

**Annual Comprehensive
Financial Report**

of the

Township of Berkeley Heights Board of Education

County of Union

Berkeley Heights, New Jersey

For the Fiscal Year Ended June 30, 2023

Prepared by

**Township of Berkeley Heights, Board of Education
Finance Department**

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INTRODUCTORY SECTION

BOARD OF EDUCATION

P.O. Box 147

Berkeley Heights, Union County

New Jersey 07922

January 22 , 2024

Honorable President and
Members of the Board of Education
Berkeley Heights School District
County of Union, New Jersey

Dear Board Members:

The annual comprehensive financial report of the Berkeley Heights School District for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Berkeley Heights Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups 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 and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the related OMB Uniform Guidance and State Treasury Circular Letter OMB 15-08. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of the report.

1) REPORTING ENTITY AND ITS SERVICES:

The Berkeley Heights School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Berkeley Heights Board of Education and all its schools constitute the District's reporting entity.

1) REPORTING ENTITY AND ITS SERVICES (CONTINUED):

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These services include regular as well as special education for qualifying students. The District completed the 2022-2023 fiscal year with an enrollment of 2,444 students, which is 28 students less than the previous year's enrollment. The average daily enrollment is a compilation of enrollment and attendance data for the entire year. The statistic is different than the enrollment figure for the end of the year which is the actual number of students enrolled. The following chart details the changes in the student average daily enrollment of the District over the last ten years.

Fiscal Year	Student Enrollment	Percent Change
2022-23	2,444	(.011%)
2021-22	2,472	(.008%)
2020-21	2,494	(2.54%)
2019-20	2,559	(0.51%)
2018-19	2,572	(1.91%)
2017-18	2,622	(2.89%)
2016-17	2,700	1.54%
2015-16	2,659	(0.26%)
2014-15	2,666	(1.11%)
2013-14	2,696	(1.06%)

2) ECONOMIC CONDITION AND OUTLOOK

The Township of Berkeley Heights is a mature suburban town situated approximately 30 miles west of New York City with easy access to major airports and highways. The Township is 6.2 sq. miles and has a population of approximately 13,000 residents. Berkeley Heights is a stable, affluent municipality.

Berkeley Heights is consistently nationally ranked as one of the best places to live. In NJ Magazine 2019, Berkeley Heights was ranked 23rd best place to live in New Jersey. In Money magazine's 2013 Best Places to Live rankings, Berkeley Heights was ranked 6th in the nation, the highest among the three places in New Jersey and was included in the top 50 list.

The landscape of the township is slated to change significantly over the next several years. The township recently finished construction on a new municipal complex and new residential and commercial projects have been approved and some new construction has already begun. Five residential complexes are being planned which will result in an influx of students into the district.

The COVID-19 pandemic has had a major impact on both the township and the school district. Despite Covid-19 concerns, the local housing market has remained strong. Berkeley Heights continues to be a desirable location because of its school system, the ease

of commuting into New York, as well as easy access to major highways, and the suburban feel of the town.

However, the district has faced many challenges due to COVID-19, including managing the cost and availability of: 1) student transportation, 2) substitute teachers, 3) student and teacher technology needs, 4) improvements to infrastructure, and 5) supplies and human resources to clean and disinfect the facilities.

In the past 19 months, the District has been faced with making critical decisions under strict time constraints in a wholly unknown, and fluid environment. The uncertainty and anxiety created by the Coronavirus pandemic has taken not only an economic but also an emotional toll in schools, among students, staff, parents, and community members. Many districts face the additional challenge of having more experienced teachers and administrators retiring from the profession. The long-term implications of these events and others that flow from them will not be known for some time.

Despite these new and evolving challenges, the Berkeley Heights Board of Education continues to be fiscally responsible when developing its budget. The Board is cognizant of the impact the school tax levy has upon tax payers and seeks to strike a balance between maintaining its high quality educational services in a safe and welcoming environment and its fiscal accountability to the community.

3) MAJOR INITIATIVES

In order to determine student's strengths and areas in need of growth, the District purchased LinkIt! as an assessment management and data analytics tool. The LinkIt! technology platform is a suite of integrated web applications that consists of three core elements:

- An assessment authoring platform & item banking tool;
- A benchmark assessment delivery platform including ELA and Mathematics components; and
- A Dashboard style reporting platform with over ten distinctive reporting modules.

LinkIt! was purchased in response to both the District's and teachers' need for a tool to easily manage and analyze data. It gives teachers and administrators access to valuable student data in a simple to use interface. LinkIt! allows teachers to easily identify a student's strengths and weaknesses, differentiate instruction, and provide tailored interventions.

