academic needs of our students and the professional growth of our staff, the district is ensuring alignment with the New Jersey Student Learning Standards (NJSLS). Key initiatives include:

Teacher Development:

- Training on new curriculum and differentiated instruction methods.
- Enhancing data-driven instruction and assessment analysis.

3) MAJOR INITIATIVES: (Cont'd)

District-Wide (Cont'd)

Administrator Development:

- Refining teacher evaluation processes for consistency and reliability.
- Strengthening strategic planning and stakeholder engagement.

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

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

Somerville High School

Through our partnership with Raritan Valley Community College (RVCC), students in the Somerville Academy of Liberal Arts (SALA) can earn an Associate's Degree in Liberal Arts alongside their high school diploma. The new Tomorrow's Teacher pathway offers students college credit and hands-on teaching experience with certified educators.

In partnership with Robert Wood Johnson University Hospital, the Somerville Medical Sciences Academy (SMSA) provides students first hand exposure to healthcare careers by shadowing medical professionals. The program is further enriched by the Medical Sciences Club, now serving over 90 students.

The Guidance Department uses Naviance at the high school to help students create individualized learning plans and provides dedicated support for college, career, and personal needs. Collaboration with the middle school through NJCAN ensures early career exploration, with regular visits to middle schools to assist students with planning their futures.

High School staff use LinkIt! benchmark assessments to track student progress and guide instruction. This year, teachers are leveraging standards-based student profiles to inform student growth objectives and enhance professional learning communities.

The district continues its implementation of restorative practices, with a cost-effective train-the-trainer model to sustain and expand this initiative. The shift to block scheduling this year provides extended instructional time, promotes individualized learning, and increases elective opportunities for students.

These initiatives reflect Somerville's commitment to fostering academic excellence and preparing students for future success.

3) MAJOR INITIATIVES: (Cont'd)

Somerville Middle School

Somerville Middle School offers a variety of enriching academic and extracurricular opportunities, emphasizing exploration and student choice. Students can select from electives in Arts, Language, Physical Education, and STEM, with newer options like Media Literacy and Coding. Schedules are designed to prioritize students' interests. The school also features a model Middle School Band Program and a wide range of clubs and afterschool athletic programs.

As a 1-to-1 learning environment, every student is assigned a Chromebook for use during and after school, ensuring access to 21st-century learning resources.

This year, the school is focusing on three key curricular initiatives to maximize student potential:

- Mathematics: A highly rated 6-8 program, supported by the I-Ready diagnostic tool, delivers adaptive learning tailored to each student's needs.
- English Language Arts: The Writer's Workshop model has been expanded to grades 6-8, building on its success in elementary grades.
- World Language: Daily Spanish instruction helps students develop fluency through regular practice.

To support these initiatives, the school has enhanced professional development for teachers. Somerville Middle School remains dedicated to fostering academic success while encouraging students to explore their interests and develop their talents.

Van Derveer Elementary School

Van Derveer Elementary School has demonstrated continued growth in reading levels and school performance. To maintain this progress, teachers leverage core resources and targeted interventions to provide differentiated instruction for all students.

At-risk students benefit from support provided by two certified Title I academic interventionists and an Intervention and Referral Services (I&RS) Coordinator, who also delivers math interventions. Additionally, the Gifted and Talented teacher assists with math interventions to strengthen academic support. Student data is consistently monitored across grade levels to ensure timely and effective interventions.

The school has implemented an evidence-based online reading and phonics program, American Reading Company, which includes frequent assessments, detailed data reporting, and individualized "Power Goals" to accelerate reading progress. The Foundations program, used in grades K-3, supports foundational literacy skills and ensures a consistent approach to phonics instruction.

A new math program has also been introduced to align with the middle school curriculum, providing continuity and supporting students' ongoing growth in math proficiency. Van Derveer remains committed to fostering academic success for all learners.

3) MAJOR INITIATIVES: (Cont'd)

Technology Programs

Students in Somerville Public Schools engage daily in connected learning experiences that integrate technology to explore, communicate, and create. The district fosters responsible technology use and creativity through a rigorous curriculum that prepares students to thrive as connected citizens. Building on the successes of universal learning platforms identified during the pandemic, we continue to monitor their usage through a single sign-on system and are expanding computer science course offerings at Somerville High School.

At Van Derveer Elementary School, students enjoy true STEM education through tools like Chromebooks, interactive displays, and developmentally appropriate applications such as iReady Classroom Mathematics, myOn, and American Reading Company. A dedicated STEM/Coding program for grades K-5 introduces young learners to computer science, sparking early interest in technology and design. Chromebooks are provided for each student, enabling learning both at school and home.

At Somerville Middle School, every student has a personal Chromebook for use in class and at home. Google Applications for Education support collaboration with peers and teachers, while multimedia tools allow students to create videos, podcasts, and presentations, synthesizing and presenting information effectively.

The 1:1 Chromebook initiative continues at Somerville High School, where students use their devices and Google Applications for collaborative 21st-century learning. Classrooms are equipped with interactive displays, and students explore creativity through 3D printing, a music production computer lab, and an engineering lab. Expanded courses in Cyber Security, Computer Science, and Programming provide additional pathways for technical education, culminating in the annual student engineering fair, which showcases their innovative projects.

This district-wide integration of technology ensures that all students are equipped with the tools and skills necessary for academic success and future careers.

4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

5) BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments, and/or assignments of fund balance at June 30, 2024.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

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

8) RISK MANAGEMENT:

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

9) OTHER INFORMATION:

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

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

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

Respectfully submitted,

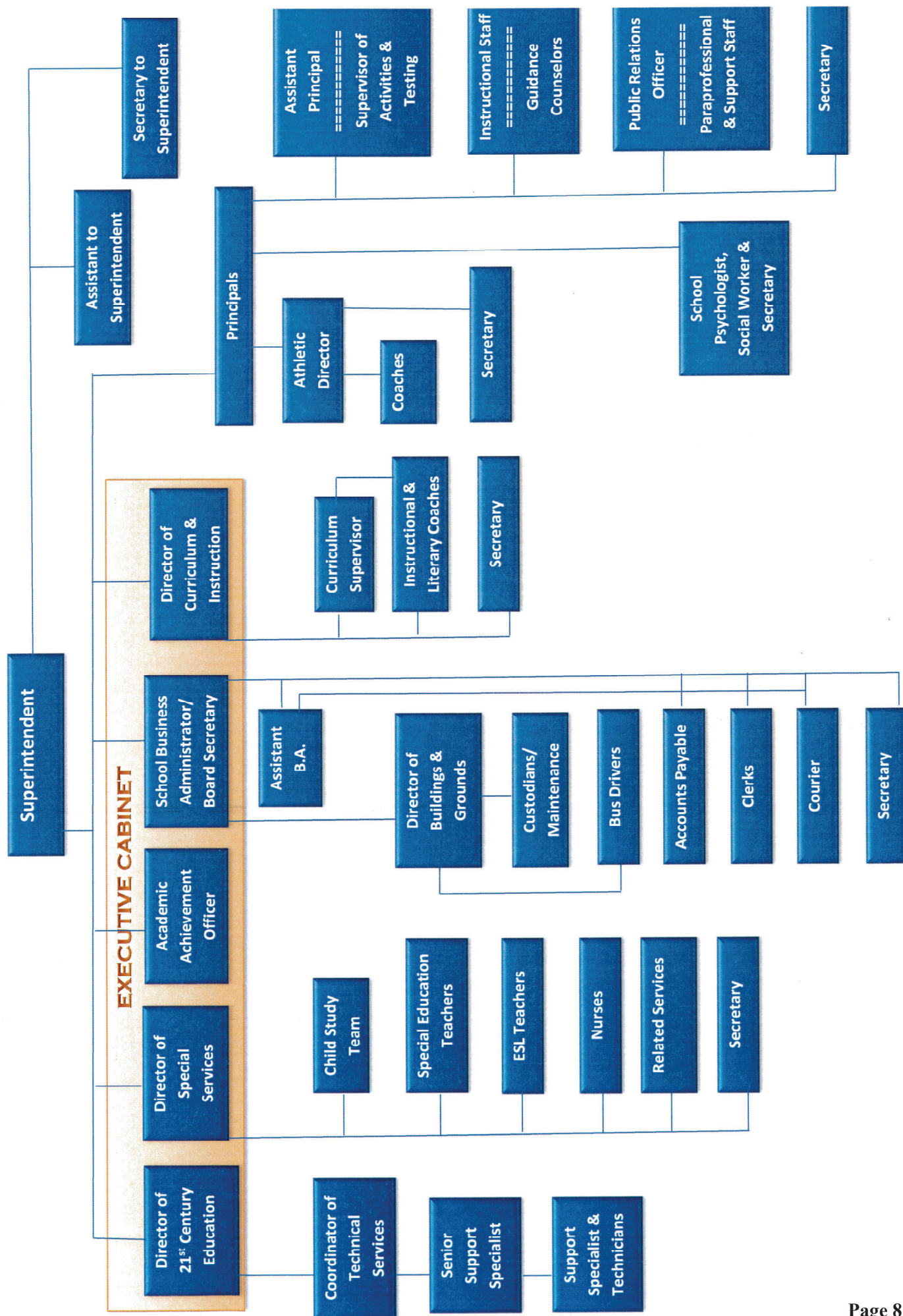
Gary Lubisco, Jr.

Gary Lubisco, Jr
Superintendent of Schools

Bryan P. Boyce

Bryan P. Boyce
Business Administrator/Board Secretary

SOMERVILLE PUBLIC SCHOOLS — ORGANIZATIONAL CHART



**SOMERVILLE BOROUGH SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2024**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Derek J. Jess, President	2026
Denise Van Horn, Vice President	2026
Dan Carlson	2025
Stephanie Dale	2024
Mateo Garcia	2025
Jamie Kraska	2024
Daniel J. Puntillo, Jr.	2024
Lucien Sergile, Jr	2025
William Kimmick	2026
Kristen Fabriczi * (till 9/10/24)	2024
Bindu Shah * (from 9/10/24)	2024

Other Officers

Dr. Richard J. Brockel, Interim Superintendent of Schools (till 7/31/2024)
Gary Lubisco, Jr., Superintendent of Schools (from 8/1/2024)
Bryan P. Boyce, School Business Administrator/Board Secretary

* Branchburg Board of Education Member

SOMERVILLE BOROUGH SCHOOL DISTRICT
Consultants and Advisors

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Newton, NJ 07860

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Somerville, NJ 08876

State of NJ Cash Management
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Trenton, NJ 08625

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Somerville Borough School District (the "District"), in the County of Somerset, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 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 (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

November 18, 2024
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

SOMERVILLE BOROUGH SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

This discussion and analysis of the Somerville Borough School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2024. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Using this Annual Comprehensive Financial Report (ACFR)

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

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

Overview of the Financial Statements

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

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

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

Reporting the School District as a Whole

District-Wide Statements

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

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

**SOMERVILLE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Statement of Net Position and the Statement of Activities

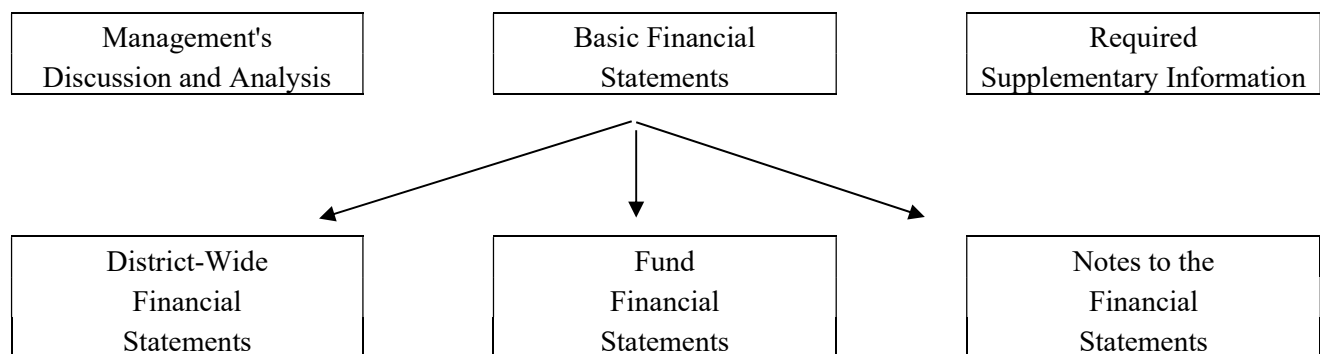
The two statements report the School District's net position and changes in the net position. This change is important because it tells the reader that, for the School District as a whole, whether its financial position improved or diminished. The causes of this change may be the result of many factors.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

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

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

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

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



**SOMERVILLE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

**SOMERVILLE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Fund Financial Statements

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

Governmental Funds

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

Proprietary Fund

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

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

The Statement of Net Position provides one perspective of the District as a whole. Figure A-3 provides a summary of the District's net position as of June 30, 2024. The District's combined net position was \$52,130,256 on June 30, 2024, \$4,627,621 or 9.74% more than it was the year before. Net Investment in capital assets increased due to the acquisitions of district capital assets combined with the continued pay down of the school debt offset by depreciation expense. The decrease in restricted net position is attributable to the decreases in the capital reserve and excess surplus. The increase in unrestricted net position was primarily attributable to the changes in the net pension liability and pension related deferred inflows and outflows and the increase in compensated absences.

**SOMERVILLE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023	
Current and Other Assets	\$ 24,184,618	\$ 22,128,788	\$ 548,909	\$ 455,223	\$ 24,733,527	\$ 22,584,011	
Capital Assets, Net	45,846,728	46,051,729	282,819	245,374	46,129,547	46,297,103	
Total Assets	70,031,346	68,180,517	831,728	700,597	70,863,074	68,881,114	2.88%
Deferred Outflows of Resources	2,731,687	2,103,512			2,731,687	2,103,512	29.86%
Other Liabilities	2,759,533	3,739,118	44,256	13,881	2,803,789	3,752,999	
Long-Term Liabilities	17,543,540	17,566,240			17,543,540	17,566,240	
Total Liabilities	20,303,073	21,305,358	44,256	13,881	20,347,329	21,319,239	-4.56%
Deferred Inflows of Resources	1,117,176	2,162,752			1,117,176	2,162,752	-48.34%
Net Position							
Net Investment in Capital Assets	39,888,935	38,474,496	282,819	245,374	40,171,754	38,719,870	
Restricted	15,687,289	17,357,708			15,687,289	17,357,708	
Unrestricted/(Deficit)	(4,233,440)	(9,016,285)	504,653	441,342	(3,728,787)	(8,574,943)	
Total Net Position	\$ 51,342,784	\$ 46,815,919	\$ 787,472	\$ 686,716	\$ 52,130,256	\$ 47,502,635	9.74%

Changes in Net Position

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

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023	
Revenue:							
Program Revenue:							
Charges for Services	\$ 12,602,668	\$ 12,450,805	\$ 464,337	\$ 434,256	\$ 13,067,005	\$ 12,885,061	
Operating Grants & Contributions	12,789,280	13,639,069	612,335	647,675	13,401,615	14,286,744	
General Revenue:							
Property Taxes	26,613,908	25,536,966			26,613,908	25,536,966	
Unrestricted Federal and State Aid	8,250,550	7,889,387			8,250,550	7,889,387	
Other	1,587,134	1,115,249			1,587,134	1,115,249	
Total Revenue	61,843,540	60,631,476	1,076,672	1,081,931	62,920,212	61,713,407	1.96%
Expenses:							
Instruction	35,184,785	33,843,079			35,184,785	33,843,079	
Pupil and Instruction Services	9,026,450	8,647,983			9,026,450	8,647,983	
Administrative and Business	5,721,300	5,440,784			5,721,300	5,440,784	
Maintenance and Operations	4,194,039	3,997,591			4,194,039	3,997,591	
Transportation	1,122,711	1,257,673			1,122,711	1,257,673	
Other	2,067,390	2,743,757	975,916	924,173	3,043,306	3,667,930	
Total Expenses	57,316,675	55,930,867	975,916	924,173	58,292,591	56,855,040	2.53%
Increase/(Decrease) in Net Position	\$ 4,526,865	\$ 4,700,609	\$ 100,756	\$ 157,758	\$ 4,627,621	\$ 4,858,367	-4.75%

**SOMERVILLE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Governmental Activities

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

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

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

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

**SOMERVILLE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Figure A-5

Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2023/2024	2022/2023	2023/2024	2022/2023
Instruction	\$ 35,184,785	\$ 33,843,079	\$ 12,307,604	\$ 10,330,142
Pupil and Instruction Services	9,026,450	8,647,983	7,329,373	6,991,351
Administrative and Business	5,721,300	5,440,784	5,152,478	4,798,051
Maintenance and Operations	4,194,039	3,997,591	4,164,128	3,948,443
Transportation	1,122,711	1,257,673	903,754	1,029,249
Other	2,067,390	2,743,757	2,067,390	2,743,757
	<u>\$ 57,316,675</u>	<u>\$ 55,930,867</u>	<u>\$ 31,924,727</u>	<u>\$ 29,840,993</u>

Business-Type Activities

Net position of the District's business-type activity increased by \$100,756 mainly due to the increase in lunch sales net of increased costs of good sold.

Financial Analysis of the District's Funds

The District's financial position improved despite continuous changes in budgeting laws and the volatility of state aid both of which tend to change often and significantly without sufficient notice to plan for their impact on financial and programmatic plans. Despite these challenges, the District has been able to fund the local portion of the most recent round of Regular Operating District (ROD) grants in the amount of \$6,370,200. Additionally, the District has funded the local portion of a preschool expansion project in the amount of \$3,041,251.

The current economy has had a direct impact upon the District's revenue sources. Although the Borough of Somerville has several development/redevelopment projects in the execution phase, taxable property in the Borough has decreased 6.48% since 2011 which has a direct negative impact on school property tax rate. The District will remain sensitive to the taxpayer's ability to pay property taxes as they build annual budgets.

General Fund Budgetary Highlights

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

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

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

**SOMERVILLE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

Capital Assets

Figure A-6
Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023	
Land	\$ 20,079	\$ 20,079			\$ 20,079	\$ 20,079	
Construction in Progress	6,278,146	7,854,506			6,278,146	7,854,506	
Buildings and Building Improvements	36,978,928	36,303,137			36,978,928	36,303,137	
Machinery and Equipment	2,569,575	1,874,007	\$ 282,819	\$ 245,374	2,852,394	2,119,381	
Total Capital Assets (Net of Depreciation)	<u>\$ 45,846,728</u>	<u>\$ 46,051,729</u>	<u>\$ 282,819</u>	<u>\$ 245,374</u>	<u>\$ 46,129,547</u>	<u>\$ 46,297,103</u>	-0.36%

During the 2023/2024 school year the District continued work on the District's facilities related to various projects in the District.