The administrative team revamped K-5 education with the help of teaching staff. The District has updated all curricula for K-5 and moved more than 50 teachers to create two early learning centers and two elementary schools.

The District has updated its Five-Year Strategic Plan to include another "wheel" which is Diversity, Equity, and Inclusion. The District created a "Director of DEI" and has been working diligently to make sure that all students feel included, inspired, and empowered.

The District wants to continue the DEI initiative to focus on and integrate social and emotional learning for all students. Berkeley Heights Public Schools are committed to the development of the whole child and recognize the importance of equipping students with the skills necessary to understand and manage emotions; set and achieve positive goals; feel and show empathy for others; and make responsible decisions. The District Social & Emotional Learning Committee worked throughout the course of the 2019-2020 school year to create a district wide SEL framework that is specifically tailored to our district. Implementation of this program is a major priority for the current school year as students and staff return to school full-time.

The Berkeley Heights and Mountainside communities value education and the District continues to evaluate its educational program and make improvements to the educational experience. The curriculum has been revised to reflect new state standards and to keep pace with community expectations regarding student achievement. The STEAM curriculum continues to be expanded, and opportunities for students to participate in STEAM activities have increased both inside the classroom and as a part of co-curricular programming.

Advanced placement courses are offered in 25 subject areas and student enrollment in these programs continues to increase. The class of 2023 had 41 AP Scholars, 23 AP Scholars with Honors, and 67 AP Scholars with Distinction. Three students received the AP Capstone Diploma and 1 was awarded the AP Seminar and Research Certificate. The average SAT score was 601 for evidence-based reading and writing and 597 for mathematics. The super score for SAT was 612 for evidence-based reading and writing and a 609 for mathematics, totaling 1221. The class of 2023 had 18 National Merit commended students.

The district continues to upgrade its technology infrastructure, adding access points as necessary and replacing outdated servers to ensure the best learning environment for students and staff. Due to remote learning situations, additional personal devices were purchased, and all students have Chromebooks. District-wide teachers have been provided with laptops to support classroom instruction in a digital age.

4) INTERNAL ACCOUNT CONTROLS

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

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with

applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

5) BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

Budget Analysis Reports are reviewed regularly to identify any anticipated deficits to any expense or revenue account. Transfers between accounts are approved at monthly meetings to ensure that accounts are not over-expended.

An Encumbrance account 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 reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2023.

6) ACCOUNTING SYSTEMS AND REPORTS:

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

7) DEBT ADMINISTRATION:

Under provisions of New Jersey statutes, school districts may not incur indebtedness greater than 4% of the average equalized valuation of taxable property. At June 30, 2023, the District's outstanding debt issues are well below the legal debt margin. The District continues to be committed to providing the debt rating agencies and all other interested parties with annual audited financial statements and other pertinent credit information relevant to outstanding securities.

8) CASH MANAGEMENT:

Bank balances are insured up to \$250,000 in the aggregate by the Federal Deposit Insurance Corporation for each bank. In addition, the State of New Jersey Unit Deposit Protection Act insures the remaining balance of funds on deposit in registered depositories.

The Berkeley Heights Board of Education maintains an on line computerized accounting system to record all financial transactions. During the fiscal year, financial reports are

prepared monthly and are distributed to the Board of Education Members. The reports detail the monthly transaction and detail the appropriation balance.

9) RISK MANAGEMENT:

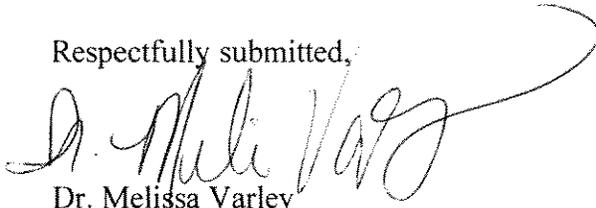
The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. Recently coverage for cyber liability and pollution were added to our range of coverage.

10) OTHER INFORMATION:

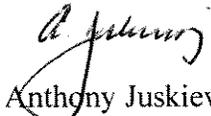
a) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Suplee, Clooney & Co., was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Uniform Guidance and State Treasury Circular Letter OMB 15-08. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Berkeley Heights 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 our financial and accounting staff.

Respectfully submitted,

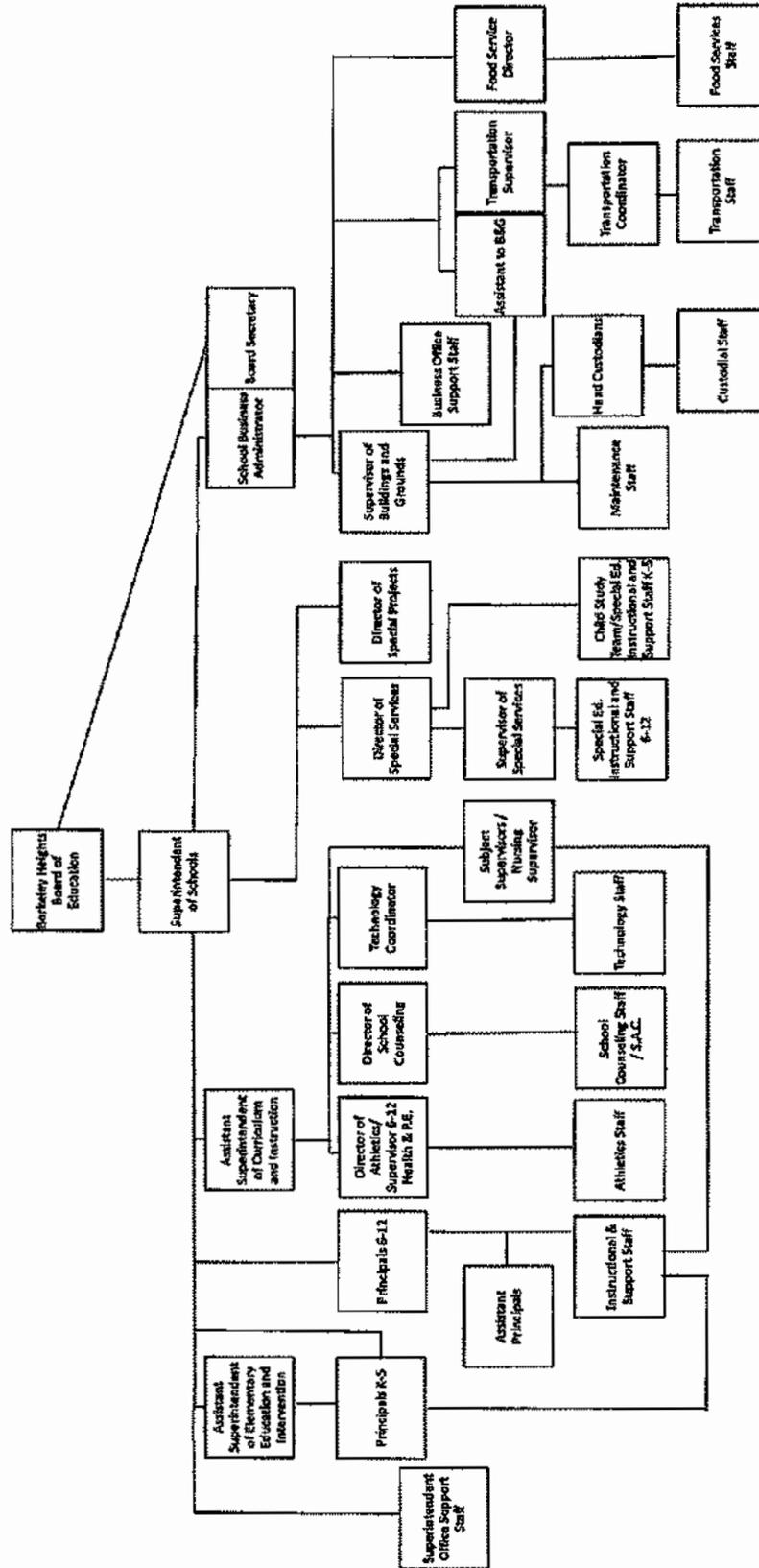


Dr. Melissa Varley
Superintendent



Anthony Juskiewicz
School Business Administrator/
Board Secretary

BERKELEY HEIGHTS PUBLIC SCHOOLS 2021-2022 TABLE OF ORGANIZATION



BOARD OF EDUCATION TOWNSHIP OF BERKELEY HEIGHTS

BERKELEY HEIGHTS, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2023

MEMBERS OF THE BOARD OF EDUCATION

TERM ENDS

Angela Penna, President

2025

Joy Young, Vice President

2023

Gale Bradford

2025

Robert Cianciulli

2023

Thomas Foregger

2024

Dipti Khanna

2025

Pamela Stanley

2024

Jordan Hyman (Mountainside Representative)