Long-Term Liabilities

Figure A-7
Long-Term Liabilities

	Total School District		Percentage Change
	2023/2024	2022/2023	
General Obligation Bonds	\$ 5,850,000	\$ 7,595,000	
Financed Purchases Payable	231,000	165,074	
Net Pension Liability	8,849,647	8,017,009	
Unamortized Bond Premiums	431,922	565,892	
Compensated Absences Payable	2,180,971	1,223,265	
	<u>\$ 17,543,540</u>	<u>\$ 17,566,240</u>	-0.13%

**SOMERVILLE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Factor's Bearing on the District's Future

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

Future finances will be challenged even further with the continued effect of legislation that impacts the financial operation of the School District. S1701, adopted by the State of New Jersey on June 17, 2004, forced the District to cut its allowable unassigned general fund balance in half (from 6% to 3%), which was reduced to 2% at the end of the 2004/2005 school year and then increased to 4% at the end of the 2020/2021 school year for 2 years returning to the 2% at the end of the 2022/2023 school year. This leaves the District with very little protection in the event of costly emergencies. Furthermore, inflation, increased enrollment of multi-language learners, increased number of students with social and emotional needs, collective bargain agreement settlement rate increases and the cost of transportation are all increasing far more than 2%. In addition, current budget laws do not provide relief to the 2% levy CAP for capital projects. As a result, the District has adopted a strategy to fund facility improvements on an ongoing annual basis to achieve a goal of providing adequate space for instruction, keeping the buildings safe, systems functioning and operating efficiently, and appearances of the facilities presentable so that students are not distracted from learning. The District engaged a professional demographer to perform an enrollment projection which was finalized in July 2024. The purpose of the projection was to determine if the District's current facilities are adequate to accommodate future enrollment attributed to several planned redevelopment projects in both Branchburg and Somerville. The report concluded that PreK – Grade 8 enrollment will decrease by 90 students or 8.4% by 2028-2029 but increase by 93 students or 9% in Grades 9-12. The District will continue to closely monitor enrollment as the redevelopment projects are completed.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 11,333,689	\$ 464,344	\$ 11,798,033
Receivables from Federal Government	551,460	30,732	582,192
Receivables from State Government	403,319	1,714	405,033
Receivables from Other Governments	170,120		170,120
Other Receivables	3,023	25,203	28,226
Inventory		26,916	26,916
Restricted Cash and Cash Equivalents	11,723,007		11,723,007
Capital Assets, Net			
Site (Land) and Construction in Progress	6,298,225		6,298,225
Depreciable Buildings and Buildings Improvements & Machinery and Equipment	39,548,503	282,819	39,831,322
Total Assets	70,031,346	831,728	70,863,074
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pensions	1,681,570		1,681,570
District Contribution Subsequent to Measurement Date	926,910		926,910
Deferred Amount on the Refunding	123,207		123,207
Total Deferred Outflows of Resources	2,731,687		2,731,687
LIABILITIES			
Current Liabilities:			
Accounts Payable	2,326,166	19,540	2,345,706
Accrued Interest Payable	92,175		92,175
Payable to State Government	74,370		74,370
Payable to Federal Government			
Unearned Revenue	266,822	24,716	291,538
Noncurrent Liabilities:			
Due Within One Year	2,039,609		2,039,609
Due Beyond one Year	15,503,931		15,503,931
Total Liabilities	20,303,073	44,256	20,347,329
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	1,117,176		1,117,176
Total Deferred Inflows of Resources	1,117,176		1,117,176

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
NET POSITION			
Net Investment in Capital Assets	\$ 39,888,935	\$ 282,819	\$ 40,171,754
Restricted for:			
Capital Projects	9,672,742		9,672,742
Maintenance Reserve	355,027		355,027
Tuition Reserve	2,453,926		2,453,926
Unemployment Compensation	290,355		290,355
Student Activities	394,179		394,179
Debt Service	37,133		37,133
Excess Surplus	2,483,927		2,483,927
Unrestricted/(Deficit)	<u>(4,233,440)</u>	<u>504,653</u>	<u>(3,728,787)</u>
Total Net Position	<u>\$ 51,342,784</u>	<u>\$ 787,472</u>	<u>\$ 52,130,256</u>

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Regular Instruction	\$ 24,980,364	\$ 12,073,245	\$ 7,005,858		\$ (5,901,261)	\$	\$ (5,901,261)
Special Education Instruction	8,057,830		3,515,557		(4,542,273)		(4,542,273)
Other Special Instruction	1,628,499		203,278		(1,425,221)		(1,425,221)
Other Instruction	518,092		79,243		(438,849)		(438,849)
Support services:							
Tuition	906,114				(906,114)		(906,114)
Student & Instruction Related Services	8,120,336	529,423	1,167,654		(6,423,259)		(6,423,259)
General Administrative Services	1,049,430		7,077		(1,042,353)		(1,042,353)
School Administrative Services	3,587,097		547,875		(3,039,222)		(3,039,222)
Central Services	877,295		13,870		(863,425)		(863,425)
Administration Information Technology	207,478				(207,478)		(207,478)
Plant Operations and Maintenance	4,194,039		29,911		(4,164,128)		(4,164,128)
Pupil Transportation	1,122,711		218,957		(903,754)		(903,754)
Unallocated Depreciation	1,821,912				(1,821,912)		(1,821,912)
Interest on Long-Term Debt	151,639				(151,639)		(151,639)
Capital Outlay	93,839				(93,839)		(93,839)
Total Governmental Activities	57,316,675	12,602,668	12,789,280		(31,924,727)		(31,924,727)
Business-Type Activities:							
Food Service	975,916	464,337	612,335			\$ 100,756	100,756
Total Business-Type Activities	975,916	464,337	612,335			100,756	100,756
Total Primary Government	\$ 58,292,591	\$ 13,067,005	\$ 13,401,615	\$ -0-	(31,924,727)	100,756	(31,823,971)

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 24,829,777		\$ 24,829,777
Property Taxes Levied for Debt Service	1,784,131		1,784,131
Federal and State Aid not Restricted	8,250,550		8,250,550
Interest and Miscellaneous Income	1,587,134		1,587,134
Total General Revenues	36,451,592		36,451,592
Change in Net Position	4,526,865	\$ 100,756	4,627,621
Net Position - Beginning	46,815,919	686,716	47,502,635
Net Position - Ending	\$ 51,342,784	\$ 787,472	\$ 52,130,256

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

FUND FINANCIAL STATEMENTS

SOMERVILLE BOROUGH SCHOOL DISTRICTBALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 4,910,468	\$ 26,775	\$ 4,944,418	\$ 8,806	\$ 9,890,467
Interfund Receivable				28,327	28,327
Receivables from Federal Government		551,460			551,460
Receivables from State Government	397,131	6,188			403,319
Receivables from Other Governments	89,028	81,092			170,120
Other Receivables	3,023				3,023
Restricted Cash and Cash Equivalents	12,772,050	394,179			13,166,229
Total Assets	\$ 18,171,700	\$ 1,059,694	\$ 4,944,418	\$ 37,133	\$ 24,212,945
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 655,529	\$ 435,603	\$ 308,124		\$ 1,399,256
Interfund Payable			28,327		28,327
Payable to State Government		74,370			74,370
Unearned Revenue		266,822			266,822
Total Liabilities	655,529	776,795	336,451		1,768,775
Fund Balances:					
Restricted:					
Capital Reserve Account	9,672,742				9,672,742
Maintenance Reserve Account	355,027				355,027
Tuition Reserve Account - 2025-2026	1,223,689				1,223,689
Tuition Reserve Account - 2024-2025	1,230,237				1,230,237
Excess Surplus - 2025-2026	1,126,311				1,126,311
Excess Surplus - 2024-2025	1,357,616				1,357,616
Unemployment Compensation	290,355				290,355
Student Activities		394,179			394,179
Debt Service				\$ 37,133	37,133
Committed:					
Capital Projects			4,607,967		4,607,967
Assigned:					
Year-End Encumbrances	375,175				375,175
Subsequent Year's Expenditures	1,697,746				1,697,746
Unassigned/(Deficit)	187,273	(111,280)			75,993
Total Fund Balances	17,516,171	282,899	4,607,967	37,133	22,444,170
Total Liabilities and Fund Balances	\$ 18,171,700	\$ 1,059,694	\$ 4,944,418	\$ 37,133	\$ 24,212,945

SOMERVILLE BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

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

Total Fund Balances From Previous Page	\$ 22,444,170
Capital assets used in governmental activities are not financial resources and therefore not reported in the Funds.	45,846,728
Long-Term Liabilities, including bonds payable, financed purchases and compensated absences payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(8,261,971)
The deferred amount on the refunding is not reported as an expenditure in the governmental funds in the year of the expenditure.	123,207
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(92,175)
Bond premiums are not reported as expenditures in the governmental funds in the year of the expenditure.	(431,922)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(8,849,647)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds.	
Deferred Outflows	1,681,570
Deferred Inflows	<u>(1,117,176)</u>
Net Position of Governmental Activities	<u><u>\$ 51,342,784</u></u>

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 24,829,777			\$ 1,784,131	\$ 26,613,908
Tuition Charges- Other LEA's Within the State	12,073,245				12,073,245
Transportation Fees From Other LEA's	213,225				213,225
Rents and Royalties	84,728				84,728
Interest on Capital Reserve	513,465				513,465
Interest on Maintenance Reserve	17,503				17,503
Interest on Tuition Reserve	124,566				124,566
Restricted Miscellaneous		\$ 640,195			640,195
Unrestricted Miscellaneous	605,320		\$ 28,327		633,647
Total - Local Sources	38,461,829	640,195	28,327	1,784,131	40,914,482
State Sources	21,293,957	1,989,469		208,191	23,491,617
Federal Sources	49,555	2,156,533			2,206,088
Total Revenues	59,805,341	4,786,197	28,327	1,992,322	66,612,187
EXPENDITURES					
Current:					
Regular Instruction	14,089,350	3,951,249			18,040,599
Special Education Instruction	4,951,244	477,671			5,428,915
School Sponsored Instruction	1,211,964				1,211,964
Other Special Instruction	355,717				355,717
Support Services and Undistributed Costs:					
Tuition	906,114				906,114
Student & Instruction Related Services	5,277,061	488,663			5,765,724
General Administrative Services	902,651				902,651
School Administrative Services	2,335,420				2,335,420

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES					
Support Services and Undistributed Costs (Cont'd):					
Central Services	\$ 679,968				\$ 679,968
Administration Information Technology	221,330				221,330
Plant Operations and Maintenance	3,819,560				3,819,560
Pupil Transportation	913,869				913,869
Unallocated Benefits	19,593,541				19,593,541
Debt Service:					
Principal				\$ 1,745,000	1,745,000
Interest and Other Charges				248,120	248,120
Capital Outlay	1,280,408		\$ 270,697		1,551,105
Transfer of Funds to Charter School					
Total Expenditures	56,538,197	\$ 4,917,583	270,697	1,993,120	63,719,597
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	3,267,144	(131,386)	(242,370)	(798)	2,892,590
OTHER FINANCING SOURCES/(USES)					
Financed Purchases (Non-budgeted)	231,000				231,000
Transfers In		152,610	4,693,371	28,327	4,874,308
Transfers Out	(4,845,981)		(28,327)		(4,874,308)
Total Other Financing Sources/(Uses)	(4,614,981)	152,610	4,665,044	28,327	231,000
Net Change in Fund Balances	(1,347,837)	21,224	4,422,674	27,529	3,123,590
Fund Balance - July 1	18,864,008	261,675	185,293	9,604	19,320,580
Fund Balance - June 30	\$ 17,516,171	\$ 282,899	\$ 4,607,967	\$ 37,133	\$ 22,444,170

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Total net change in fund balances - governmental funds (from Exhibit B-2)	\$	3,123,590
Amounts reported for governmental activities in the statement of activities (Exhibit A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differ from depreciation and disposal of assets in the period.		
Depreciation Expense	\$	(1,905,318)
Disposal of Assets with Carrying Value		(24,812)
Capital Outlays		<u>1,725,129</u>
		(205,001)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		1,745,000
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.		22,145
The governmental funds report the effect of the deferred amount on refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-)		(59,634)
The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (+)		133,970
Financed Purchases entered into by the District are an other financing source in the Governmental Funds, but the acquisition increases Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		(231,000)
Repayment of financed purchases is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		165,074

SOMERVILLE BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

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

Changes in Net Pension Liability	\$ (832,638)	
Change in Deferred Outflows	577,489	
Change in Deferred Inflows	1,045,576	
		<u>790,427</u>
Change in net position of governmental activities (Exhibit A-2)		<u>\$ 4,526,865</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	Business-Type Activities - Enterprise Funds
	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 464,344
Accounts Receivable:	
Federal Government	30,732
State Government	1,714
Other	25,203
Inventories	<u>26,916</u>
Total Current Assets	<u>548,909</u>
Non-Current Assets:	
Capital Assets:	
Machinery and Equipment	571,273
Less: Accumulated Depreciation	<u>(288,454)</u>
Total Non-Current Assets	<u>282,819</u>
Total Assets	<u>831,728</u>
LIABILITIES:	
Accounts Payable - Vendors	19,540
Unearned Revenue - Donated Commodities	5,451
Unearned Revenue - Prepaid Sales	<u>19,265</u>
Total Liabilities	<u>44,256</u>
NET POSITION:	
Investment in Capital Assets	282,819
Unrestricted	<u>504,653</u>
Total Net Position	<u><u>\$ 787,472</u></u>

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Business-Type Activities - Enterprise Funds Food Service
Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 283,431
Daily Sales - Non Reimbursable Programs	180,906
Total Operating Revenue	464,337
Operating Expenses:	
Cost of Sales - Reimbursable Programs	296,928
Cost of Sales - Non Reimbursable Programs	189,520
Management Fee	33,109
Salaries, Benefits & Payroll Taxes	339,578
Other	116,013
Depreciation Expense	768
Total Operating Expenses	975,916
Operating (Loss)	(511,579)
Non-Operating Revenue:	
State Sources:	
State School Breakfast Program	1,202
State School Lunch Program	14,827
State - After the Bell	3,401
New Jersey Exapnded Income Eligibilty - Breakfast	1,162
New Jersey Exapnded Income Eligibilty - Lunch	5,763
Federal Sources:	
National School Lunch Program	337,945
Healthy Hunger-Free Kids Act	11,832
School Breakfast Program	84,801
Food Distribution Program	91,372
COVID -19 Supply Chain Assistance	54,055
Local Food for Schools Cooperative Program	5,322
COVID 19 - Pandemic Elecronic Benefit Transfer	653
Total Non-Operating Revenue	612,335

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Business-Type Activities - Enterprise Funds
	Food Service
Change in Net Position	\$ 100,756
Net Position - Beginning of Year	686,716
Net Position - End of Year	\$ 787,472

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Business-Type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 465,567
Payments to Employees	(823,225)
Payments to Suppliers	(43,872)
Net Cash (Used for) Operating Activities	(401,530)
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Equipment	(38,213)
Net Cash (Used for) Capital and Related Financing Activities	(38,213)
Cash Flows from Noncapital Financing Activities:	
Cash Received from State Reimbursements	25,525
Cash Received from Federal Reimbursements	484,612
Net Cash Provided by Noncapital Financing Activities	510,137
Net Increase in Cash and Cash Equivalents	70,394
Cash and Cash Equivalents, July 1	393,950
Cash and Cash Equivalents, June 30	\$ 464,344
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (511,579)
Adjustment to Reconcile Operating Loss to Net Cash (Used for) Operating Activities:	
Depreciation	768
Federal Food Distribution Program	91,372
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	5,569
(Increase)/Decrease in Interfund Receivable	(18,035)
Increase/(Decrease) in Accounts Payable	19,540
Increase/(Decrease) in Unearned Revenue - Donated Commodities	(8,430)
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	19,265
Net Cash (Used for) Operating Activities	\$ (401,530)

Non-Cash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$82,942 and used \$91,372 of those commodities during the fiscal year.

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

The District reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting:

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

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

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2024 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Budget amendments/transfers must be made by resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue"	\$ 59,839,424	\$ 5,107,067
Difference - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		
Current Year Encumbrances:		
Federal		(375,465)
State		(26,099)
Local		(12,094)
Prior Year Encumbrances:		
Federal		89,866
State		16,687
Local		5,771
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	914,862	91,744
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(948,945)	(111,280)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 59,805,341</u>	<u>\$ 4,786,197</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 56,538,197	\$ 5,218,917
Difference - Budgetary to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for Financial Reporting Purposes.		(301,334)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 56,538,197</u>	<u>\$ 4,917,583</u>
		<u>Capital Projects Fund</u>
	<u>Revenue</u>	<u>Fund Balance</u>
Revenue/Fund Balance	\$ 6,749,247	\$ 6,635,516
Reconciliation to Governmental Funds Statements (GAAP):		
Grant Revenue not Recognized on GAAP Basis	(2,027,549)	(2,027,549)
Revenue/Fund Balance per Governmental Funds (GAAP)	<u>\$ 4,721,698</u>	<u>\$ 4,607,967</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

E. Cash, Cash Equivalents, and Investments:

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

H. Encumbrances: (Cont'd):

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2024.

K. Capital Assets:

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

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

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

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

L. Lease Assets:

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

M. Subscription Assets

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

N. Long Term Liabilities:

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

O. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2024.

P. Compensated Absences:

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

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

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

Q. Lease Payable

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

R. Subscription Payable

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

S. Unearned Revenue:

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

T. Fund Balance Appropriated:

General Fund: Of the \$17,516,171 General Fund fund balance at June 30, 2024, \$375,175 is assigned for year-end encumbrances; \$9,672,742 is restricted in the capital reserve account; \$290,355 is restricted for unemployment compensation; \$355,027 is restricted in the maintenance reserve account; \$1,230,237 is restricted in the tuition reserve account and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2025; \$1,223,689 is restricted in the tuition reserve account for fiscal year ending June 30, 2026; \$2,483,927 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701); \$1,357,616 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2025; current year excess surplus in the amount of \$1,126,311 will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2026; \$1,697,746 is assigned and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2025; and \$187,273 is unassigned which is \$948,945, less than the calculated maximum unassigned fund balance, on a Budgetary basis, due to the final two state aid payments which are not recognized until the fiscal year ending June 30, 2025 on a GAAP basis.

Special Revenue Fund: Of the \$282,899 Special Revenue Fund fund balance at June 30, 2024, \$394,179 is restricted for Student Activities and the deficit fund balance of \$111,280 is unassigned. This deficit is due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2025 on a GAAP basis.

Capital Projects Fund: The \$4,607,967 fund balance in the Capital Projects Fund at June 30, 2024 is committed, which is \$2,027,549 less than on a GAAP basis due to Preschool Facilities Expansion grant not being recognized on a GAAP basis until certain milestones are accomplished and the required documentation is submitted to the Grantor for reimbursements.

Debt Service Fund: The District has \$37,133 of restricted fund balance in the Debt Service Fund at June 30, 2024.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus at June 30, 2024 as outlined above.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

T. Fund Balance Appropriated: (Cont'd)

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

U. Deficit Net Position/ Fund Balance:

The District has a deficit in unrestricted net position of \$4,233,440 in governmental activities, which is primarily a result of accrued interest payable, compensated absences payable, net pension liability and the related deferred inflows and outflows. The District has a deficit in fund balance of \$111,280 in the Special Revenue Fund as of June 30, 2024 as a result of the last two state aid payments that are not recognized on a GAAP basis. These deficits do not mean that the District is facing financial difficulties and is a permitted practice by generally accepted accounting principles.

V. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District has deferred outflows of resources at June 30, 2024 on the deferred amount on refunding of debt related to the District refunding bonds, and for pensions. The District has deferred inflows of resources at June 30, 2024 for pensions.

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

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

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

W. Fund Balance Restrictions, Commitments and Assignments:

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

Fund balance restrictions have been established for excess surplus, a capital reserve, a tuition reserve, a maintenance reserve, unemployment compensation, student activities and the debt service fund. The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the capital projects fund at June 30, 2024.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2024.

X. Revenue – Exchange and Nonexchange Transactions:

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

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

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

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

Y. Operating Revenue and Expenses:

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

Z. Management Estimates:

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

AA. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

Deposits:

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

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

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

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

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

Investments:

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

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

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

Investments (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities; if
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.). ;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L.1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2024, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking and Savings Accounts	<u>\$ 11,798,034</u>	<u>\$ 11,723,007</u>	<u>\$ 23,521,041</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2024, was \$23,521,041 and the bank balance was \$25,534,720. The District did not hold any investments during the fiscal year ended June 30, 2024.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 4. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2024 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 20,079			\$ 20,079
Construction in Progress	7,854,506	\$ 871,001	\$ (2,447,361)	6,278,146
Total Capital Assets not Being Depreciated	7,874,585	871,001	(2,447,361)	6,298,225
Capital Assets Being Depreciated:				
Site Improvements	412,800			412,800
Buildings and Building Improvements	61,520,850		2,422,549	63,943,399
Machinery, Equipment and Vehicles	6,181,132	854,128		7,035,260
Total Capital Assets Being Depreciated	68,114,782	854,128	2,422,549	71,391,459
Governmental Activities Capital Assets	75,989,367	1,725,129	(24,812)	77,689,684
Less Accumulated Depreciation for:				
Site Improvements	(412,800)			(412,800)
Buildings and Building Improvements	(25,217,713)	(1,746,758)		(26,964,471)
Machinery, Equipment and Vehicles	(4,307,125)	(158,560)		(4,465,685)
Total Accumulated Depreciation	(29,937,638)	(1,905,318)		(31,842,956)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$46,051,729	\$ (180,189)	\$ (24,812)	\$ 45,846,728
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	533,060	38,213		571,273
Less Accumulated Depreciation	(287,686)	(768)		(288,454)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 245,374	\$ 37,445	\$ -0-	\$ 282,819

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 4. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 2,318
Student & Instruction Related Services	280
Support Services	579
General Administration	59,675
Plant Operations and Maintenance	11,558
Pupil Transportation	33,808
Unallocated	<u>1,797,100</u>
	<u>\$ 1,905,318</u>

The District had active construction projects totaling \$6,635,516 as of June 30, 2024. These projects include HVAC upgrades, greenhouse demolition, playground replacement and preschool addition and alterations. At year end, the District had \$240,588 in outstanding construction encumbrances.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2024, the District made transfers in various Capital Outlay accounts for equipment which do not require approval of the County Superintendent.