2024

OTHER OFFICIALS

Dr. Melissa Varley, Superintendent

Julie A. Kot, Board Secretary/School Business Administrator

Harold Kessler, Treasurer

BOARD OF EDUCATION
TOWNSHIP OF BERKELEY HEIGHTS
CONSULTANTS AND ADVISORS

ARCHITECT

Solutions Architecture
81 Clay Street
Newark, New Jersey 07104

AUDIT FIRM

Suplee, Clooney and Company
308 E. Broad Street
Westfield, New Jersey 07090

ATTORNEY

Cleary Giacobbe Alfieri Jacobs, LLC.
955 State Route 34
Suite 200
Matawan, NJ 07747

Porzio, Bromberg & Newman PC
100 South Gate Parkway
Morristown, New Jersey 07962

SEPCIAL EDUCATION COUNSEL

Chaudry Law.
33 Wood Ave
Woodbridge Township, NJ 08830

OFFICIAL DEPOSITORY

Citizens Bank
441 Springfield Avenue
Berkeley Heights, NJ 07922

BOARD OF EDUCATION

TOWNSHIP OF BERKELEY HEIGHTS

CONSULTANTS AND ADVISORS (CONTINUED)

HEALTH INSURANCE BROKER

Alliant Employee Benefits
1301 Dove Street
Suite 200
Newport Beach, CA

DENTAL INSURANCE BROKER

Centric Benefits Consulting
219 South Street
Suite 103
New Providence, NJ 07924

PROPERTY AND CASUALTY INSURANCE BROKER

Richland Knowles Agency
803 Springfield Avenue
2nd Floor
Summit, NJ 07901

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FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Berkeley Heights School District
County of Union
Berkeley Heights, New Jersey 07922

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Berkeley Heights School District, in the County of Union, State of New Jersey (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, 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 (the "Uniform Guidance") the audit requirements of State of New Jersey OMB Circular 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." 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 and provisions 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.

SUPLEE, CLOONEY & COMPANY LLC

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, for the year ended June 30, 2023, the District adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

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 generally accepted auditing standards, the Uniform Guidance, the State of New Jersey OMB Circular 15-08 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

SUPLEE, CLOONEY & COMPANY LLC

- 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, budgetary comparison information in Exhibit C-1 through C-3, the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 and the schedules related to accounting and reporting for postretirement benefits other than pensions (OPEB) in Exhibits M-1 and M-2 are presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information schedules and data such as the combining statements and individual fund financial statements, and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, 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 combining and individual fund financial statements and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

SUPLEE, CLOONEY & COMPANY LLC

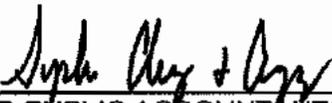
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 22, 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 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 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 the District's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

January 22, 2024

REQUIRED SUPPLEMENTARY INFORMATION – Part I

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023 UNAUDITED

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

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements-Management's Discussion and Analysis-for the State and Local Governments* issued in June 1999. Certain comparative information between the current fiscal year (2022-2023) and the prior fiscal year (2021-2022) is required to be presented in the MD&A. In fiscal year 2023 the District implemented GASB Statement No. 96-SBITAs.

Financial Highlights

Key financial highlights for 2023 are as follows:

- The state continues to delay the final two state aid payments into the subsequent budget year. Therefore, the final two payments were not reflected on the GAAP basis financial statements for the 2022/2023 school year. The amount of the deferred state aid payments, which were received in July 2023, is \$253,935.00.
- General revenues accounted for \$47,226,292.96 or 69% of all revenues. Program specific revenues in the form of charges for services and operating/capital grants and contributions accounted for \$21,672,217.43 or 31% of all revenues.
- The District had \$65,437,507.42 in expenses; \$21,672,217.43 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$47,226,292.96 were adequate to provide for these programs.

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 the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023 UNAUDITED

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole 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 tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds. In the case of the district, the General Fund is by far the most significant fund.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?". The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the school district as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include 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 kinds of activities:

- **Government Activities** – All of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, student transportation and extracurricular activities.
- **Business-Type Activities** – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service program is reported a business activity.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023 UNAUDITED

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund Financial reports provide detailed information about the District's funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future years. 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.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities. These statements closely resemble financial statements of a private sector business entity.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED**