NOTE 6. CAPITAL RESERVE ACCOUNT

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

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 6. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2023 to June 30, 2024 fiscal year is as follows:

Beginning Balance at June 30, 2023		\$ 10,765,219
Increased by:		
Interest Earnings	\$ 513,465	
Transferred by Board Resolution - June 11, 2024	1,443,222	
Budget Appropriation	<u>125,000</u>	
		<u>2,081,687</u>
		12,846,906
Decreased by:		
Budget Withdrawal	133,746	
Transfer to Capital Projects Fund- Adopted Budget	<u>3,040,418</u>	
		<u>3,174,164</u>
Ending Balance at June 30, 2024		<u><u>\$ 9,672,742</u></u>

The balance in the capital reserve account at June 30, 2024 does not exceed the LRFP balance of local support costs of uncompleted capital projects. The withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2024, the following changes occurred in liabilities reported in the District-wide financial statements:

	Balance June 30, 2023	Accrued	Retired	Balance June 30, 2024	Balance Due Within One Year
Serial Bonds Payable	\$ 7,595,000		\$ 1,745,000	\$ 5,850,000	\$ 1,810,000
Financed Purchases Payable	165,074	\$ 231,000	165,074	231,000	60,859
Net Pension Liability	8,017,009	832,638		8,849,647	
Unamortized Bond Issuance Premium	565,892		133,970	431,922	133,970
Compensated Absences Payable	<u>1,223,265</u>	<u>1,006,643</u>	<u>48,937</u>	<u>2,180,971</u>	<u>34,780</u>
	<u>\$ 17,566,240</u>	<u>\$ 2,070,281</u>	<u>\$ 2,092,981</u>	<u>\$ 17,543,540</u>	<u>\$ 2,039,609</u>

A. Bonds Payable:

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

A. Bonds Payable: (Cont'd)

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

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

The District had bonds outstanding as of June 30, 2024 as follows:

<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
School Refunding Bonds	7/15/2029	3.00%-4.00%	\$ 4,765,000
School Refunding Bonds	2/15/2025	4.00%	1,085,000
			<u>\$ 5,850,000</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,810,000	\$ 194,500	\$ 2,004,500
2026	755,000	121,500	876,500
2027	785,000	90,700	875,700
2028	810,000	62,850	872,850
2029	830,000	38,250	868,250
2030	860,000	12,900	872,900
	<u>\$ 5,850,000</u>	<u>\$ 520,700</u>	<u>\$ 6,370,700</u>

B. Unamortized Bond Premium

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$133,970 and the long-term portion is \$297,952.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

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

C. Bonds Authorized But Not Issued:

As of June 30, 2024, the Board had no bonds authorized but not issued.

D. Financed Purchases Payable:

The District has a financed purchase agreement for chromebooks totaling \$231,000 of which \$-0- had been amortized as of June 30, 2024. The financed purchase agreement is for a term of four years. The following is a schedule of the future minimum financed purchase payments under the financed purchase agreements, and the present value of the net minimum financed purchases payments at June 30, 2024.

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2025	\$ 62,934
2026	62,934
2027	62,935
2028	<u>62,934</u>
Total Minimum Financed Purchases Payments	251,737
Less: Amount Representing Interest	<u>(20,737)</u>
Present Value of Net Minimum Financed Purchases Payments	<u>\$ 231,000</u>

The current portion of the financed purchases payable at June 30, 2024 is \$60,859 and the long-term portion is \$170,141. The General Fund will be used to liquidate the financed purchases payable.

E. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the long-term liabilities. The current portion of compensated absences liability at June 30, 2024 is \$34,780 and the long-term portion is \$2,146,191. Compensated absences will be liquidated by the General Fund.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2024, no liability existed for compensated absences in the Food Service Fund.

F. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2024 is \$0 and the long-term portion is \$8,849,647 See Note 10 for further information on the PERS.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 8. MAINTENANCE RESERVE ACCOUNT

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

The activity of the maintenance reserve for the July 1, 2023 to June 30, 2024 fiscal year is as follows:

Beginning Balance at June 30, 2023	\$ 362,524
Interest Earnings	17,503
Withdrawal by Board Resolution	<u>(25,000)</u>
Ending Balance at June 30, 2024	<u>\$ 355,027</u>

NOTE 9. TUITION RESERVE ACCOUNT

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

As of June 30, 2024, the District has \$2,453,926 in the tuition reserve for which \$1,223,689 and \$1,230,237 will be used to pay for any tuition adjustments for the fiscal years ending June 30, 2025 and 2026, respectively.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 10. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

District contributions to PERS amounted to \$816,590 for the current fiscal year. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$27,599 to the PERS for normal pension benefits on behalf of the District.

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

Special Funding Situation

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

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

At June 30, 2024, the District reported a liability of \$8,849,647 for its proportionate share of the net pension liability. 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 which was rolled forward to June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the District's proportion was 0.0611%, which was an increase of 0.0080% from its proportion measured as of June 30, 2022.

For the fiscal year ended June 30, 2023, the District recognized an actual pension expense of \$26,163 related to the District's proportionate share of the net pension liability.

Additionally, for the fiscal year ended June 30, 2023, the State recognized pension expense on behalf of the District in the amount of \$27,599 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2024 financial statements.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2019	5.21		\$ (48,072)
	2020	5.16		(437,400)
	2021	5.13	\$ 19,441	
	2022	5.04		(50,855)
			<u>19,441</u>	<u>(536,327)</u>
Changes in Proportion	2019	5.21		(18,169)
	2020	5.16		(199,050)
	2021	5.13	469,255	
	2022	5.04		(327,455)
	2023	5.08	<u>1,067,506</u>	
			<u>1,536,761</u>	<u>(544,674)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2020	5.00	137,049	
	2021	5.00	(1,139,760)	
	2022	5.00	1,356,037	
	2023	5.00	<u>(312,572)</u>	
			<u>40,754</u>	
Difference Between Expected and Actual Experience	2019	5.21	3,675	
	2020	5.16	24,369	
	2021	5.13		(15,461)
	2022	5.04		(20,714)
	2023	5.08	<u>56,570</u>	
			<u>84,614</u>	<u>(36,175)</u>
District Contribution Subsequent to the Measurement Date	2023	1.00	<u>926,910</u>	
			<u>\$ 2,608,480</u>	<u>\$ (1,117,176)</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2024	\$ (485,398)
2025	(459,839)
2026	833,690
2027	(392,674)
2028	<u>1,068,614</u>
	<u>\$ 564,394</u>

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets 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%

Discount Rate

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 will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2023 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2023		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the of the Net Pension Liability	\$ 11,520,358	\$ 8,849,647	\$ 6,576,520

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

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

Benefits Provided

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2023, the State's pension contribution was more than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2024, the State of New Jersey contributed \$7,559,684 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$2,126,802.

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

At June 30, 2024, the State's proportionate share of the net pension liability associated with the District was \$86,571,179. 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 which was rolled forward to June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the District's proportion was 0.1696%, which was a decrease of .1787% from its proportion measured as of June 30, 2022.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>86,571,179</u>
Total	<u><u>\$ 86,571,179</u></u>

For the fiscal year ended June 30, 2023, the State recognized pension expense on behalf of the District in the amount of \$7,559,684 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2024 financial statements.

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2016	8.30	\$ 391,340,712	
	2017	8.30		\$ 2,080,865,206
	2018	8.29		1,883,063,885
	2019	8.04		1,514,535,609
	2020	7.99	805,517,879	
	2021	7.93		9,179,534,541
	2022	7.83	82,066,487	
			<u>1,278,925,078</u>	<u>14,657,999,241</u>
Difference Between Expected and Actual Experience	2016	8.30		4,866,656
	2017	8.30	37,022,988	
	2018	8.29	330,339,649	
	2019	8.04		58,842,090
	2020	7.99		4,293,040
	2021	7.93	121,815,868	
	2022	7.83		15,372,285
	2023	7.93	169,161,907	
			<u>658,340,412</u>	<u>83,374,071</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2020	5.00	241,395,539	
	2021	5.00	(1,777,316,905)	
	2022	5.00	2,489,500,994	
	2023	6.00	(477,296,442)	
			<u>476,283,186</u>	
			<u>\$ 2,413,548,676</u>	<u>\$ 14,741,373,312</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2024	\$ (3,918,676,894)
2025	(3,446,016,070)
2026	(1,604,289,401)
2027	(1,742,641,843)
2028	(1,672,806,952)
Thereafter	56,606,524
	<u>\$ (12,327,824,636)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 4.25% based on years of service
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets 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%

Discount Rate – TPAF

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 will be made based on 100% of the actuarially determined contribution from the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2023 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2023		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
Total Net Pension Liability	\$ 102,083,129	\$ 86,571,179	\$ 73,506,430

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$43,288 for the fiscal year ended June 30, 2024. Employee contributions to DCRP amounted to \$59,979 for the fiscal year ended June 30, 2024.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 11. RISK MANAGEMENT

Property, Liability and Health Benefits

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

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

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

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

The audit report for the fiscal year ended June 30, 2024 was not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2023 is as follows:

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

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

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

New Jersey Unemployment Compensation Insurance

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021-2022	\$ -0-	\$ 37,263	\$ 352	\$ -0-	\$ 368,332
2022-2023	-0-	72,010	5,636	98,149	347,829
2023-2024	-0-	74,419	9,558	141,451	290,355

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The following interfund balances existed as at June 30, 2024:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Capital Projects Fund		\$ 28,327
Debt Service	\$ 28,327	
	<u>\$ 28,327</u>	<u>\$ 28,327</u>

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 13. DEFERRED COMPENSATION

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

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

NOTE 14. TAX CALENDAR

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

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

NOTE 15. ECONOMIC DEPENDENCY

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

NOTE 16. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 16. CONTINGENT LIABILITIES (Cont'd)

Encumbrances

At June 30, 2024, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ 375,175	\$ 413,658	\$ 240,588	\$ 1,029,421
<u> </u>	<u> </u>	<u> </u>	<u> </u>

On the District's Governmental Funds Balance Sheet as of June 30, 2024, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$413,658 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. The \$240,588 of year-end encumbrances in the Capital Projects Fund are included in the committed fund balance amount on the Governmental Funds Balance Sheet as of June 30, 2024.

NOTE 17. ACCOUNTS PAYABLE

	Governmental Funds			District Contribution Subsequent to the Measurement Date	Total Governmental Activities	Business- Type Activities Proprietary Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	<u> </u>	<u> </u>	<u> </u>
Vendors	\$ 627,921	\$ 435,603	\$ 308,124		\$ 1,371,648	\$ 19,540
Payroll Deductions and Withholdings	27,608				27,608	
Due to State of New Jersey				\$ 926,910	926,910	
	<u>\$ 655,529</u>	<u>\$ 435,603</u>	<u>\$ 308,124</u>	<u>\$ 926,910</u>	<u>\$ 2,326,166</u>	<u>\$ 19,540</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

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

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

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

Employees Covered by Benefit Terms

At June 30, 2022, the plan membership consisted of the following:

Retiree Plan Members or Spouses of Retirees Currently Receiving Benefit Payments	152,383
Active Plan Members	<u>217,212</u>
Total	<u>369,595</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

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

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

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023.

Actuarial Assumptions and Other Inputs

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

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

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

Mortality Rates

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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

Health Care Trend Assumptions

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

Discount Rate

The discount rate used to measure the total OPEB liability was 3.65%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate

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

	<u>Total OPEB Liability</u>
Balance at June 30, 2022	\$ 74,187,797
Changes for Year:	
Service Cost	3,443,880
Interest on the Total OPEB Liability	2,773,747
Changes of Assumptions	158,743
Differences between Expected and Actual Experience	284,558
Gross Benefit Payments by the State	(2,162,181)
Contributions from Members	<u>71,081</u>
Net Changes	<u>4,569,828</u>
Balance at June 30, 2023	<u><u>\$ 78,757,625</u></u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

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

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

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

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

	June 30, 2023		
	At 1%	At	At 1%
	Decrease	Discount Rate	Increase
	(2.65%)	(3.65%)	(4.65%)
Total OPEB Liability Attributable to the District	\$ 92,329,794	\$ 78,757,625	\$ 67,860,749

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

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

	June 30, 2023		
	1%	Healthcare	1%
	Decrease	Cost Trend Rate	Increase
Total OPEB Liability Attributable to the District	\$ 65,380,971	\$ 78,757,625	\$ 96,261,011

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

For the fiscal year ended June 30, 2024 the District recognized OPEB expense of \$2,745,169 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2023 the State had deferred outflows of resources and deferred inflows of resources excluding changes in proportion related to OPEB associated with the District from the following sources:

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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

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

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 2,837,934
	2018	9.51		2,937,517
	2019	9.29	\$ 432,155	
	2020	9.24	10,565,470	
	2021	9.24	60,135	
	2022	9.13		15,958,838
	2023	9.30	141,674	
			<u>11,199,434</u>	<u>21,734,289</u>
Differences Between Expected and Actual Experience	2018	9.51		2,776,867
	2019	9.29		5,086,489
	2020	9.24	9,847,432	
	2021	9.24		11,564,518
	2022	9.13	1,643,531	
	2023	9.30		1,316,099
			<u>11,490,963</u>	<u>20,743,973</u>
Changes in Proportion	N/A	N/A		
			<u>5,046,133</u>	<u>1,385,670</u>
			<u>\$ 27,736,530</u>	<u>\$ 43,863,932</u>

N/A - Not Available

Fiscal Year Ending June 30,	Total
2024	\$ (3,927,566)
2025	(3,927,566)
2026	(3,413,609)
2027	(2,012,534)
2028	(411,942)
Thereafter	<u>(6,094,648)</u>
	<u>\$ (19,787,865)</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 19. TAX ABATEMENTS

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

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

The Borough of Somerville recognized revenue in the amount of \$3,912,988 from payment in lieu of taxes ("PILOT") agreement. The taxes which would have been paid for 2023 without the abatement would have been \$7,743,687 of which \$173,691 would have been for the local school tax.

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
District's proportion of the net pension liability	0.0490458605%	0.0519459671%	0.0548689596%	0.0567481496%	0.0567180100%	0.0547280791%	0.0507953034%	0.0559772793%	0.0531231157%	0.0610978934%
District's proportionate share of the net pension liability	\$ 9,182,726	\$ 11,660,829	\$ 16,250,612	\$ 13,210,062	\$ 11,167,494	\$ 9,861,170	\$ 8,283,386	\$ 6,631,348	\$ 8,017,009	\$ 8,849,647
District's covered employee payroll	\$ 3,478,144	\$ 3,675,028	\$ 3,843,946	\$ 3,876,762	\$ 3,825,748	\$ 3,866,610	\$ 4,029,327	\$ 3,917,094	\$ 4,332,479	\$ 4,759,525
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	264.01%	317.30%	422.76%	340.75%	291.90%	255.03%	205.58%	169.29%	185.04%	185.94%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%	65.23%

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	\$ 404,327	\$ 446,596	\$ 492,461	\$ 559,987	\$ 598,548	\$ 570,491	\$ 591,020	\$ 643,743	\$ 669,908	\$ 816,590
Contributions in relation to the contractually required contribution	(404,327)	(446,596)	(492,461)	(559,987)	(598,548)	(570,491)	(591,020)	(643,743)	(669,908)	(816,590)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 3,675,028	\$ 3,843,946	\$ 3,876,762	\$ 3,825,748	\$ 3,866,610	\$ 4,029,327	\$ 3,917,094	\$ 4,332,479	\$ 4,759,525	\$ 4,952,514
Contributions as a percentage of covered employee payroll	11.00%	11.62%	12.70%	14.64%	15.48%	14.16%	15.09%	14.86%	14.08%	16.49%

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
State's proportion of the net pension liability attributable to the District	0.1703588325%	0.1722106861%	0.1665277727%	0.1679416150%	0.1722765513%	0.1707258308%	0.1678030800%	0.1675537515%	0.1786826637%	0.1696387425%
State's proportionate share of the net pension liability attributable to the District	\$ 91,051,251	\$ 108,844,508	\$ 131,001,349	\$ 113,232,293	\$ 109,598,642	\$ 104,776,054	\$ 110,496,309	\$ 80,551,782	\$ 92,190,276	\$ 86,571,179
District's covered employee payroll	\$ 16,634,801	\$ 16,820,295	\$ 17,622,689	\$ 18,022,261	\$ 17,899,833	\$ 18,034,210	\$ 19,687,965	\$ 19,710,132	\$ 20,390,094	\$ 21,114,563
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	547.35%	647.10%	743.37%	628.29%	612.29%	580.98%	561.24%	408.68%	452.13%	410.01%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%	34.68%

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	\$ 4,899,412	\$ 6,645,937	\$ 9,842,929	\$ 7,844,160	\$ 6,389,218	\$ 6,179,972	\$ 6,871,131	\$ 1,895,419	\$ 2,481,098	\$ 2,126,802
Contributions in relation to the contractually required contribution	(931,034)	(1,333,286)	(1,822,962)	(2,537,026)	(3,357,764)	(3,680,564)	(4,870,585)	(7,355,752)	(6,934,934)	(7,559,684)
Contribution deficiency/(excess)	\$ 3,968,378	\$ 5,312,651	\$ 8,019,967	\$ 5,307,134	\$ 3,031,454	\$ 2,499,408	\$ 2,000,546	\$ (5,460,333)	\$ (4,453,836)	\$ (5,432,882)
District's covered employee payroll	\$ 16,820,295	\$ 17,622,689	\$ 18,022,261	\$ 17,899,833	\$ 18,034,210	\$ 19,687,965	\$ 19,710,132	\$ 20,390,094	\$ 21,114,563	\$ 21,403,201
Contributions as a percentage of covered employee payroll	5.54%	7.57%	10.12%	14.17%	18.62%	18.69%	24.71%	36.08%	32.84%	35.32%

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

	Fiscal Years Ending June 30,						
	2017	2018	2019	2020	2021	2022	2023
Total OPEB Liability							
Service Cost	\$ 3,784,731	\$ 3,124,493	\$ 2,687,917	\$ 2,803,573	\$ 5,218,033	\$ 4,553,953	\$ 3,443,880
Interest Cost	2,457,659	2,842,543	2,545,318	2,153,968	2,287,328	1,966,058	2,773,747
Changes in Assumptions	(10,730,828)	(7,339,870)	888,051	17,944,932	86,990	(19,901,542)	158,743
Change of Benefit Terms					(93,851)		
Difference Between Expected and Actual Experiences		(10,109,229)	(8,747,939)	17,434,746	(15,820,378)	1,280,236	284,558
Member Contributions	65,753	59,111	54,197	51,838	58,476	62,475	71,081
Gross Benefit Payments	(1,785,672)	(1,710,300)	(1,828,328)	(1,710,264)	(1,801,774)	(1,947,439)	(2,162,181)
Net Change in Total OPEB Liability	(6,208,357)	(13,133,252)	(4,400,784)	38,678,793	(10,065,176)	(13,986,259)	4,569,828
Total OPEB Liability - Beginning	83,302,832	77,094,475	63,961,223	59,560,439	98,239,232	88,174,056	74,187,797
Total OPEB Liability - Ending	<u>\$ 77,094,475</u>	<u>\$ 63,961,223</u>	<u>\$ 59,560,439</u>	<u>\$ 98,239,232</u>	<u>\$ 88,174,056</u>	<u>\$ 74,187,797</u>	<u>\$ 78,757,625</u>
District's Covered Employee Payroll *	\$ 20,495,323	\$ 21,466,635	\$ 21,899,023	\$ 21,725,581	\$ 21,900,820	\$ 23,717,292	\$ 23,627,226
Total OPEB Liability as a Percentage of Covered Employee Payroll	376%	298%	272%	452%	403%	313%	333%

* - Covered payroll for the fiscal years ending June 30, 2017 through 2023 are based on the payroll on the June 30, 2016 through 2022 census data.

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

There were none.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2022 actuarial valuation the salary increases were 2.75 – 4.25% based on years of service while in the July 1, 2021 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEN PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2023 was 3.65%. The discount rate for June 30, 2022 was 3.54%, a change of .11%.

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

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

The health care trend rates in the valuation as of June 30, 2022 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years.

BUDGETARY COMPARISON SCHEDULES

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 24,829,777		\$ 24,829,777	\$ 24,829,777	
Tuition From Other LEAs Within the State	12,101,558		12,101,558	12,073,245	\$ (28,313)
Transportation Fees From Other LEAs				213,225	213,225
Rents and Royalties	30,000		30,000	84,728	54,728
Unrestricted Miscellaneous Revenues	100,000		100,000	605,320	505,320
Interest Earned on Tuition Reserve Funds				124,566	124,566
Interest Earned on Maintenance Reserve				17,503	17,503
Interest Earned on Capital Reserve Funds	10,000		10,000	513,465	503,465
Total Revenues from Local Sources	37,071,335		37,071,335	38,461,829	1,390,494
Revenues from State Sources:					
Categorical Transportation Aid	204,865		204,865	204,865	
Extraordinary Aid	125,000		125,000	263,993	138,993
Categorical Special Education Aid	1,496,559		1,496,559	1,496,559	
Family Crisis Transportation Aid				85,183	85,183
Equalization Aid	7,484,886		7,484,886	7,484,886	
Categorical Security Aid	443,956		443,956	443,956	
Homeless Tuition				56,656	56,656
TPAF Post Retirement Contributions (Non-Budgeted)				2,080,934	2,080,934
TPAF Pension Contributions (Non-Budgeted)				7,559,684	7,559,684
TPAF Non-Contributory Insurance (Non-Budgeted)				86,214	86,214
TPAF Long-Term Disability Insurance (Non-Budgeted)				3,693	3,693
Reimbursed TPAF Social Security Contributions				1,561,417	1,561,417
Total Revenues from State Sources	9,755,266		9,755,266	21,328,040	11,572,774

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Federal Sources:					
Medicaid Reimbursement	\$ 50,486		\$ 50,486	\$ 49,555	\$ (931)
Total Revenues from Federal Sources	50,486		50,486	49,555	(931)
 TOTAL REVENUE	 46,877,087		 46,877,087	 59,839,424	 12,962,337
 GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	488,649	\$ (34,355)	454,294	454,294	
Grades 1-5 - Salaries of Teachers	3,460,568	55,855	3,516,423	3,516,422	1
Grades 6-8 - Salaries of Teachers	2,306,534	(15,000)	2,291,534	2,178,210	113,324
Grades 9-12 - Salaries of Teachers	6,609,770	(126,413)	6,483,357	6,236,610	246,747
Regular Programs - Home Instruction:					
Salaries of Teachers	15,000		15,000	9,459	5,541
Purchased Professional-Educational Services	41,339	28,000	69,339	42,663	26,676
Other Purchased Services (400-500 series)	200		200		200
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	80,292	39,063	119,355	119,355	
Purchased Professional-Educational Services	52,495	20,975	73,470	70,091	3,379
Purchased Technical Services	50,785		50,785	27,770	23,015
Other Purchased Services (400-500 series)	849,554	33,788	883,342	634,554	248,788
General Supplies	923,041	(1,414)	921,627	779,289	142,338
Textbooks	35,333	3,378	38,711	17,018	21,693
Other Objects	20,390	200	20,590	3,615	16,975
Total Regular Programs - Instruction	14,933,950	4,077	14,938,027	14,089,350	848,677

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	\$ 343,061	\$ 21,253	\$ 364,314	\$ 363,293	\$ 1,021
Other Salaries for Instruction	397,756	(86,724)	311,032	290,730	20,302
Purchased Professional-Educational Services		2,672	2,672	2,660	12
Other Purchased Services (400-500 series)	495		495	449	46
General Supplies	6,090		6,090	3,674	2,416
Total Learning and/or Language Disabilities	747,402	(62,799)	684,603	660,806	23,797
Multiple Disabilities:					
Salaries of Teachers	592,123	17,788	609,911	609,910	1
Other Salaries for Instruction	468,934	62,772	531,706	529,285	2,421
Purchased Professional-Educational Services		18,000	18,000	16,131	1,869
Other Purchased Services (400-500 series)	1,790		1,790	1,397	393
General Supplies	14,888		14,888	10,821	4,067
Total Multiple Disabilities	1,077,735	98,560	1,176,295	1,167,544	8,751
Resource Room/Resource Center:					
Salaries of Teachers	2,577,399	(102,580)	2,474,819	2,474,819	
Other Salaries for Instruction	372,238	30,322	402,560	358,824	43,736
Purchased Professional-Educational Services		36,828	36,828	34,314	2,514
General Supplies	20,294	950	21,244	17,051	4,193
Other Objects	13,000		13,000	5,868	7,132
Total Resource Room/Resource Center	2,982,931	(34,480)	2,948,451	2,890,876	57,575
Preschool Disabilities - Part-Time:					
Salaries of Teachers	86,039		86,039	84,531	1,508
Other Salaries for Instruction	94,931		94,931	49,565	45,366
General Supplies	1,200		1,200	1,172	28
Total Preschool Disabilities - Part-Time	182,170		182,170	135,268	46,902

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Preschool Disabilities - Full-Time:					
Salaries of Teachers	\$ 99,764		\$ 99,764	\$ 96,306	\$ 3,458
Other Salaries for Instruction	156,299	\$ (98,856)	57,443		57,443
General Supplies	1,720	(1,000)	720	444	276
Total Preschool Disabilities - Full-Time	257,783	(99,856)	157,927	96,750	61,177
TOTAL SPECIAL EDUCATION - INSTRUCTION	5,248,021	(98,575)	5,149,446	4,951,244	198,202
Basic Skills/Remedial - Instruction:					
Purchased Professional-Educational Services	880		880		880
Total Basic Skills/Remedial - Instruction	880		880		880
Bilingual Education - Instruction:					
Salaries of Teachers	325,556	18,160	343,716	343,716	
Other Purchased Services (400-500 series)	7,500		7,500		7,500
General Supplies	9,000		9,000		9,000
Total Bilingual Education - Instruction	342,056	18,160	360,216	343,716	16,500
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	213,350	9,013	222,363	220,447	1,916
Purchased Services (300-500 series)	14,592	(7,925)	6,667	5,274	1,393
Supplies and Materials	48,198	23,122	71,320	69,771	1,549
Other Objects	3,500	1,050	4,550	3,955	595
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	279,640	25,260	304,900	299,447	5,453
School-Sponsored Athletics - Instruction:					
Salaries	592,735	10,883	603,618	603,617	1
Purchased Services (300-500 series)	198,971	(404)	198,567	180,938	17,629
Supplies and Materials	100,596	(9,157)	91,439	87,328	4,111
Other Objects	25,470	16,486	41,956	40,634	1,322
Total School-Sponsored Athletics - Instruction	917,772	17,808	935,580	912,517	23,063

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Before/After School Programs - Instruction:					
Salaries of Teacher Tutors	\$ 20,000		\$ 20,000	\$ 11,529	\$ 8,471
Total Before/after School Programs - Instruction	20,000		20,000	11,529	8,471
Summer School - Instruction:					
Salaries of Teacher Tutors	6,000	\$ (2,000)	4,000	472	3,528
Total Summer School - Instruction	6,000	(2,000)	4,000	472	3,528
Total Summer School	6,000	(2,000)	4,000	472	3,528
TOTAL INSTRUCTION	21,748,319	(35,270)	21,713,049	20,608,275	1,104,774
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Regular	155,998	(28,000)	127,998	111,543	16,455
Tuition to Other LEAs Within the State-Special		68,136	68,136	64,428	3,708
Tuition to County Voc. School Dist.-Regular	45,100		45,100	39,141	5,959
Tuition to CSSD & Reg. Day Schools	183,769		183,769	135,571	48,198
Tuition to Priv. Sch. for the Handicap. W/I State	880,664	(68,136)	812,528	555,431	257,097
Total Undistributed Expenditures - Instruction	1,265,531	(28,000)	1,237,531	906,114	331,417
Undistributed Expend. - Attend. & Social Work:					
Salaries	48,304	252	48,556	48,556	
Other Purchased Services (400-500 series)	450		450	242	208
Total Undist. Expend. - Attendance and Social Work	48,754	252	49,006	48,798	208
Undistributed Expenditures - Health Services:					
Salaries	426,596	(252)	426,344	330,288	96,056
Purchased Professional and Technical Services	17,590		17,590	16,595	995
Supplies and Materials	15,655	(13)	15,642	6,190	9,452
Other Objects	780	140	920	883	37
Total Undist. Expenditures - Health Services	460,621	(125)	460,496	353,956	106,540

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	\$ 805,523	\$ (77,837)	\$ 727,686	\$ 727,684	\$ 2
Purchased Professional - Educational Services	22,980	83,482	106,462	101,259	5,203
Supplies and Materials	10,080		10,080	8,634	1,446
Total Undist. Expend. - Speech, OT, PT, Related Svcs	838,583	5,645	844,228	837,577	6,651
Undist.Expend.-Other Supp.Serv.Students-Extra.Serv.:					
Salaries	218,640	137,720	356,360	333,775	22,585
Purchased Professional - Educational Services	210,000	(12,700)	197,300	130,771	66,529
Total Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.	428,640	125,020	553,660	464,546	89,114
Undist.Expend.-Guidance:					
Salaries of Other Professional Staff	1,074,350		1,074,350	987,953	86,397
Salaries of Secretarial and Clerical Assistants	140,666		140,666	140,666	
Other Purchased Prof. and Tech. Services	40,345		40,345	36,102	4,243
Other Purchased Services (400-500 series)	13,925	(95)	13,925	13,038	887
Supplies and Materials	7,949		7,854	5,215	2,639
Total Undist Expend. - Guidance	1,277,235	(95)	1,277,140	1,182,974	94,166
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	796,048		796,048	765,187	30,861
Salaries of Secretarial and Clerical Assistants	75,722		75,722	75,722	
Other Purchased Prof. and Tech. Services	94,000	(6,250)	87,750	47,548	40,202
Other Purchased Services (400-500 series)	9,249	6,250	15,499	10,048	5,451
Supplies and Materials	12,080	600	12,680	10,440	2,240
Other Objects		400	400	400	
Total Undist Expend. - Child Study Team	987,099	1,000	988,099	909,345	78,754

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	\$ 428,920	\$ 7,855	\$ 436,775	\$ 436,774	\$ 1
Salaries of Other Professional Staff	74,813		74,813	21,701	53,112
Salaries of Secretarial and Clerical Assistants	83,901	(10,927)	72,974	64,977	7,997
Purchased Professional - Educational Services		5,500	5,500	5,500	
Other Purchased Services (400-500 series)	25,000		25,000	2,278	22,722
Supplies and Materials	10,000		10,000	582	9,418
Other Objects	12,000		12,000	5,553	6,447
Total Undist. Expend.-Improv. of Inst. Serv.	634,634	2,428	637,062	537,365	99,697
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	240,357		240,357	240,357	
Salaries of Technology Coordinators	578,928	3,072	582,000	580,499	1,501
Other Purchased Services (400-500 series)	35,122	(2,061)	33,061	27,937	5,124
Supplies and Materials	14,568	2,061	16,629	13,791	2,838
Total Undist Expend-Edu. Media Serv./Sch. Library	868,975	3,072	872,047	862,584	9,463
Undist.Expend.-Instructional Staff Training Services:					
Salaries of Other Professional Staff	20,000		20,000	6,441	13,559
Purchased Professional - Educational Service	89,900	(3,000)	86,900	47,143	39,757
Other Purchased Prof. And Tech. Services	18,000		18,000	13,536	4,464
Other Purchased Services (400-500 series)	35,231	4,200	39,431	12,796	26,635
Supplies and Materials	3,500		3,500		3,500
Other Objects	7,000		7,000		7,000
Total Undist.Expend.-Instructional Staff Training Services	173,631	1,200	174,831	79,916	94,915

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	\$ 310,435	\$ (1,199)	\$ 309,236	\$ 309,236	
Unused Vacation Payment to Terminated/Retired Staff		1,693	1,693	1,692	\$ 1
Legal Services	200,000	13,389	213,389	213,389	
Audit Fees	43,500	(8,500)	35,000	35,000	
Architectural/Engineering Services	22,651	(270)	22,381	22,230	151
Other Purchased Professional Services	6,000	23,630	29,630	25,630	4,000
Purchased Technical Services	5,000	16,177	21,177	21,176	1
Communications / Telephone	53,000	(18,551)	34,449	34,448	1
BOE Other Purchased Services	4,500	1,021	5,521	5,521	
Other Purch. Serv. (400-500 series other than 530 & 585)	237,410	(31,144)	206,266	206,266	
General Supplies	5,500	(4,846)	654	654	
Judgments Against The School District		107,995	107,995		107,995
Miscellaneous Expenditures	14,300	(6,251)	8,049	8,049	
BOE Membership Dues and Fees	20,400	(854)	19,546	19,360	186
Total Undist. Expend.-Support Serv.-Gen. Admin.	922,696	92,290	1,014,986	902,651	112,335
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	1,650,665	(21,246)	1,629,419	1,629,417	2
Salaries of Secretarial and Clerical Assistants	535,153	56,444	591,597	591,595	2
Other Purchased Services (400-500 series)	14,050	2,000	16,050	10,495	5,555
Supplies and Materials	60,679	15,056	75,735	48,255	27,480
Other Objects	56,570	4,575	61,145	55,658	5,487
Total Undist. Expend.-Support Serv.-School Adm.	2,317,117	56,829	2,373,946	2,335,420	38,526

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services:					
Salaries	\$ 599,819	\$ 6,237	\$ 606,056	\$ 606,056	
Unused Vacation Payment to Terminated/Retired Staff		1,243	1,243	1,242	\$ 1
Purchased Technical Services		18,802	18,802	18,802	
Miscellaneous Purchased Services (400-500 series other than 594)	28,268	17,455	45,723	42,797	2,926
Supplies and Materials	9,000		9,000	7,421	1,579
Other Objects	2,600	1,050	3,650	3,650	
Total Undist. Expend. - Central Services	639,687	44,787	684,474	679,968	4,506
Undist. Expend. - Admin. Info. Technology:					
Purchased Professional Services	1,218	(1,218)			
Purchased Technical Services	244,200	(66,053)	178,147	129,097	49,050
Other Purchased Services (400-500 series)	59,110	4,929	64,039	63,104	935
Supplies and Materials	25,200	6,459	31,659	25,963	5,696
Other Objects	7,005		7,005	3,166	3,839
Total Undist. Expend. - Admin. Info. Technology	336,733	(55,883)	280,850	221,330	59,520
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	337,789	(28,521)	309,268	285,038	24,230
Cleaning, Repair, and Maintenance Services	425,466	70,168	495,634	476,182	19,452
General Supplies	164,926	(22,776)	142,150	138,596	3,554
Other Objects	5,500		5,500	5,377	123
Total Undist. Expend.- Required Maint. for School Facilities	933,681	18,871	952,552	905,193	47,359
Undist. Expend.-Custodial Services:					
Salaries	678,372	33,638	712,010	681,611	30,399
Salaries of Non-Instructional Aides	257,157	(85,530)	171,627	158,709	12,918
Purchased Professional and Technical Services	12,000		12,000	9,475	2,525
Cleaning, Repair, and Maintenance Services	649,000	31,210	680,210	680,210	
Rental of Land & Bldg. Oth. than Lease Pur. Agrmt.	14,000	1,068	15,068	15,067	1
Other Purchased Property Services	47,000	54,009	101,009	101,009	

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services (Cont'd):					
Insurance	\$ 130,156	\$ 9,210	\$ 139,366	\$ 139,365	\$ 1
Miscellaneous Purchased Services	3,000	1,500	4,500	4,458	42
General Supplies	100,000	(10,000)	90,000	81,995	8,005
Energy (Natural Gas)	293,601	(52,756)	240,845	158,781	82,064
Energy (Electricity)	540,000	6,283	546,283	546,283	
Other Objects	1,000		1,000	125	875
Total Undist. Expend.-Custodial Services	2,725,286	(11,368)	2,713,918	2,577,088	136,830
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	83,900	18,686	102,586	100,832	1,754
General Supplies	13,000		13,000	11,272	1,728
Total Care And Upkeep Of Grounds	96,900	18,686	115,586	112,104	3,482
Security:					
Salaries	181,565	2,000	183,565	181,628	1,937
Purchased Professional and Technical Services	29,112	3,711	32,823	30,052	2,771
Cleaning, Repair, and Maintenance Services	6,000	(3,000)	3,000		3,000
General Supplies	52,598	(36,811)	15,787	13,495	2,292
Total Security	269,275	(34,100)	235,175	225,175	10,000
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	4,025,142	(7,911)	4,017,231	3,819,560	197,671
Undist. Expend.-Student Transportation Serv.:					
Salaries of Non-Instructional Aides	115,944	1,725	117,669	113,983	3,686
Sal. for Pupil Trans. (Bet. Home and Sch.)-Reg.		37,748	37,748	27,425	10,323
Sal. for Pupil Trans. (Bet. Home and Sch.)-Spl. Ed.	349,120	(3,629)	345,491	330,307	15,184
Sal. for Pupil Trans. (Oth. than Bet. Home & Sch)	65,000	84,693	149,693	149,693	
Other Purchased Professional and Technical Services	4,000	1,220	5,220	5,220	
Cleaning, Repair, and Maint. Services	30,000	15,000	45,000	44,827	173
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts		1,000	1,000	1,000	
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	153,363	(78,564)	74,799	19,669	55,130
Contract. Serv.(Reg. Students)-ESCs & CTSA's	60,000		60,000	40,988	19,012

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Student Transportation Serv. (Cont'd):					
Contract. Serv.(Spl. Ed. Students)-ESC's & CTSA's	\$ 382,403	\$ (102,395)	\$ 280,008	\$ 55,759	\$ 224,249
Misc. Purchased Serv. - Transportation	28,259	4,785	33,044	33,037	7
General Supplies	12,539	12,500	25,039	23,552	1,487
Transportation Supplies	70,000	(300)	69,700	67,604	2,096
Other Objects	1,000		1,000	805	195
Total Undist. Expend.-Student Trans. Serv.	1,271,628	(26,217)	1,245,411	913,869	331,542
UNALLOCATED BENEFITS					
Social Security Contributions	667,000	27,800	694,800	666,884	27,916
Other Retirement Contributions - PERS	920,546	(71,800)	848,746	816,590	32,156
Other Retirement Contributions - Regular		44,000	44,000	43,288	712
Unemployment Compensation	25,000	32,474	57,474	57,474	
Workers Compensation	223,630	(9,800)	213,830	209,372	4,458
Health Benefits	7,143,726	(212,602)	6,931,124	6,324,809	606,315
Tuition Reimbursement	186,033		186,033	123,087	62,946
Other Employee Benefits	17,000		17,000	14,095	2,905
Unused Sick Payment to Terminated/Retired Staff	85,000		85,000	46,000	39,000
TOTAL UNALLOCATED BENEFITS	9,267,935	(189,928)	9,078,007	8,301,599	776,408
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				2,080,934	(2,080,934)
TPAF Pension Contributions (Non-Budgeted)				7,559,684	(7,559,684)
TPAF Non-Contributory Insurance (Non-Budgeted)				86,214	(86,214)
TPAF Long-Term Disability Insurance (Non-Budgeted)				3,693	(3,693)
Reimbursed TPAF Social Security Contributions				1,561,417	(1,561,417)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				11,291,942	(11,291,942)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	9,267,935	(189,928)	9,078,007	19,593,541	(10,515,534)
TOTAL UNDISTRIBUTED EXPENDITURES	25,764,641	24,364	25,789,005	34,649,514	(8,860,509)
TOTAL GENERAL CURRENT EXPENSE	47,512,960	(10,906)	47,502,054	55,257,789	(7,755,735)

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment:					
Grades 1-5	\$ 15,000	\$ (15,000)			
Grades 6-8	21,500	(10,563)	\$ 10,937	\$ 6,517	\$ 4,420
Grades 9-12	22,879	26,194	49,073	49,068	5
At-Risk Programs		33,433	33,433	30,887	2,546
School-Sponsored and Other Instructional Programs	9,834	(9,834)			
Undistributed:					
Undistributed Expenditures - General Admin.	118,259	3,646	121,905	121,905	
Undistributed Expenditures - Admin. Info. Tech.	287,465	(4,788)	282,677	282,455	222
Undist. Expend. - Required Maint for School Fac.		2,880	2,880	2,880	
Undist. Expend. - Security		11,100	11,100	10,983	117
School Buses - Special	355,000	(1,162)	353,838	352,974	864
Total Equipment	829,937	35,906	865,843	857,669	8,174
Facilities Acquisition and Construction Serv.:					
Legal Services	9,750	(7,950)	1,800		1,800
Architectural/Engineering Services	448,645	(270,500)	178,145	17,550	160,595
Other Purchased Prof. and Tech. Services	137,938	(115,350)	22,588		22,588
Construction Services	2,840,585	(915,157)	1,925,428	80,350	1,845,078
Supplies and Materials	200,000	(200,000)			
Other Objects	12,750	(10,250)	2,500		2,500
Assessment for Debt Service on SDA Funding	93,839		93,839	93,839	
Total Facilities Acquisition and Const. Serv.	3,743,507	(1,519,207)	2,224,300	191,739	2,032,561
Assets Acquired Under Financed Purchases (Non-Budgeted):					
Regular Programs - Equipment				231,000	(231,000)
Total Assets Acquired Under Financed Purchases (Non-Budgeted)				231,000	(231,000)
TOTAL CAPITAL OUTLAY	4,573,444	(1,483,301)	3,090,143	1,280,408	1,809,735

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL EXPENDITURES	\$ 52,086,404	\$ (1,494,207)	\$ 50,592,197	\$ 56,538,197	\$ (5,946,000)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(5,209,317)	1,494,207	(3,715,110)	3,301,227	(7,016,337)
Other Financing Sources/(Uses):					
Financed Purchases (Non-budgeted)				231,000	231,000
Local Contrib. - Trans to Special Revenue Fund - Inclusion	(152,610)		(152,610)	(152,610)	
Capital Outlay - Transfer to Capital Projects Fund		(1,652,953)	(1,652,953)	(1,652,953)	
Capital Reserve - Transfer to Capital Projects Fund	(3,040,418)		(3,040,418)	(3,040,418)	
Total Other Financing Sources/(Uses)	(3,193,028)	(1,652,953)	(4,845,981)	(4,614,981)	231,000
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(8,402,345)	(158,746)	(8,561,091)	(1,313,754)	7,247,337
Fund Balance, July 1	19,778,870		19,778,870	19,778,870	
Fund Balance, June 30	\$ 11,376,525	\$ (158,746)	\$ 11,217,779	\$ 18,465,116	\$ 7,247,337

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
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 Final to Actual</u>
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 9,672,742	
Maintenance Reserve				355,027	
Tuition Reserve - Designated for 2024-2025				1,230,237	
Tuition Reserve - Designated for 2025-2026				1,223,689	
Excess Surplus - Restricted For 2025-2026				1,126,311	
Excess Surplus - Restricted For 2024-2025				1,357,616	
Unemployment Compensation				290,355	
Assigned Fund Balance:					
Year End Encumbrances				375,175	
Designated for Subsequent Year's Expenditures				1,697,746	
Unassigned Fund Balance				<u>1,136,218</u>	
				<u>18,465,116</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				<u>(948,945)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 17,516,171</u>	

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 303,276	\$ 415,258	\$ 718,534	\$ 646,518	\$ (72,016)
State Sources	2,203,420	161,510	2,364,930	2,018,417	(346,513)
Federal Sources	4,340,925	(1,205,619)	3,135,306	2,442,132	(693,174)
Total Revenues	6,847,621	(628,851)	6,218,770	5,107,067	(1,111,703)
Other Financing Sources:					
Transfer In - Board Contribution - General Fund		152,610	152,610	152,610	
Total Revenues and Other Financing Sources	6,847,621	(476,241)	6,371,380	5,259,677	(1,111,703)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	4,726,957	(3,074,062)	1,652,895	1,554,851	98,044
Other Salaries for Instruction	329,946	6,497	336,443	336,442	1
Purchased Professional and Technical Services	145,110	102,222	247,332	214,408	32,924
Other Purchased Services	2,000	590,196	592,196	276,720	315,476
General Supplies	94,001	85,243	179,244	126,978	52,266
Textbooks	43,356	5,898	49,254	40,041	9,213
Other Objects	4,000	29,703	33,703	27,174	6,529
Total Instruction	5,345,370	(2,254,303)	3,091,067	2,576,614	514,453

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Support Services:					
Personal Services - Salaries	\$ 276,867	\$ 7,691	\$ 284,558	\$ 207,030	\$ 77,528
Salaries of Supervisors of Instruction	16,248		16,248	16,248	469
Salaries of Program Directors	36,999	3,351	40,350	39,881	33
Salaries of Other Professional Staff	43,943		43,943	43,910	100
Salaries of Secretaries and Clerical Assistants	55,103	(1,551)	53,552	53,452	381
Other Salaries	22,101		22,101	21,720	5,267
Salaries of Community Parent Involvement Specialist	18,911		18,911	13,644	15,800
Salaries of Master Teachers	56,733		56,733	40,933	2,726
Personal Services – Employee Benefits	314,958	378,108	693,066	690,340	206,022
Purchased Professional Educational Services	107,054	441,607	548,661	342,639	56,624
Purchased Property Services	25,000	174,660	199,660	143,036	143,711
Other Purchased Services	222,058	127,302	349,360	205,649	5,113
Supplies and Materials	3,000	28,301	31,301	26,188	40,760
Student Activities	303,276	226,147	529,423	488,663	
Total Support Services	1,502,251	1,385,616	2,887,867	2,333,333	554,534
Facilities Acquisition and Construction Services:					
Noninstructional Equipment		392,446	392,446	308,970	83,476
Total Facilities Acquisition and Construction Services		392,446	392,446	308,970	83,476
Total Expenditures	\$ 6,847,621	\$ (476,241)	\$ 6,371,380	\$ 5,218,917	\$ 1,152,463
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ 40,760	\$ 40,760

SOMERVILLE BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
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) "Revenue"	\$ 59,839,424	\$ 5,107,067
Difference - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		
Current Year Encumbrances:		
Federal		(375,465)
State		(26,099)
Local		(12,094)
Prior Year Encumbrances:		
Federal		89,865
State		16,687
Local		5,772
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	914,862	91,744
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(948,945)</u>	<u>(111,280)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u><u>\$ 59,805,341</u></u>	<u><u>\$ 4,786,197</u></u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 56,538,197	\$ 5,218,917
Differences - Budgetary to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for Financial Reporting Purposes.		<u>(301,334)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ 56,538,197</u></u>	<u><u>\$ 4,917,583</u></u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ending June 30, 2024, was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

SOMERVILLE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Elementary and Secondary Education Act			
	Title I	Title II Part A	Title III	Title IV
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 310,107	\$ 57,108	\$ 13,268	\$ 22,206
Total Revenue	310,107	57,108	13,268	22,206
OTHER FINANCING SOURCES:				
Transfer In - Board Contribution - General Fund				
Total Revenue and Other Financing Sources	310,107	57,108	13,268	22,206
EXPENDITURES:				
Instruction:				
Salaries of Teachers	169,335			
Other Salaries for Instruction				
Purchased Professional and Technical Services				2,595
Other Purchased Services				2,587
General Supplies	26,740		5,793	
Textbooks				
Other Objects	12,480			
Total Instruction	208,555		5,793	5,182
Support Services:				
Personal Services - Salaries				
Salaries of Supervisors of Instruction				
Salaries of Program Directors	1,332			
Salaries of Other Professional Staff				
Salaries of Secretaries and Clerical Assistants				
Other Salaries				
Salaries of Community Parent Involvement				
Salaries of Master Teachers				
Personal Services – Employee Benefits	87,330			
Purchased Professional Educational Services	12,890	41,840	7,475	11,219
Purchased Property Services				
Other Purchased Services		15,268		5,205
Supplies and Materials				600
Student Activities				
Total Support Services	101,552	57,108	7,475	17,024
Facilities Acquisition and Construction Services:				
Non Instructional Equipment				
Total Facilities Acquisition and Construction Services				
Total Expenditures	\$ 310,107	\$ 57,108	\$ 13,268	\$ 22,206

SOMERVILLE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	COVID 19 - CRRSA	COVID 19 - ARP		
			Accelerated Learning Coach	Evidence Based Summer Learning
	ESSER II	ESSER III		
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 74,327	\$ 1,354,528	\$ 76,344	\$ 3,619
Total Revenue	74,327	1,354,528	76,344	3,619
OTHER FINANCING SOURCES:				
Transfer In - Board Contribution - General Fund				
Total Revenue and Other Financing Sources	74,327	1,354,528	76,344	3,619
EXPENDITURES:				
Instruction:				
Salaries of Teachers	67,690	540,353	49,524	3,362
Other Salaries for Instruction				
Purchased Professional and Technical Services		26,600		
Other Purchased Services				
General Supplies	12	12,131		
Textbooks				
Other Objects		12,060		
Total Instruction	67,702	591,144	49,524	3,362
Support Services:				
Personal Services - Salaries	1,344	178,240		
Salaries of Supervisors of Instruction				
Salaries of Program Directors				
Salaries of Other Professional Staff				
Salaries of Secretaries and Clerical Assistants				
Other Salaries				
Salaries of Community Parent Involvement				
Salaries of Master Teachers				
Personal Services – Employee Benefits		243,272	26,820	257
Purchased Professional Educational Services	5,281	13,716		
Purchased Property Services		7,788		
Other Purchased Services		1,095		
Supplies and Materials		13,723		
Student Activities				
Total Support Services	6,625	457,834	26,820	257
Facilities Acquisition and Construction Services:				
Non Instructional Equipment		305,550		
Total Facilities Acquisition and Construction Services		305,550		
Total Expenditures	\$ 74,327	\$ 1,354,528	\$ 76,344	\$ 3,619

SOMERVILLE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	COVID 19 - ARP		IDEA - Part B	
	Homeless Children/ Youth II	Mental Health Support	Basic	Preschool
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 12,925	\$ 40,029	\$ 450,458	\$ 27,213
Total Revenue	12,925	40,029	450,458	27,213
OTHER FINANCING SOURCES:				
Transfer In - Board Contribution - General Fund				
Total Revenue and Other Financing Sources	12,925	40,029	450,458	27,213
EXPENDITURES:				
Instruction:				
Salaries of Teachers			46,528	
Other Salaries for Instruction				
Purchased Professional and Technical Services				
Other Purchased Services			264,298	
General Supplies				12,261
Textbooks				
Other Objects				
Total Instruction			310,826	12,261
Support Services:				
Personal Services - Salaries	1,402	26,044		
Salaries of Supervisors of Instruction				
Salaries of Program Directors				
Salaries of Other Professional Staff				
Salaries of Secretaries and Clerical Assistants				
Other Salaries				
Salaries of Community Parent Involvement				
Salaries of Master Teachers				
Personal Services – Employee Benefits	107	13,985	3,611	
Purchased Professional Educational Services			136,021	14,952
Purchased Property Services				
Other Purchased Services	7,926			
Supplies and Materials	3,490			
Student Activities				
Total Support Services	12,925	40,029	139,632	14,952
Facilities Acquisition and Construction Services:				
Non Instructional Equipment				
Total Facilities Acquisition and Construction Services				
Total Expenditures	\$ 12,925	\$ 40,029	\$ 450,458	\$ 27,213

SOMERVILLE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Preschool Education Aid	Technology	Nonpublic Textbook Aid	Nursing Services
REVENUE:				
Local Sources				
State Sources	\$ 1,184,272	\$ 41,638	\$ 40,041	\$ 89,713
Federal Sources				
Total Revenue	1,184,272	41,638	40,041	89,713
OTHER FINANCING SOURCES:				
Transfer In - Board Contribution - General Fund	152,610			
Total Revenue and Other Financing Sources	1,336,882	41,638	40,041	89,713
EXPENDITURES:				
Instruction:				
Salaries of Teachers	404,718			
Other Salaries for Instruction	336,442			
Purchased Professional and Technical Services				89,713
Other Purchased Services	9,835			
General Supplies	13,203	41,638		
Textbooks			40,041	
Other Objects				
Total Instruction	764,198	41,638	40,041	89,713
Support Services:				
Personal Services - Salaries				
Salaries of Supervisors of Instruction	16,248			
Salaries of Program Directors	38,549			
Salaries of Other Professional Staff	43,910			
Salaries of Secretaries and Clerical Assistants	53,452			
Other Salaries	21,720			
Salaries of Community Parent Involvement	13,644			
Salaries of Master Teachers	40,933			
Personal Services – Employee Benefits	314,958			
Purchased Professional Educational Services	850			
Purchased Property Services	25,000			
Other Purchased Services				
Supplies and Materials				
Student Activities				
Total Support Services	569,264			
Facilities Acquisition and Construction Services:				
Non Instructional Equipment	3,420			
Total Facilities Acquisition and Construction Services	3,420			
Total Expenditures	\$ 1,336,882	\$ 41,638	\$ 40,041	\$ 89,713

SOMERVILLE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Nonpublic Security Aid	Nonpublic Corrective Speech	Handicapped Examination & Classification	Services Supplementary Instruction
REVENUE:				
Local Sources				
State Sources	\$ 174,487	\$ 40,525	\$ 95,375	\$ 93,668
Federal Sources				
Total Revenue	174,487	40,525	95,375	93,668
OTHER FINANCING SOURCES:				
Transfer In - Board Contribution - General Fund				
Total Revenue and Other Financing Sources	174,487	40,525	95,375	93,668
EXPENDITURES:				
Instruction:				
Salaries of Teachers		40,525		93,668
Other Salaries for Instruction				
Purchased Professional and Technical Services			95,375	
Other Purchased Services				
General Supplies				
Textbooks				
Other Objects				
Total Instruction		40,525	95,375	93,668
Support Services:				
Personal Services - Salaries				
Salaries of Supervisors of Instruction				
Salaries of Program Directors				
Salaries of Other Professional Staff				
Salaries of Secretaries and Clerical Assistants				
Other Salaries				
Salaries of Community Parent Involvement				
Salaries of Master Teachers				
Personal Services – Employee Benefits				
Purchased Professional Educational Services				
Purchased Property Services				
Other Purchased Services	174,487			
Supplies and Materials				
Student Activities				
Total Support Services	174,487			
Facilities Acquisition and Construction Services:				
Non Instructional Equipment				
Total Facilities Acquisition and Construction Services				
Total Expenditures	\$ 174,487	\$ 40,525	\$ 95,375	\$ 93,668

SOMERVILLE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Nonpublic Auxiliary Services</u>		<u>Establishing Advanced Placement - African American Studies</u>
	<u>Compensatory Education Aid</u>	<u>Home Instruction</u>	
REVENUE:			
Local Sources			
State Sources	\$ 136,696	\$ 2,284	\$ 9,470
Federal Sources			
Total Revenue	<u>136,696</u>	<u>2,284</u>	<u>9,470</u>
OTHER FINANCING SOURCES:			
Transfer In - Board Contribution - General Fund			
Total Revenue and Other Financing Sources	<u>136,696</u>	<u>2,284</u>	<u>9,470</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	136,696	2,284	
Other Salaries for Instruction			
Purchased Professional and Technical Services			125
Other Purchased Services			
General Supplies			6,612
Textbooks			
Other Objects			725
Total Instruction	<u>136,696</u>	<u>2,284</u>	<u>7,462</u>
Support Services:			
Personal Services - Salaries			
Salaries of Supervisors of Instruction			
Salaries of Program Directors			
Salaries of Other Professional Staff			
Salaries of Secretaries and Clerical Assistants			
Other Salaries			
Salaries of Community Parent Involvement			
Salaries of Master Teachers			
Personal Services – Employee Benefits			
Purchased Professional Educational Services			340
Purchased Property Services			
Other Purchased Services			1,668
Supplies and Materials			
Student Activities			
Total Support Services			<u>2,008</u>
Facilities Acquisition and Construction Services:			
Non Instructional Equipment			
Total Facilities Acquisition and Construction Services			
Total Expenditures	<u>\$ 136,696</u>	<u>\$ 2,284</u>	<u>\$ 9,470</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	SDA Emergent and Capital Maintenance Needs	Local Grants	Student Activities	Totals
REVENUE:				
Local Sources		\$ 117,095	\$ 529,423	\$ 646,518
State Sources	\$ 110,248			2,018,417
Federal Sources				2,442,132
Total Revenue	110,248	117,095	529,423	5,107,067
OTHER FINANCING SOURCES:				
Transfer In - Board Contribution - General Fund				152,610
Total Revenue and Other Financing Sources	110,248	117,095	529,423	5,259,677
EXPENDITURES:				
Instruction:				
Salaries of Teachers		168		1,554,851
Other Salaries for Instruction				336,442
Purchased Professional and Technical Services				214,408
Other Purchased Services				276,720
General Supplies		8,588		126,978
Textbooks				40,041
Other Objects		1,909		27,174
Total Instruction		10,665		2,576,614
Support Services:				
Personal Services - Salaries				207,030
Salaries of Supervisors of Instruction				16,248
Salaries of Program Directors				39,881
Salaries of Other Professional Staff				43,910
Salaries of Secretaries and Clerical Assistants				53,452
Other Salaries				21,720
Salaries of Community Parent Involvement				13,644
Salaries of Master Teachers				40,933
Personal Services – Employee Benefits				690,340
Purchased Professional Educational Services		98,055		342,639
Purchased Property Services	110,248			143,036
Other Purchased Services				205,649
Supplies and Materials		8,375		26,188
Student Activities			488,663	488,663
Total Support Services	110,248	106,430	488,663	2,333,333
Facilities Acquisition and Construction Services:				
Non Instructional Equipment				308,970
Total Facilities Acquisition and Construction Services				308,970
Total Expenditures	\$ 110,248	\$ 117,095	\$ 488,663	\$ 5,218,917

SOMERVILLE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 446,997	\$ 404,718	\$ 42,279
Other Salaries for Instruction	336,443	336,442	1
Other Purchased Services (400-500 series)	10,661	9,835	826
General Supplies	20,910	13,203	7,707
Other Objects	4,000		4,000
Total Instruction	<u>819,011</u>	<u>764,198</u>	<u>54,813</u>
Support Services:			
Salaries of Program Directors	38,550	38,549	1
Salaries of Supervisors of Instruction	16,248	16,248	
Salaries of Other Professional Staff	43,943	43,910	33
Salaries of Secretaries and Clerical Assistants	53,552	53,452	100
Other Salaries	22,101	21,720	381
Salaries of Community Parent Involvement Spec.	18,911	13,644	5,267
Salaries of Master Teachers	56,733	40,933	15,800
Personal Services—Employee Benefits	314,958	314,958	
Purchased Professional Educational Services	7,000	850	6,150
Purchased Property Services	25,000	25,000	
Contractual Services - Transportation	3,000		3,000
Travel	1,580		1,580
Total Support Services	<u>601,576</u>	<u>569,264</u>	<u>32,312</u>
Equipment:			
Instructional Equipment	3,420	3,420	
Total Equipment	<u>3,420</u>	<u>3,420</u>	
Total Expenditures	<u>\$ 1,424,007</u>	<u>\$ 1,336,882</u>	<u>\$ 87,125</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2023-2024 Preschool Education Aid Allocation	\$ 1,129,314
Add: Actual PEA Carryover (June 30, 2023)	237,102
Add: Budgeted Transfer from General Fund	152,610
Total Preschool Education Aid Funds Available for 2023-2024 Budget	1,519,026
Less: 2023-2024 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	(1,424,007)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2024	95,019
Add: June 30, 2024 Unexpended Preschool Education Aid	87,125
2023-2024 Carryover - Preschool Education Aid	\$ 182,144
Budgeted for Preschool Programs in 2024-2025	\$ 95,019

CAPITAL PROJECTS FUND

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES,
PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Revenue and Other Financing Sources:	
Federal Sources - Preschool Facilities Expansion Grant	\$ 2,027,549
Transfer from Capital Outlay	1,652,953
Transfer from Capital Reserve	3,040,418
Interest Earned	28,327
Total Revenue and Other Financing Sources	<u>6,749,247</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	245,395
Construction Services	9,025
Other Purchases	16,277
Transfer Out - Debt Service Fund - Interest Earned	28,327
Total Expenditures and Other Financing Uses	<u>299,024</u>
Excess/(Deficit) of Revenue and Other Financing Sources	
Over/(Under) Expenditures and Other Financing Uses	6,450,223
Fund Balance - Beginning Balance	<u>185,293</u>
Fund Balance - Ending Balance	<u><u>\$ 6,635,516</u></u>
<u>Recapitulation:</u>	
Committed Fund Balance:	
Year-End Encumbrances	\$ 240,588
Other Purposes	6,394,928
Total Committed Fund Balance - Budgetary Basis	<u>6,635,516</u>
Reconciliation to Governmental Funds Statements (GAAP):	
Grant Receivable not Recognized on GAAP Basis	<u>(2,027,549)</u>
Fund Balance per Governmental Funds GAAP Basis	<u><u>\$ 4,607,967</u></u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VAN DERVEER ELEMENTARY SCHOOL HVAC REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 451,817		\$ 451,817	\$ 451,817
Transfer from Capital Reserve	1,121,267		1,121,267	1,121,267
Total Revenues and Other Financing Sources	1,573,084		1,573,084	1,573,084
Expenditures:				
Purchased Professional and Technical Services	139,516	\$ 2,564	142,080	129,005
Construction Services	1,339,765		1,339,765	1,444,079
Total Expenditures	1,479,281	2,564	1,481,845	1,573,084
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 93,803	\$ (2,564)	\$ 91,239	\$ -0-
Additional Project Information:				
Project Number	4820-090-14-1004			
Grant Date	01/06/14			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 987,500			
Additional Transfer from Capital Reserve	585,584			
Revised Authorized Cost	\$ 1,573,084			
Percentage Increase over Original Authorized Cost	59.30%			
Percentage Completion	94.20%			
Original Target Completion Date	June 2015			
Revised Target Completion Date	June 2025			

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
SOMERVILLE HIGH SCHOOL HVAC UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 352,646		\$ 352,646	\$ 352,646
Transfer from Capital Reserve	1,172,810		1,172,810	1,172,810
Total Revenues and Other Financing Sources	1,525,456		1,525,456	1,525,456
Expenditures:				
Purchased Professional and Technical Services	104,593	\$ 2,564	107,157	94,304
Construction Services	1,329,373		1,329,373	1,431,152
Total Expenditures	1,433,966	2,564	1,436,530	1,525,456
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 91,490	\$ (2,564)	\$ 88,926	\$ -0-
Additional Project Information:				
Project Number	4820-050-14-1006			
Grant Date	01/06/14			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 770,750			
Additional Transfer from Capital Reserve	754,706			
Revised Authorized Cost	\$ 1,525,456			
Percentage Increase over Original Authorized Cost	97.92%			
Percentage Completion	94.17%			
Original Target Completion Date	June 2016			
Revised Target Completion Date	June 2025			

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
SOMERVILLE VAN DERVEER ELEMENTARY SCHOOL PLAYGROUND REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Outlay		\$ 285,000	\$ 285,000	\$ 285,000
Total Revenues and Other Financing Sources		285,000	285,000	285,000
Expenditures:				
Purchased Professional and Technical Services				27,000
Construction Services				255,750
Other Purchases				2,250
Total Expenditures				285,000
Excess/(Deficit) of Revenue and Other Financing Sources				
Over/(Under) Expenditures	\$ -0-	\$ 285,000	\$ 285,000	\$ -0-
Additional Project Information:				
Project Number:	N/A			
Grant Date:	N/A			
Bond Authorization Date:	N/A			
Bonds Authorized:	N/A			
Bonds Issued:	N/A			
Original Authorized Cost:	\$ 285,000			
Percentage Increase over Original Authorized Cost:	0.00%			
Percentage Completion:	0.00%			
Original Target Completion Date:	June 30, 2026			

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
SOMERVILLE HIGH SCHOOL GREENHOUSE DEMOLITION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Outlay		\$ 225,120	\$ 225,120	\$ 225,120
Total Revenues and Other Financing Sources		225,120	225,120	225,120
Expenditures:				
Purchased Professional and Technical Services		12,085	12,085	25,200
Construction Services		9,025	9,025	197,420
Other Purchases				2,500
Total Expenditures		21,110	21,110	225,120
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 204,010	\$ 204,010	\$ -0-
Additional Project Information:				
Project Number:	N/A			
Grant Date:	N/A			
Bond Authorization Date:	N/A			
Bonds Authorized:	N/A			
Bonds Issued:	N/A			
Original Authorized Cost:	\$ 225,120			
Revised Authorized Cost:	\$ 225,120			
Percentage Increase over Original Authorized Cost:	0.00%			
Percentage Completion:	9.38%			
Original Target Completion Date:	June 30, 2026			

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VAN DERVEER ELEMENTARY SCHOOL PRESCHOOL ADDITION AND ALTERATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Federal Sources - Preschool Facilities Expansion Grant		\$ 2,027,549	\$ 2,027,549	\$ 2,027,549
Transfer from Capital Outlay		1,142,833	1,142,833	1,142,833
Transfer from Capital Reserve		3,040,418	3,040,418	3,040,418
Total Revenues and Other Financing Sources		6,210,800	6,210,800	6,210,800
Expenditures:				
Purchased Professional and Technical Services		228,182	228,182	428,099
Construction Services				5,576,776
Supplies and Materials				189,223
Other Purchases		16,277	16,277	16,702
Total Expenditures		244,459	244,459	6,210,800
Excess/(Deficit) of Revenue and Other Financing Sources				
Over/(Under) Expenditures	\$ -0-	\$ 5,966,341	\$ 5,966,341	\$ -0-

Additional Project Information:

Project Number:	23E00482
Grant Date:	1/25/2024
Bond Authorization Date:	N/A
Bonds Authorized:	N/A
Bonds Issued:	N/A
Original Authorized Cost:	\$ 6,210,800
Percentage Increase over Original Authorized Cost:	0.00%
Percentage Completion:	3.47%
Original Target Completion Date:	June 30, 2026

PROPRIETARY FUNDS

SOMERVILLE BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 464,344
Accounts Receivable:	
State Government	1,714
Federal Government	30,732
Other	25,203
Inventories	<u>26,916</u>

Total Current Assets	<u>548,909</u>
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Non-Current Assets:

Capital Assets	571,273
Less: Accumulated Depreciation	<u>(288,454)</u>

Total Non-Current Assets	<u>282,819</u>
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Total Assets	<u>831,728</u>
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LIABILITIES:

Accounts Payable - Vendors	19,540
Unearned Revenue - Donated Commodities	5,451
Unearned Revenue - Prepaid Sales	<u>19,265</u>

Total Liabilities	<u>44,256</u>
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NET POSITION:

Investment in Capital Assets	282,819
Unrestricted	<u>504,653</u>

Total Net Position	<u><u>\$ 787,472</u></u>
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SOMERVILLE BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 283,431
Daily Sales - Non-Reimbursable Programs	180,906
	<hr/>
Total Operating Revenue	464,337
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	296,928
Cost of Sales - Non Reimbursable Programs	189,520
Management Fee	33,109
Salaries, Benefits & Payroll Taxes	339,578
Other	116,013
Depreciation Expense	768
	<hr/>
Total Operating Expenses	975,916
	<hr/>
Operating (Loss)	(511,579)
	<hr/>
Non-Operating Revenue:	
State Sources:	
State School Breakfast Program	1,202
State School Lunch Program	14,827
After the Bell	3,401
New Jersey Exapnded Income Eligibilty - Breakfast	1,162
New Jersey Exapnded Income Eligibilty - Lunch	5,763
Federal Sources:	
National School Lunch Program	337,945
Healthy Hunger-Free Kids Act	11,832
School Breakfast Program	84,801
Food Distribution Program	91,372
COVID -19 Supply Chain Assistance	54,055
Local Food for Schools Cooperative Program	5,322
COVID 19 - Pandemic Elecronic Benefit Transfer	653
	<hr/>
Total Non-Operating Revenue	612,335
	<hr/>
Change in Net Position	100,756
	<hr/>
Net Position - Beginning of Year	686,716
	<hr/>
Net Position - End of Year	\$ 787,472
	<hr/> <hr/>

SOMERVILLE BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 465,567
Payments to Food Service Contractor	(823,225)
Payments to Suppliers	<u>(43,872)</u>
Net Cash (Used for) Operating Activities	<u>(401,530)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Equipment	<u>(38,213)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(38,213)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from State Reimbursements	25,525
Cash Received from Federal Reimbursements	<u>484,612</u>
Net Cash Provided by Noncapital Financing Activities	<u>510,137</u>
Net Increase in Cash and Cash Equivalents	70,394
Cash and Cash Equivalents, July 1	<u>393,950</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 464,344</u></u>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (511,579)
Adjustment to Reconcile Operating Loss to Net Cash (Used for) Operating Activities:	
Depreciation	768
Federal Food Distribution Program	91,372
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	5,569
(Increase)/Decrease in Interfund Receivable	(18,035)
Increase/(Decrease) in Accounts Payable	19,540
Increase/(Decrease) in Unearned Revenue - Donated Commodities	(8,430)
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	<u>19,265</u>
Net Cash (Used for) Operating Activities	<u><u>\$ (401,530)</u></u>

Non-Cash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$82,942 and used \$91,372 of those commodities during the fiscal year.

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM LIABILITY

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2023	Retired or Matured	Balance June 30, 2024
			Date	Amount				
School Refunding Bonds	4/30/2013	\$ 9,240,000	02/15/25	\$ 1,085,000	4.000%	\$ 2,140,000	\$ 1,055,000	\$ 1,085,000
School Refunding Bonds	4/15/2016	9,265,000	07/15/24	725,000	4.000%			
			07/15/25	755,000	4.000%			
			07/15/26	785,000	4.000%			
			07/15/27	810,000	3.000%			
			07/15/28	830,000	3.000%			
			07/15/29	860,000	3.000%	5,455,000	690,000	4,765,000
						<u>\$ 7,595,000</u>	<u>\$ 1,745,000</u>	<u>\$ 5,850,000</u>

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

<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance June 30, 2023</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance June 30, 2024</u>
Virtual Desktop Infrastructure	\$ 253,000	2.31%	\$ 51,741		\$ 51,741	
Chromebooks	453,332	1.35%	113,333		113,333	
Chromebooks	231,000	5.39%		\$ 231,000		\$ 231,000
			<u>\$ 165,074</u>	<u>\$ 231,000</u>	<u>\$ 165,074</u>	<u>\$ 231,000</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOT APPLICABLE

SOMERVILLE BOROUGH SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER SUBSCRIPTION-BASED
INFORMATION TECHNOLOGY ARRANGEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOT APPLICABLE

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,784,131		\$ 1,784,131	\$ 1,784,131	
State Sources:					
Debt Service Aid Type II	208,191		208,191	208,191	
Total Revenues	1,992,322		1,992,322	1,992,322	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	248,120		248,120	248,120	
Redemption of Principal	1,745,000		1,745,000	1,745,000	
Total Expenditures	1,993,120		1,993,120	1,993,120	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(798)		(798)	(798)	
Other Financing Sources					
Transfers In - Capital Projects Fund				28,327	\$ 28,327
Total Other Financing Sources				28,327	28,327
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	(798)		(798)	27,529	28,327
Fund Balance, July 1	9,604		9,604	9,604	
Fund Balance, June 30	\$ 8,806	\$ -0-	\$ 8,806	\$ 37,133	\$ 28,327
Recapitulation:					
Restricted Fund Balance - For Subsequent Year's Expenditures				\$ 8,806	
Restricted Fund Balance				28,327	
				\$ 37,133	

STATISTICAL SECTION

(UNAUDITED)

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

Contents

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

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

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

	June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities:										
Net Investment in Capital Assets	\$ 26,525,104	\$ 30,303,213	\$ 33,327,721	\$ 32,963,384	\$ 33,084,564	\$ 33,981,935	\$ 35,573,129	\$ 36,748,298	\$ 38,474,496	\$ 39,888,935
Restricted	5,647,393	5,746,020	5,437,484	6,643,576	8,637,669	11,424,519	12,752,862	13,968,575	17,357,709	15,687,289
Unrestricted/(Deficit)	(7,722,300)	(10,131,781)	(12,998,198)	(12,648,954)	(13,095,617)	(13,642,060)	(12,342,356)	(8,601,562)	(9,016,286)	(4,233,440)
Total Governmental Activities Net Position	\$ 24,450,197	\$ 25,917,452	\$ 25,767,007	\$ 26,958,006	\$ 28,626,616	\$ 31,764,394	\$ 35,983,635	\$ 42,115,311	\$ 46,815,919	\$ 51,342,784
Business-Type Activities:										
Investment in Capital Assets	\$ 107,596	\$ 106,516	\$ 100,354	\$ 83,606	\$ 309,567	\$ 348,201	\$ 280,794	\$ 261,499	\$ 245,374	\$ 282,819
Unrestricted	160,482	209,467	218,182	293,597	129,594	55,393	46,859	267,458	441,342	504,653
Total Business-Type Activities Net Position	\$ 268,078	\$ 315,983	\$ 318,536	\$ 377,203	\$ 439,161	\$ 403,594	\$ 327,653	\$ 528,957	\$ 686,716	\$ 787,472
District-Wide:										
Net Investment in Capital Assets	\$ 26,632,700	\$ 30,409,729	\$ 33,428,075	\$ 33,046,990	\$ 33,394,131	\$ 34,330,136	\$ 35,853,923	\$ 37,009,797	\$ 38,719,870	\$ 40,171,754
Restricted	5,647,393	5,746,020	5,437,484	6,643,576	8,637,669	11,424,519	12,752,862	13,968,575	17,357,709	15,687,289
Unrestricted/(Deficit)	(7,561,818)	(9,922,314)	(12,780,016)	(12,355,357)	(12,966,023)	(13,586,667)	(12,295,497)	(8,334,104)	(8,574,944)	(3,728,787)
Total District Net Position	\$ 24,718,275	\$ 26,233,435	\$ 26,085,543	\$ 27,335,209	\$ 29,065,777	\$ 32,167,988	\$ 36,311,288	\$ 42,644,268	\$ 47,502,635	\$ 52,130,256

Source: School District Financial Reports

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

UNAUDITED
(accrual basis of accounting)

	For the Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses:										
Governmental Activities:										
Instruction	\$ 29,277,713	\$ 31,363,497	\$ 33,964,538	\$ 35,570,845	\$ 33,429,766	\$ 33,429,137	\$ 33,034,323	\$ 33,910,905	\$ 33,843,079	\$ 35,184,785
Support Services:										
Tuition	1,636,448	1,664,099	1,580,061	1,236,416	1,066,970	1,286,272	1,309,945	717,708	1,050,090	906,114
Student & Instruction Related Services	5,305,703	6,010,893	7,190,300	7,602,396	6,894,230	6,675,185	6,982,262	7,473,291	7,597,893	8,120,336
General Administrative Services	806,049	811,495	868,335	814,187	824,228	888,163	944,553	905,475	1,062,874	1,049,430
School Administrative Services	2,865,374	3,088,245	3,581,115	3,657,553	3,514,864	3,427,941	3,699,229	3,467,884	3,372,132	3,587,097
Central Services	635,172	644,566	679,156	712,161	687,560	691,254	742,657	792,652	770,477	877,295
Administration Information Technology	656,588	580,861	659,426	538,882	636,126	620,750	728,091	369,289	235,301	207,478
Plant Operations And Maintenance	2,798,045	3,219,038	3,166,642	3,210,892	3,423,062	3,341,313	3,375,338	3,654,533	3,997,591	4,194,039
Pupil Transportation	1,147,465	908,332	888,193	857,415	938,232	921,051	476,230	937,241	1,257,673	1,122,711
Interest On Long-Term Debt	850,781	823,623	501,148	509,003	535,751	403,501	342,934	267,509	226,009	151,639
Unallocated Depreciation	611,931	611,931	2,095,024	2,095,432	2,121,274	1,834,147	1,751,839	1,848,123	1,847,940	1,821,912
Capital Outlay	200,765	93,839	93,839	93,839	93,839	93,838	93,839	93,839	669,808	93,839
Transfer to Charter School							5,696	15,430		
Total Governmental Activities Expenses	46,792,034	49,820,419	55,267,777	56,899,020	54,165,902	53,612,552	55,486,936	54,453,879	55,930,867	57,316,675
Business-Type Activities:										
Food Service	595,302	663,033	725,406	710,791	756,341	687,937	376,585	823,574	924,173	975,916
Total Business-Type Activities Expense	595,302	663,033	725,406	710,791	756,341	687,937	376,585	823,574	924,173	975,916
Total District Expenses	47,387,336	50,483,452	55,993,183	57,609,811	54,922,243	54,300,489	55,863,521	55,277,453	56,855,040	58,292,591
Program Revenues:										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	10,930,843	10,941,121	10,499,776	10,197,918	10,514,258	11,052,723	11,423,970	12,384,398	12,450,805	12,602,668
Operating Grants and Contributions	10,979,485	12,613,093	16,021,400	17,930,182	14,901,936	13,614,093	17,042,306	15,214,839	13,639,069	12,789,280
Capital Grants and Contributions	146,411	472,099	151,172	643,570				135,539		
Total Governmental Activities Program Revenues	22,056,739	24,026,313	26,672,348	28,771,670	25,416,194	24,666,816	28,466,276	27,734,776	26,089,874	25,391,948
Business-Type Activities:										
Charges for Services:										
Food Service	323,756	365,734	387,991	435,333	441,360	305,697	4,636	73,923	434,256	464,337
Operating Grants and Contributions	312,052	345,204	339,968	372,701	376,939	346,673	336,947	950,955	647,675	612,335
Total Business Type Activities Program Revenues	635,808	710,938	727,959	808,034	818,299	652,370	341,583	1,024,878	1,081,931	1,076,672
Total District Program Revenues	22,692,547	24,737,251	27,400,307	29,579,704	26,234,493	25,319,186	28,807,859	28,759,654	27,171,805	26,468,620
Net (Expense)/Revenue:										
Governmental Activities	(24,735,295)	(25,794,106)	(28,595,429)	(28,127,350)	(28,749,708)	(28,945,736)	(27,020,660)	(26,719,103)	(29,840,993)	(31,924,727)
Business-Type Activities	40,506	47,905	2,553	97,243	61,958	(35,567)	(35,002)	201,304	157,758	100,756
Total District-Wide Net Expense	(24,694,789)	(25,746,201)	(28,592,876)	(28,030,107)	(28,687,750)	(28,981,303)	(27,055,662)	(26,517,799)	(29,683,235)	(31,823,971)

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

	For the Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 20,473,440	\$ 20,882,908	\$ 21,450,566	\$ 22,185,150	\$ 22,628,853	\$ 22,781,548	\$ 23,418,373	\$ 23,390,986	\$ 23,760,851	\$ 24,829,777
Taxes Levied for Debt Service	1,752,268	1,342,800	1,617,358	1,617,358	1,617,358	1,617,358	1,728,437	1,731,568	1,776,115	1,784,131
Unrestricted Grants and Contributions	4,780,164	4,806,051	4,840,817	5,155,537	5,579,957	6,465,298	6,363,771	7,312,313	7,889,387	8,250,550
Interest and Miscellaneous Income	95,689	229,602	536,243	360,304	592,150	448,419	221,067	415,912	1,115,249	1,587,134
Total Governmental Activities	27,101,561	27,261,361	28,444,984	29,318,349	30,418,318	31,312,623	31,731,648	32,850,779	34,541,602	36,451,592
Business-Type Activities:										
Disposal of Capital Assets							(40,939)			
Total Business-Type Activities							(40,939)			
Total District-Wide	27,101,561	27,261,361	28,444,984	29,318,349	30,418,318	31,312,623	31,690,709	32,850,779	34,541,602	36,451,592
Change in Net Position										
Governmental Activities	2,366,266	1,467,255	(150,445)	1,190,999	1,668,610	2,366,887	4,710,988	6,131,676	4,700,609	4,526,865
Business-Type Activities	40,506	47,905	2,553	97,243	61,958	(35,567)	(75,941)	201,304	157,758	100,756
Total District	\$ 2,406,772	\$ 1,515,160	\$ (147,892)	\$ 1,288,242	\$ 1,730,568	\$ 2,331,320	\$ 4,635,047	\$ 6,332,980	\$ 4,858,367	\$ 4,627,621

Source: School District Financial Reports

SOMERVILLE BOROUGH SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Restricted	\$5,372,621	\$5,733,360	\$5,418,706	\$6,640,309	\$ 8,634,402	\$10,648,835	\$12,454,408	\$13,295,559	\$16,994,686	\$15,255,977
Assigned	438,870	774,869	325,045	605,477	888,445	403,256	1,115,568	1,679,429	1,680,116	2,072,921
Unassigned	299,674	340,838	374,273	323,474	221,731	338,886	1,127,928	1,097,806	189,206	187,273
Total General Fund	\$6,111,165	\$6,849,067	\$6,118,024	\$7,569,260	\$ 9,744,578	\$11,390,977	\$14,697,904	\$16,072,794	\$18,864,008	\$17,516,171
All Other Governmental Funds										
Restricted	\$ 274,772	\$ 12,660	\$ 18,778	\$ 3,267	\$ 3,267	\$ 4,793	\$ 298,454	\$ 304,684	\$ 538,714	\$ 5,039,279
Committed	2,105,564	1,632,195	262,141	812,067	446,520	445,890	221,314	208,014		
Unassigned/(Deficit)	(53,994)	(63,372)	(50,661)	(83,772)	(82,742)	(80,463)	(91,263)	(87,254)	(91,744)	(111,280)
Total All Other Governmental Funds	\$2,326,342	\$1,581,483	\$ 230,258	\$ 731,562	\$ 367,045	\$ 370,220	\$ 428,505	\$ 425,444	\$ 446,970	\$ 4,927,999
Total All Government Funds	\$8,437,507	\$8,430,550	\$6,348,282	\$8,300,822	\$10,111,623	\$11,761,197	\$15,126,409	\$16,498,238	\$19,310,978	\$22,444,170

Source: School District Financial Reports

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

UNAUDITED

(modified accrual basis of accounting)

	For the Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues:										
Tax Levy	\$22,225,708	\$22,225,708	\$23,067,924	\$23,802,508	\$24,246,211	\$24,398,906	\$25,146,810	\$25,122,554	\$25,536,966	\$26,613,908
Tuition Charges	10,922,882	10,941,121	10,499,776	10,197,918	10,514,258	11,052,723	11,248,305	11,926,650	12,056,716	12,073,245
Interest Earnings	822	4,859	13,444	23,693	76,765	150,469	5,003	22,953	587,755	655,534
Miscellaneous	115,140	668,448	368,483	388,415	549,936	329,229	432,360	877,845	966,395	1,571,795
State Sources	10,724,555	11,010,910	11,875,396	13,645,892	14,755,060	16,181,310	17,956,827	21,856,672	22,054,926	23,491,617
Federal Sources	1,194,273	1,132,007	1,132,091	1,302,047	1,223,378	1,164,897	1,971,072	2,323,462	2,718,562	2,206,088
Total Revenue	45,183,380	45,983,053	46,957,114	49,360,473	51,365,608	53,277,534	56,760,377	62,110,136	63,921,320	66,612,187
Expenditures										
Regular Instruction	18,835,269	19,514,024	19,514,032	20,279,330	20,947,770	21,611,622	22,289,882	23,609,391	24,172,362	25,037,195
Support Services:										
Tuition	1,636,448	1,664,099	1,580,061	1,236,416	1,066,970	1,286,272	1,309,945	717,708	1,050,090	906,114
Student & Instruction Related Services	3,639,209	3,634,260	3,923,835	4,068,119	4,080,210	4,109,302	4,067,928	5,171,579	5,366,505	5,765,724
General Administrative Services	694,092	692,263	735,842	684,397	696,659	772,592	793,977	762,625	914,797	902,651
School Administrative Services	1,744,542	1,819,473	1,924,038	1,950,443	2,083,990	2,101,264	2,124,198	2,201,756	2,233,828	2,335,420
Central Services	501,025	521,575	524,880	570,901	523,644	561,264	561,698	585,692	601,964	679,968
Administration Information Technology	582,688	485,923	570,707	452,221	531,860	530,171	599,323	332,873	235,301	221,330
Plant Operations And Maintenance	2,711,624	2,807,934	2,834,129	2,867,952	3,019,091	3,031,922	3,032,079	3,246,884	3,634,553	3,819,560
Pupil Transportation	837,422	825,518	779,223	756,696	822,381	815,452	384,867	794,533	1,065,921	913,869
Unallocated Benefits	9,586,604	10,211,525	10,690,368	11,539,751	12,563,237	13,175,248	14,933,082	18,071,951	18,500,871	19,593,541
Capital Outlay	1,524,532	1,492,402	3,833,455	748,062	1,242,975	1,650,831	2,080,961	2,000,410	2,574,520	1,551,105
Debt Service:										
Principal	1,455,000	1,520,000	1,765,000	1,650,000	1,425,000	1,480,000	1,540,000	1,610,000	1,670,000	1,745,000
Interest And Other Charges	873,571	809,134	562,785	603,645	551,020	502,020	442,420	380,320	315,420	248,120
Transfer to Charter School							5,696	15,430		
Total Expenditures	44,622,026	45,998,130	49,238,355	47,407,933	49,554,807	51,627,960	54,166,056	59,501,152	62,336,132	63,719,597
Excess/(Deficiency) Of Revenues Over/(Under) Expenditures	561,354	(15,077)	(2,281,241)	1,952,540	1,810,801	1,649,574	2,594,321	2,608,984	1,585,188	2,892,590
Other Financing Sources (Uses)										
Cancellation of Prior Year Accounts Payable			198,973							231,000
Financed Purchases (Non-budgeted)										
Transfers In	1,054,436	1,754,338	2,185,825	898,578	188,730	181,407	413,383	59,944	66,470	4,874,308
Transfers Out	(1,054,436)	(1,754,338)	(2,185,825)	(898,578)	(188,730)	(181,407)	(413,383)	(59,944)	(66,470)	(4,874,308)
Total Other Financing Sources (Uses)			198,973							231,000
Net Change In Fund Balances	\$ 561,354	\$ (15,077)	\$ (2,082,268)	\$ 1,952,540	\$ 1,810,801	\$ 1,649,574	\$ 2,594,321	\$ 2,608,984	\$ 1,585,188	\$ 3,123,590
Debt Service As A Percentage of Noncapital Expenditures	5.40%	5.23%	5.13%	4.83%	4.09%	3.97%	3.81%	3.46%	3.32%	3.21%

Source: School District Financial Reports

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

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Rentals- Use of Facilities	Prior Year Refunds	Other	Total
2015	\$ 4,416	\$ 10,922,882	\$ 8,983	\$ 4,400	\$ 98,163	\$ 11,038,844
2016	17,626	10,499,776	50,900	9,072	147,650	10,725,024
2017	41,009	10,499,776	60,520	2,370	229,316	10,832,991
2018	49,924	10,197,918	73,375	19,942	172,376	10,513,535
2019	76,765	10,514,258	76,490		430,467 *	11,097,980
2020	150,469	11,052,723	65,844	55,707	171,606	11,496,349
2021	10,311	11,248,305		29,672	180,474	11,468,762
2022	32,204	11,926,650			382,910	12,341,764
2023	587,755	12,056,716	66,118		452,570	13,163,159
2024	941,051	12,286,470	84,728		319,803	13,632,052

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

Source: Somerville Borough School District records

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

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2014	\$ 24,636,000	\$ 720,768,100	\$ 316,826,900	\$ 19,730,500	\$ 80,544,200	\$ 1,162,505,700	\$ 433,993,200	\$ 7,763,347	\$ 1,170,269,047	\$ 1.899	\$ 1,201,186,258
2015	26,134,800	719,526,100	313,428,300	18,401,100	80,143,500	1,157,633,800	434,215,500	7,681,438	1,165,315,238	1.907	1,214,671,438
2016	26,174,800	718,279,200	312,902,000	18,401,100	80,143,500	1,155,900,600	434,371,700	8,298,912	1,164,199,512	1.981	1,220,096,561
2017	29,360,000	718,292,800	305,232,300	16,853,200	80,043,500	1,149,781,800	442,016,700	8,230,482	1,158,012,282	2.055	1,246,639,756
2018	30,768,400	720,813,900	304,992,800	16,782,400	80,043,500	1,153,401,000	458,354,300	8,015,843	1,161,416,843	2.069	1,275,768,096
2019	33,161,500	722,901,200	303,963,200	16,282,400	80,043,500	1,156,351,800	458,565,200	8,374,803	1,164,726,603	2.088	1,289,651,036
2020	48,015,500	725,954,450	298,901,200	16,282,400	77,357,400	1,166,510,950	474,759,350	8,484,892	1,174,995,842	2.140	1,356,429,137
2021	47,986,400	729,174,450	286,112,000	15,718,200	77,357,400	1,156,348,450	496,037,850	8,771,220	1,165,119,670	2.156	1,401,995,790
2022	45,625,200	728,934,900	285,495,800	15,685,600	77,357,400	1,153,098,900	530,675,700	8,548,314	1,161,647,214	2.198	1,404,959,002
2023	45,575,600	733,138,500	282,972,000	15,685,600	76,982,700	1,154,354,400	576,718,800	8,319,300	1,162,673,700	2.243	1,549,814,897

Source: Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Year Ended December 31,	Somerville Borough School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Somerville	Somerset County	
2014	\$ 1.749	\$ 0.150	\$ 1.899	\$ 0.982	\$ 0.404	\$ 3.285
2015	1.792	0.115	1.907	1.015	0.411	3.333
2016	1.843	0.139	1.981	1.017	0.416	3.414
2017	1.916	0.140	2.055	1.069	0.429	3.553
2018	1.929	0.139	2.069	1.086	0.441	3.596
2019	1.949	0.139	2.088	1.096	0.450	3.634
2020	1.993	0.147	2.140	1.099	0.452	3.691
2021	2.008	0.149	2.156	1.105	0.474	3.735
2022	2.045	0.153	2.198	1.116	0.463	3.777
2023	2.093	0.150	2.243	1.123	0.496	3.862

Source: Municipal Tax Collector and School Business Administrator

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

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

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

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

BOROUGH OF SOMERVILLE

	2023			2014		
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
	Brookside at Somerville, LLC	\$ 36,634,800	3.14%	Brookside Invest Assoc.	\$ 44,000,000	3.54%
	Somerville Urban Renewal	14,695,400	1.26%	Health Care REIT, Inc.	13,720,400	1.10%
	NJ Bell Telephone	9,886,614	0.85%	1034/1044/1050 Route #22 LLC	10,988,700	0.88%
	De Sapio Properties #10, LLC	9,000,000	0.77%	Somerville ITC I, LLC	9,132,500	0.73%
	Somerville 50 Division Street LLC	8,500,000	0.73%	De Sapio Properties #10, LLC	9,000,000	0.72%
	Avalon Somerville Station	7,620,000	0.65%	NJ Bell Telephone-C/O Verizon	7,763,347	0.62%
	Warren Street Partners, LLC	7,605,700	0.65%	Warren Street Partners, LLC	7,605,700	0.61%
	75 Veterans Memorial Associates	6,000,000	0.51%	Somerville Town Center UR LLC	6,600,000	0.53%
	De Sapio Properties #7, LLC	5,940,000	0.51%	75 Veterans Memorial Associates	6,000,000	0.48%
	Main Associates	5,837,400	0.50%	De Sapio Properties #10, LLC	6,000,000	0.48%
		<u>\$ 111,719,914</u>	<u>9.59%</u>		<u>\$ 120,810,647</u>	<u>9.71%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2015	\$ 22,225,708	\$ 22,225,708	100.00%	\$ - 0 -
2016	22,225,708	22,225,708	100.00%	- 0 -
2017	23,067,924	23,067,924	100.00%	- 0 -
2018	23,802,508	23,802,508	100.00%	- 0 -
2019	24,246,211	24,246,211	100.00%	- 0 -
2020	24,398,906	24,398,906	100.00%	- 0 -
2021	25,146,810	25,146,810	100.00%	- 0 -
2022	25,122,554	25,122,554	100.00%	- 0 -
2023	25,536,966	25,536,966	100.00%	- 0 -
2024	26,613,908	26,613,908	100.00%	- 0 -

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

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

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Financed Purchases			
2015	\$ 20,905,000	\$ - 0 -	\$ 20,905,000	1.97%	\$ 1,737
2016	18,735,000	- 0 -	18,735,000	1.69%	1,561
2017	16,970,000	- 0 -	16,970,000	1.40%	1,389
2018	15,320,000	- 0 -	15,320,000	1.20%	1,257
2019	13,895,000	- 0 -	13,895,000	1.04%	1,149
2020	12,415,000	- 0 -	12,415,000	0.91%	1,021
2021	10,875,000	491,747	11,366,747	0.79%	905
2022	9,265,000	328,981	9,593,981	0.68%	755
2023	7,595,000	165,074	7,760,074	0.50%	550
2024	5,850,000	231,000	6,081,000	0.39%	431

Source: School District Financial Reports

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds ^c	Deductions	Net General Bonded Debt Outstanding		
2015	\$ 20,905,000	\$ - 0 -	\$ 20,905,000	1.786%	\$ 1,737
2016	18,735,000	- 0 -	18,735,000	1.608%	1,561
2017	16,970,000	- 0 -	16,970,000	1.458%	1,389
2018	15,320,000	- 0 -	15,320,000	1.323%	1,257
2019	13,895,000	- 0 -	13,895,000	1.196%	1,149
2020	12,415,000	- 0 -	12,415,000	1.066%	1,021
2021	10,875,000	- 0 -	10,875,000	0.926%	866
2022	9,265,000	- 0 -	9,265,000	0.795%	729
2023	7,595,000	- 0 -	7,595,000	0.654%	538
2024	5,850,000	- 0 -	5,850,000	0.503%	415

Source: School District Financial Reports

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

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

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

c Includes ERIP bonds.

SOMERVILLE BOROUGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2023
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Borough of Somerville	\$ 23,606,195	100.00%	\$ 23,606,195
Somerset County General Obligation Debt	267,384,694	2.12%	5,656,954
Somerset County Improvement Authority Debt	212,356,717	2.12%	<u>4,492,748</u>
Subtotal, Overlapping Debt			33,755,897
Somerville Borough School District Direct Debt			<u>6,905,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 40,660,897</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2024	
	Somerville Borough
Equalized Valuation Basis	
2021	\$ 1,392,519,810
2022	1,531,746,679
2023	1,657,602,527
	<u>\$ 4,581,869,016</u>
Average Equalized Valuation of Taxable Property	
	<u>\$ 1,527,289,672</u>
Debt Limit ^a (4% of average equalization value)	\$ 61,091,587
Net Bonded School Debt as of June 30, 2024	5,850,000
Legal Debt Margin	<u>\$ 55,241,587</u>

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt Limit	\$ 48,206,377	\$ 47,604,631	\$ 48,044,807	\$ 48,782,772	\$ 49,850,374	\$ 50,716,012	\$ 51,959,636	\$ 55,340,351	\$ 56,962,810	\$ 61,091,587
Total Net Debt Applicable to Limit	20,905,000	18,735,000	16,970,000	15,320,000	13,895,000	12,415,000	10,875,000	9,265,000	7,595,000	5,850,000
Legal Debt Margin	<u>\$ 27,301,377</u>	<u>\$ 28,869,631</u>	<u>\$ 31,074,807</u>	<u>\$ 33,462,772</u>	<u>\$ 35,955,374</u>	<u>\$ 38,301,012</u>	<u>\$ 41,084,636</u>	<u>\$ 46,075,351</u>	<u>\$ 49,367,810</u>	<u>\$ 55,241,587</u>
Total Net Debt Applicable to the Limit										
As a Percentage of Debt Limit	43.37%	39.36%	35.32%	31.40%	27.87%	24.48%	20.93%	16.74%	13.33%	9.58%

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

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

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

Year	Population ^a	Personal Income ^b	Somerset County Per Capita Personal Income ^c	Unemployment Rate ^d
2015	12,034	\$ 1,063,793,566	\$ 88,399	4.90%
2016	12,004	1,108,593,408	92,352	4.20%
2017	12,217	1,212,048,570	99,210	3.90%
2018	12,184	1,274,690,080	104,620	3.70%
2019	12,098	1,336,417,668	110,466	3.40%
2020	12,157	1,371,613,525	112,825	8.70%
2021	12,559	1,431,412,025	113,975	5.40%
2022	12,712	1,407,892,136	110,753	3.30%
2023	14,112	1,562,946,336 ***	110,753 *	4.00%
2024	14,112 **	1,562,946,336 ***	110,753 *	N/A

* - Latest Somerset County per capita personal income available (2022) was used for calculation purposes.

** - Latest population data available (2023) was used for calculation purposes.

*** - Latest personal income data available (2023) was used for calculation purposes.

N/A - Information Unavailable

Source: School District Reports

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

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

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

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

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

Employer	2024		Percentage of Total Employment
	Employees	Rank	
AT&T East	4,100	1	N/A
Janssen Pharmaceuticles, Inc.	1,800	2	N/A
The Chubb Corporation	1,800	3	N/A
Johnson and Johnson Pharmaceuticals	1,700	4	N/A
Bloomberg	1,380	5	N/A
Ethicon, Inc.	1,100	6	N/A
E-Z-Go	1,050	7	N/A
Personal Products Company (J&J)	1,000	8	N/A
Ortho Clinical Diagnostics	1,000	9	N/A
Hooper Homes Inc.	900	10	
	<u>15,830</u>		
Employer	2015		Percentage of Total Employment
	Employees	Rank	
A&T	3,000	1	N/A
Verizon Wireless	930	2	N/A
Dendrite	700	3	N/A
Fiddlers Elbow Country Club	210	4	N/A
Trump National	400	5	N/A
Falrion Technologies	200	6	N/A
Hamilton Farm	175	7	N/A
Kings	120	8	N/A
Bedminster Township Board of Education	100	9	N/A
Loral Skynet	80	10	N/A
	<u>5,915</u>		

N/A - Not Available

Source: Somerset County Business Partnership Website

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

<u>Function/Program</u>	<u>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	162.0	163.0	163.0	162.0	162.0	162.0	158.0	165.0	174.0	174.0
Special Education	72.0	78.0	78.0	74.0	75.0	81.5	79.5	80.0	77.0	70.0
Support Services:										
Student & Instruction Related Services	49.5	50.5	50.5	52.0	56.0	56.0	56.0	57.0	58.0	62.0
School Administrative Services	18.0	19.0	19.0	19.5	20.0	19.0	17.0	17.0	21.0	21.5
General and Business Administrative Services	12.5	13.5	15.0	7.5	7.5	7.5	7.5	7.5	7.5	8.0
Plant Operations and Maintenance	16.5	17.0	17.0	20.5	20.5	20.5	20.5	20.0	20.0	24.0
Pupil Transportation	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	7.7
Other Support Services									1.0	
Total	<u>333.5</u>	<u>344.0</u>	<u>345.5</u>	<u>338.5</u>	<u>344.0</u>	<u>349.5</u>	<u>341.5</u>	<u>349.5</u>	<u>361.5</u>	<u>367.2</u>

Source: District Personnel Records

SOMERVILLE BOROUGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle	High				
2015	2,386	\$ 40,768,923	\$ 17,086.72	2.98%	202	1:12.7	1:9.6	1:12.0	2,386	2,295	-0.50%	96.19%
2016	2,404	42,176,594	17,544.34	2.68%	204	1:12.0	1:9.2	1:12.8	2,404	2,307	0.75%	95.97%
2017	2,353	43,077,115	18,307.32	4.35%	199	1:9.0	1:10.0	1:8.0	2,353	2,251	-2.12%	95.68%
2018	2,347	44,406,226	18,920.42	3.35%	196	1:8.0	1:9.0	1:8.0	2,347	2,219	-0.26%	94.55%
2019	2,336	46,335,812	19,835.54	4.84%	197	1:8.0	1:9.0	1:8.0	2,336	2,225	-0.47%	95.25%
2020	2,292	47,995,109	20,940.27	5.57%	197	1:8.0	1:9.0	1:8.0	2,292	2,223	-1.88%	96.99%
2021	2,176	50,102,675	23,025.13	9.96%	193	1:8.0	1:9.0	1:8.0	2,176	2,067	-5.06%	94.99%
2022	2,124	55,510,422	26,134.85	13.51%	193	1:8.0	1:9.0	1:8.0	2,292	2,222	5.33%	96.95%
2023	2,138	57,776,192	27,023.48	3.40%	194	1:8.1	1:9.1	1:8.1	2,138	2,004	-6.72%	93.73%
2024	2,155	60,175,372	27,923.61	3.33%	194	1:10.0	1:9.1	1:11.0	2,122	2,003	-0.75%	94.39%

Source: Somerville Borough School District records

Note: Enrollment based on annual average daily enrollment

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

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<u>District Building</u>										
Van Derveer School										
Square Feet	97,192	97,192	97,192	97,192	97,192	97,192	97,192	97,192	97,192	97,192
Capacity (students)	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175
Enrollment	910	885	852	823	800	809	737	710	722	734
Somerville Middle School										
Square Feet	97,350	97,350	97,350	97,350	97,350	97,350	97,350	97,350	97,350	97,350
Capacity (students)	501	501	501	501	501	501	501	501	501	501
Enrollment	347	357	378	381	373	351	322	313	343	341
Somerville High School										
Square Feet	153,250	153,250	153,250	153,250	153,250	153,250	153,250	153,250	153,250	153,250
Capacity (students)	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Enrollment	1,129	1,162	1,123	1,143	1,163	1,132	1,117	1,101	1,073	1,080

Number of Schools at June 30, 2024

Elementary = 1

Middle School = 1

High School = 1

Source: Somerville Borough School District Facilities Office

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

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

<u>School Facilities</u>	<u>Project #</u>	<u>Fiscal Year Ended June 30,</u>									
		<u>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>
Van Derveer School	N/A	\$ 156,302	\$ 354,162	\$ 305,424	\$ 322,618	\$ 342,670	\$ 149,566	\$ 229,124	\$ 260,662	\$ 285,369	\$ 221,171
Somerville Middle School	N/A	174,336	193,668	191,469	206,023	218,063	144,607	261,696	230,050	165,191	247,722
Somerville High School	N/A	270,522	147,580	206,051	205,387	218,063	437,496	383,977	361,427	459,093	436,300
Total School Facilities		<u>\$ 601,160</u>	<u>\$ 695,410</u>	<u>\$ 702,944</u>	<u>\$ 734,028</u>	<u>\$ 778,796</u>	<u>\$ 731,669</u>	<u>\$ 874,797</u>	<u>\$ 852,139</u>	<u>\$ 909,653</u>	<u>\$ 905,193</u>

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

Source: Somerville Borough School District records

SOMERVILLE BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2024
UNAUDITED

	Coverage	Deductible
<u>Commercial Package Policy - NJ Schools Insurance Group</u>		
Property - Blanket Buildings and Contents **	\$ 97,674,960	\$ 5,000
Boiler and Machinery	Included	5,000
Crisis Response	1,000,000	
Environmental Impairment Liability	1,000,000	50,000
Includes coverage such as:		
Extra Expense	50,000,000	5,000
Valuable Papers	10,000,000	5,000
Electronic Data Processing	350,000,000	1,000
Faithful Performance	250,000	1,000
Forgery & Alteration	250,000	1,000
Money & Securities	100,000	1,000
Money Orders/Counterfeit	100,000	1,000
Computer Fraud	250,000	1,000
General Liability	16,000,000	Each Occurrence
Employee Benefits Program Liability	16,000,000	Each Employee
	16,000,000	Annual Aggregate
Sexual Abuse/Molestation	160,000,000	Each Occurrence
Automobile Liability	16,000,000	CSL
Comprehensive		1,000
Collision		1,000
School Leaders Errors and Omissions	16,000,000	
Claims Made		15,000
Workers' Compensation & Employers' Liability		
Workers' Compensation	Statutory	
Employers' Liability - Bodily Injury by Accident	3,000,000	Each Accident
Employers' Liability - Bodily Injury by Accident/Disease	3,000,000	Each Employee
Employers' Liability - Bodily Injury by Accident/Disease	3,000,000	Aggregate Limit
Surety Bond - Selective Insurance Company		
Business Administrator	500,000	
<u>Cyber Liability - Cowbell/Obsidian Specialty Insurance Company</u>		
Each Claim Limit of Liability	1,000,000	25,000
Cyber Crime Loss	250,000	25,000
Aggregate Limit of Liability	1,000,000	

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

Source: Somerville Board of Education

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Somerville Borough School District, in the County of Somerset (the "District") as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 18, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report Compliance and Other Matters

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

Purpose of this Report

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

November 18, 2024
Mount Arlington, New Jersey


NISIVOCCIA LLP



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



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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Somerville Borough School District's (the District's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2024. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal and State Program

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

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

November 18, 2024
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or Federal Project Number	Grant Period	Award Amount	Balance at June 30, 2023		Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance June 30, 2024		Amounts Provided to Subrecipients
					Budgetary Accounts Receivable	Unearned Revenue/Due to Grantor				Budgetary Accounts Receivable	Budgetary Unearned Revenue	
General Fund:												
U.S. Department of Health and Human Services												
Passed-Through State Department of Human Services:												
Medicaid Cluster	93.778	N/A	7/1/23-6/30/24	\$ 49,555			\$ 49,555	\$ (49,555)				
Total U.S. Department of Health and Human Services/Medicaid Cluster							49,555	(49,555)				
Total General Fund							49,555	(49,555)				
Special Revenue Fund:												
U.S. Department of Education												
Passed-through State Department of Education:												
ESEA Consolidated:												
Title I												
Title I	84.010A	NCLB4820-24	7/1/23-9/30/24	303,594			175,502	(276,098)		\$ (100,596)		
Title I	84.010A	NCLB4820-23	7/1/22-9/30/23	340,607	\$ (140,664)		140,664			(18,523)		
Title I SIA	84.010A	NCLB4820-24	7/1/23-9/30/24	35,000			15,486	(34,009)		(119,119)		
Subtotal Title I					(140,664)		331,652	(310,107)				
Title II - Part A	84.010A	NCLB4820-24	7/1/23-9/30/24	81,857			54,311	(57,108)		(2,797)		
Title II - Part A	84.010A	NCLB4820-23	7/1/22-9/30/23	66,534	(12,219)		12,219					
Subtotal Title IIA					(12,219)		66,530	(57,108)		(2,797)		
Title III	84.365A	NCLB4820-24	7/1/23-9/30/24	33,922			13,268	(13,268)				
Title III	84.365A	NCLB4820-23	7/1/22-9/30/23	25,789	(209)		209					
Subtotal Title III					(209)		13,477	(13,268)				
Title IV	84.424	NCLB4820-24	7/1/23-9/30/24	47,602			10,056	(22,206)		(12,150)		
Title IV	84.424	NCLB4820-23	7/1/22-9/30/23	51,702	(1,977)		1,977					
Subtotal Title IV					(1,977)		12,033	(22,206)		(12,150)		
Education Stabilization Fund:												
COVID 19 - CRRSA ESSER II	84.425D	S425D210027	3/13/20-9/30/23	1,207,771	(423,278)		497,605	(74,327)				
COVID 19 - CRRSA Mental Health	84.425D	S425D210028	3/13/20-9/30/23	45,000	(2,200)		2,200					
COVID 19 - CRRSA Learning Acceleration	84.425D	S425D210029	3/13/20-9/30/23	77,509	(3,933)		3,933					
COVID 19 - ARP ESSER III	84.425U	S425U210027	3/13/20-9/30/24	2,714,388	(309,998)		1,020,640	(1,354,528)		(643,886)		
COVID 19 - ARP Accelerated Learning Coach	84.425U	S425U210027	3/13/20-9/30/24	148,954	(58,890)		105,938	(76,344)		(29,296)		
COVID 19 - ARP Evidence Based Summer Learning	84.425U	S425U210027	3/13/20-9/30/24	40,000	(20,333)		23,695	(3,619)		(257)		
COVID 19 - ARP Beyond the School Day	84.425U	S425U210027	3/13/20-9/30/24	40,000	(36,480)		36,480			(12,230)		
COVID 19 - ARP Mental Health	84.425U	S425U210027	3/13/20-9/30/24	88,501	(26,285)		54,084	(40,029)		(8,976)		
COVID 19 - ARP Homeless Children/Youth II	84.425U	S425U210027	3/13/20-9/30/24	12,925	(881,397)		3,949	(12,925)		(694,645)		
Subtotal Education Stabilization Fund					(881,397)		1,748,524	(1,561,772)				

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

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Assistance Project Number	Grant Period	Award Amount	Balance at June 30, 2023		Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance June 30, 2024		Amounts Provided to Subrecipients
					Budgetary Accounts Receivable	Unearned Revenue/Due to Grantor				Budgetary Accounts Receivable	Budgetary Unearned Revenue	
Special Education Cluster:												
I.D.E.A. Part B - Basic	84.027	IDEA4820-24	7/1/23-9/30/24	\$ 889,418			\$ 360,101	\$ (450,458)		\$ (90,357)		
I.D.E.A. Part B - Basic	84.027	IDEA4820-23	7/1/22-9/30/23	791,484	\$ (95,614)		95,614					
I.D.E.A. Part B - Basic ARP	84.027X	IDEA4820-22	7/1/21-9/30/23	114,481	(11,575)		11,575					
I.D.E.A. Part B - Preschool	84.173	IDEA4820-24	7/1/23-9/30/24	43,847			19,356	(27,213)		(7,857)		
I.D.E.A. Part B - Preschool	84.173	IDEA4820-23	7/1/22-9/30/23	33,007	(885)		885					
I.D.E.A. Part B - Preschool	84.173	IDEA4820-22	7/1/21-9/30/22	37,341		\$ 162			\$ 162			
Total Special Education Cluster					(108,074)	162	487,531	(477,671)	162	(98,214)		
Total Special Revenue Fund and U.S. Department of Education					(1,144,540)	162	2,659,747	(2,442,132)	162	(926,925)		
Enterprise Fund:												
U.S. Department of Agriculture Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
Food Distribution Program	10.555	N/A	7/1/23-6/30/24	82,942			82,942	(77,491)			\$ 5,451	
Food Distribution Program	10.555	N/A	7/1/22-6/30/23	96,477		13,881		(13,881)				
School Breakfast Program	10.553	N/A	7/1/23-6/30/24	84,801			77,897	(84,801)		(6,904)		
School Breakfast Program	10.553	N/A	7/1/22-6/30/23	66,752	(3,905)		3,905					
National School Lunch Program	10.555	N/A	7/1/23-6/30/24	337,945			314,918	(337,945)		(23,027)		
National School Lunch Program	10.555	N/A	7/1/22-6/30/23	346,484	(16,316)		16,316					
Healthy Hunger-Free Kids Act	10.555	N/A	7/1/22-6/30/23	11,832			11,032	(11,832)		(800)		
Healthy Hunger-Free Kids Act	10.555	N/A	7/1/22-6/30/23	11,514	(514)		514					
COVID 19 - Supply Chain Assistance	10.555	N/A	7/1/23-6/30/24	54,055			54,055	(54,055)				
Child Nutrition Cluster Subtotal					(20,735)	13,881	561,579	(580,006)		(30,732)	5,451	
Local Food For Schools Cooperative Program	10.185	N/A	7/1/23-6/30/24	5,322			5,322	(5,322)				
COVID-19 Pandemic EBT	10.649	N/A	7/1/23-6/30/24	653			653	(653)				
Total Enterprise Fund and U.S. Department of Agriculture					(20,735)	13,881	567,554	(585,981)		(30,732)	5,451	
Total Federal Financial Awards					\$ (1,165,275)	\$ 14,043	\$ 3,276,856	\$ (3,077,668)	\$ 162	\$ (957,657)	\$ 5,451	\$ -0-

N/A - Not Available/Applicable

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2023			Balance at June 30, 2024			MEMO				
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	GAAP Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education														
General Fund:														
Equalization Aid	23-495-034-5120-078	7/1/22 - 6/30/23	\$ 7,246,616	\$ (709,501)		\$ 709,501								\$ 7,246,616
Special Education Aid	23-495-034-5120-089	7/1/22 - 6/30/23	1,448,667	(141,836)		141,836								1,448,667
Security Aid	23-495-034-5120-084	7/1/22 - 6/30/23	443,956	(43,467)		43,467								443,956
Transportation Aid	23-495-034-5120-014	7/1/22 - 6/30/23	204,865	(20,058)		20,058								204,865
Extraordinary Special Education Costs	23-495-034-5120-044	7/1/22 - 6/30/23	302,451	(302,451)		302,451								302,451
Reimbursed TPAF Social Security Contributions	23-495-034-5095-003	7/1/22 - 6/30/23	1,539,513	(75,080)		75,080								1,539,513
Homeless Tuition Reimbursement	23-495-034-5120-005	7/1/22 - 6/30/23	39,670	(39,670)		39,670								39,670
Equalization Aid	23-495-034-5120-078	7/1/23 - 6/30/24	7,484,886			6,747,342	\$ (7,484,886)					\$ (737,544)		7,484,886
Special Education Aid	24-495-034-5120-089	7/1/23 - 6/30/24	1,496,559			1,349,091	(1,496,559)					(147,468)		1,496,559
Security Aid	24-495-034-5120-084	7/1/23 - 6/30/24	443,956			400,210	(443,956)					(43,746)		443,956
Transportation Aid	24-495-034-5120-014	7/1/23 - 6/30/24	204,865			184,678	(204,865)					(20,187)		204,865
Family Crisis Transportation Aid	24-495-034-5120-014	7/1/23 - 6/30/24	85,183			85,183	(85,183)							85,183
Extraordinary Special Education Costs	24-495-034-5120-044	7/1/23 - 6/30/24	263,993				(263,993)			\$ (263,993)		(263,993)		263,993
Homeless Tuition Reimbursement	23-495-034-5120-005	7/1/23 - 6/30/24	56,656				(56,656)			(56,656)		(56,656)		56,656
Reimbursed TPAF Social Security Contributions	23-495-034-5095-003	7/1/23 - 6/30/24	1,561,417			1,484,935	(1,561,417)			(1,561,417)		(76,482)		1,561,417
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/23 - 6/30/24	2,080,934			2,080,934	(2,080,934)			(2,080,934)				2,080,934
On-Behalf Long Term Disability Insurance Contributions	23-495-034-5094-004	7/1/23 - 6/30/24	3,693			3,693	(3,693)			(3,693)				3,693
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/23 - 6/30/24	7,559,684			7,559,684	(7,559,684)			(7,559,684)				7,559,684
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/23 - 6/30/24	86,214			86,214	(86,214)			(86,214)				86,214
Total General Fund State Aid				(1,332,063)		21,314,027	(21,328,040)			(397,131)		(1,346,076)		32,553,778
Special Revenue Fund:														
New Jersey Nonpublic Aid:														
Textbook Aid	24-100-034-5120-064	7/1/23 - 6/30/24	49,254			49,254	(40,041)					\$ 9,213	\$	40,041
Nursing Aid	24-100-034-5120-070	7/1/23 - 6/30/24	102,240			102,240	(89,713)					12,527		89,713
Technology	24-100-034-5120-373	7/1/23 - 6/30/24	41,748			41,748	(41,638)					110		41,638
Security Aid	24-100-034-5120-509	7/1/23 - 6/30/24	174,660			174,660	(174,487)					173		174,487
Textbook Aid	23-100-034-5120-064	7/1/22 - 6/30/23	55,044						\$ (14,931)					40,113
Nursing Aid	23-100-034-5120-070	7/1/22 - 6/30/23	93,408						(6,610)					86,798
Technology	23-100-034-5120-373	7/1/22 - 6/30/23	35,028						(610)					34,418
Security Aid	23-100-034-5120-509	7/1/22 - 6/30/23	170,970						(24)					170,946
New Jersey Nonpublic Auxiliary Services:														
Compensatory Education	23-100-034-5120-067	7/1/22 - 6/30/23	165,937						(19,041)					146,896
Transportation	23-100-034-5120-067	7/1/22 - 6/30/23	29,860						(29,860)					
Home Instruction	23-100-034-5120-067	7/1/22 - 6/30/23	8,771	(8,771)			8,771							8,771
Compensatory Education	24-100-034-5120-067	7/1/23 - 6/30/24	153,383				153,383	(136,696)				16,687		136,696
Transportation	24-100-034-5120-067	7/1/23 - 6/30/24	30,030			30,030						30,030		
Home Instruction	24-100-034-5120-067	7/1/23 - 6/30/24	2,284							(2,284)			(2,284)	2,284
New Jersey Nonpublic Handicapped:														
Examination and Classification	23-100-034-5120-066	7/1/22 - 6/30/23	112,243											107,884
Examination and Classification	24-100-034-5120-067	7/1/23 - 6/30/24	99,353			99,353	(95,375)					3,978		95,375
Corrective Speech	24-100-034-5120-067	7/1/23 - 6/30/24	40,525			40,525	(40,525)							40,525
Supplemental Instruction	24-100-034-5120-067	7/1/23 - 6/30/24	95,320			95,320	(93,668)					1,652		93,668
Preschool Education Aid	22-495-034-5120-086	7/1/21 - 6/30/22	891,198											891,198
Preschool Education Aid	23-495-034-5120-086	7/1/22 - 6/30/23	937,040			91,744	(142,083)							842,021
Preschool Education Aid	24-495-034-5120-086	7/1/23 - 6/30/24	1,129,314	(91,744)		1,018,034	(1,042,189)					87,125	(111,280)	1,042,189
School Climate Change Pilot	24E00385	04/1/23-6/30/23	6,660	(6,482)		6,482								6,482
Establishing Advanced Placement African American Studies	24-100-034-5063-368	4/1/24-12/31/24	12,288							(3,904)			(9,470)	9,470
New Jersey School Development Authority:														
Emergent and Capital Maintenance Needs Grant	N/A	7/1/22 - 6/30/23	55,297			55,297	(55,297)							55,297
Emergent and Capital Maintenance Needs Grant	N/A	7/1/23 - 6/30/24	58,033			54,951	(54,951)							54,951
Total Special Revenue Fund				(106,997)	237,102	75,435	2,021,792	(2,018,417)	(75,435)	(6,188)	182,144	74,370	(123,034)	4,211,861

SOMERVILLE BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2023			Balance at June 30, 2024			MEMO				
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	GAAP Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education														
Debt Service Fund:														
Debt Service Aid Type II	23-100-034-5120-125	7/1/22 - 6/30/23	\$ 208,191				\$ 208,191	\$ (208,191)						\$ 208,191
Total Debt Service Fund							208,191	(208,191)						208,191
New Jersey Department of Agriculture														
Enterprise Fund														
State Department of Agriculture:														
State School Lunch Program	24-100-010-3350-023	7/1/23 - 6/30/24	14,827				13,823	(14,827)		\$ (1,004)			\$ (1,004)	14,827
State School Lunch Program	23-100-010-3350-023	7/1/22 - 6/30/23	14,122	\$ (661)			661							14,122
State School Breakfast Program	24-100-010-3350-023	7/1/23 - 6/30/24	1,202				1,103	(1,202)		(99)			(99)	1,202
State School Breakfast Program	23-100-010-3350-023	7/1/22 - 6/30/23	872	(67)			67			(268)			(268)	872
State Breakfast After the Bell	24-100-010-3350-023	7/1/23 - 6/30/24	3,401				3,133	(3,401)						3,401
State Breakfast After the Bell	23-100-010-3350-023	7/1/22 - 6/30/23	2,637	(156)			156			(273)			(273)	2,637
NJEIE Lunch	24-100-010-3350-023	7/1/23 - 6/30/24	5,763				5,490	(5,763)		(70)			(70)	5,763
NJEIE Breakfast	24-100-010-3350-023	7/1/23 - 6/30/24	1,162				1,092	(1,162)						1,162
Total Enterprise Fund/State Department of Agriculture				(884)			25,525	(26,355)		(1,714)			(1,714)	43,986
Total State Financial Awards				\$ (1,439,944)	\$ 237,102	\$ 75,435	\$ 23,569,535	\$ (23,581,003)	\$ (75,435)	\$ (405,033)	\$ 182,144	\$ 74,370	\$ (1,470,824)	\$ 37,153,355
Less: On-Behalf TPAF Pension System Contributions:														
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/23 - 6/30/24	2,080,934					\$ 2,080,934						
On-Behalf Long Term Disability Insurance Contributions	23-495-034-5094-004	7/1/23 - 6/30/24	3,693					3,693						
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/23 - 6/30/24	7,559,684					7,559,684						
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/23 - 6/30/24	86,214					86,214						
Subtotal - On-Behalf TPAF Pension System Contributions								9,730,525						
Total State Awards - for Major Program Determination								\$ (13,850,478)						

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of Borough of Somerville School District under programs of the federal and state governments for the fiscal year ended June 30, 2024. The information in these schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile revenue from the budgetary basis to the GAAP basis is (\$34,083) for the General Fund, and (\$320,870) for the Special Revenue Fund for which (\$6,322) is for local projects. See Exhibit C-3 for a reconciliation of revenue from the budgetary basis to the GAAP basis of accounting for the General and Special Revenue Funds.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 49,555	\$ 21,293,957	\$ 21,343,512
Special Revenue Fund	2,156,533	1,989,469	4,146,002
Debt Service Fund		208,191	208,191
Proprietary Fund	<u>585,980</u>	<u>26,355</u>	<u>612,335</u>
Total Financial Assistance	<u>\$ 2,792,068</u>	<u>\$ 23,517,972</u>	<u>\$ 26,310,040</u>

NOTE 5 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

Somerville Borough School District had no loan balances outstanding at June 30, 2024.

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

The District was awarded grants in the amount of \$804,463 from the School Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2024 all funds have been expended and drawn down on a GAAP Basis.

NOTE 8. NEW JERSEY PRESCHOOL FACILITIES EXPANSION GRANT

The District has been awarded a grant in the amount of \$2,027,549 in the Capital Projects Fund for Preschool Facilities Expansion Grant. As of June 30, 2024, \$-0- of the grant funds have been expended and drawn down on a GAAP basis. In the Capital Projects Fund, the District realizes the full amount of grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures, if any, reported on the Schedule of Expenditures of State Awards represent reimbursement requests submitted.

NOTE 9. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2024. Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

SOMERVILLE BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Federal Awards

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

Unmodified

Internal control over major programs:

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

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

_____ Yes _____ X No

Identification of major programs:

Program Name or Cluster	Assistance Listing No.	Grant Period		Award Amount	Budgetary Expenditures
		Start	End		
COVID 19- CRRSA ESSER II	84.425D	3/13/20	9/30/23	\$ 1,207,771	\$ 74,327
COVID 19- ARP ESSER III	84.425U	3/13/20	9/30/24	2,714,388	1,354,528
COVID 19- ARP Accelerated Learning Coach	84.425U	3/13/20	9/30/24	148,954	76,344
COVID 19- ARP Evidence Based Summer Learning	84.425U	3/13/20	9/30/24	40,000	3,619
COVID 19- ARP Mental Health	84.425U	3/13/20	9/30/24	88,501	40,029
COVID 19- ARP Homeless Children/ Youth II	84.425U	3/13/20	9/30/24	12,925	12,925

Dollar threshold used to distinguish between Type A and B programs

\$ 750,000

Auditee qualified as low-risk auditee?

_____ Yes _____ X No

SOMERVILLE BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

State Awards

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

Internal control over major programs:

1.) Material weakness identified? Yes X No
2.) Significant deficiencies identified? Yes X None reported

Noncompliance material to basic financial statements noted? Yes X No

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

 Yes X No

Identification of major programs:

Program Name or Cluster	State Grant No.	Grant Period		Award Amount	Budgetary Expenditures
		Start	End		
State Aid Public:					
Equalization Aid	24-495-034-5120-078	7/1/23	6/30/24	\$ 7,484,886	\$ 7,484,886
Special Education Aid	24-495-034-5120-089	7/1/23	6/30/24	1,496,559	1,496,559
Security Aid	24-495-034-5120-084	7/1/23	6/30/24	443,956	443,956

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

Auditee qualified as low-risk auditee? Yes X No

SOMERVILLE BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

Status of Prior Year Findings:

There were no prior year findings.