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

**Table 1
Net Position**

	<u>2023</u>	(As restated) <u>2022</u>
Assets		
Current and Other Assets	\$15,575,178.43	\$13,652,221.48
Capital Assets	<u>57,771,294.50</u>	<u>58,769,082.66</u>
Total Assets	73,346,472.93	72,421,304.14
Deferred Outflows:		
Related to Pensions	<u>2,421,121.00</u>	<u>2,100,272.00</u>
Total Deferred Outflows	2,421,121.00	2,100,272.00
Liabilities		
Other Liabilities	3,902,234.02	3,773,966.55
Long-Term Liabilities	<u>18,352,303.85</u>	<u>16,894,254.84</u>
Total Liabilities	22,254,537.87	20,668,221.39
Deferred Inflows:		
Related to Leases	1,268,761.65	1,341,262.31
Related to Pensions	<u>1,996,448.00</u>	<u>5,725,249.00</u>
Total Deferred Inflows	3,265,209.65	7,066,511.31
Net Position		
Net Investment in Capital Assets	52,119,536.62	51,813,128.01
Non-Spendable	56,746.35	29,597.03
Restricted	7,373,992.69	5,725,742.66
Unrestricted(Deficit)	<u>(9,302,429.25)</u>	<u>(10,781,624.26)</u>
Total Net Position	<u>\$50,247,846.41</u>	<u>\$46,786,843.44</u>

The District's combined net position was \$50,247,846.41 on June 30, 2023. The District's investment in capital assets is shown net of any related debt used to acquire those assets.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED**

Table 2 shows changes in net position for fiscal years 2023 and 2022.

**Table 2
Changes in Net Position**

	<u>2023</u>	<u>2022</u>
Revenues		
Program Revenues:		
Charges for Services	\$8,050,156.47	\$7,058,090.10
Operating Grants and Contributions	13,303,637.78	15,505,556.10
Capital Grants and Contributions	318,423.18	0.00
General Revenues:		
Property Taxes	46,083,270.00	45,347,241.00
Grants and Entitlements	638,218.00	644,562.00
Other	<u>504,804.96</u>	<u>440,415.58</u>
Total Revenues	<u>68,898,510.39</u>	<u>68,995,864.78</u>
 Program Expenses		
Instruction	39,108,231.96	38,940,266.15
Support Services:		
Student and Instruction Related	10,126,285.93	9,818,067.00
General Administration	1,683,938.11	1,780,263.62
School Administration	2,559,866.90	2,572,238.90
Central Services/ Adm. Of Technology	1,194,184.03	1,127,614.57
Maintenance of Facilities	5,781,402.21	6,272,372.54
Student Transportation	2,154,638.10	1,876,478.84
Business Type Activities	1,115,720.67	825,054.37
Other	<u>1,713,239.50</u>	<u>1,870,179.79</u>
Total Expenses	<u>65,437,507.41</u>	<u>65,082,535.78</u>
Increase/ (Decrease) in Net Position	<u>\$3,461,002.98</u>	<u>\$3,913,329.00</u>

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED**

Government Activities

Property taxes made up 68 percent of revenues for governmental activities in the District. There was a \$736,029.00 increase in property taxes or 1.62 percent from the prior year. The District's total revenues were \$68,898,510.39 for the year ended June 30, 2023.

Instruction comprises 61 percent of district expenses. Support services make up 36 percent of the district expenses and other services and expenses make up 3 percent.

Business-Type Activities

Revenues for the District's business-type activities were comprised of charges for services and operating grants and contributions in the food service program. The Board of Education continues to work to increase sales in the program and reduce operating costs. The Board has opted out of the State sponsored Child Nutrition Program which limits the price of lunches and restricts types and sizes of offerings. The cafeterias located in each school building offer flexibility in food selection, menu offerings and pricing that meets the needs of the students. The following are some of our major business type activity results.

- Business type revenues exceeded expenses by \$17,068.48.
- Revenues consist of \$1,132,789.15 in operating revenue from charges for services.

The Statement of Activities shows the cost of program services and the charges offsetting those costs.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED**

Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3
Net Cost of Services**

	<u>Total Cost of Services 2023</u>	<u>Total Cost of Services 2022</u>	<u>Net Cost of Services 2023</u>	<u>Net Cost of Services 2022</u>
Instruction	\$39,108,231.96	43,664,303.50	\$22,549,403.66	23,023,680.22
Support Services:				
Students and Instruction Related	10,126,285.93	10,778,727.77	8,410,019.21	7,826,298.32
General Administration, School & Central Administration	5,437,989.04	6,367,801.84	4,724,685.78	4,904,249.12
Maintenance of Facilities	5,781,402.21	5,844,664.78	5,039,687.71	4,986,998.51
Student Transportation	2,154,638.10	1,683,245.70	1,345,322.60	1,118,579.82
Other	1,713,239.51	1,989,378.21	1,713,239.51	1,953,857.82
Business-Type Activities	<u>1,115,720.67</u>	<u>181,072.54</u>	<u>(17,068.48)</u>	<u>166,321.61</u>
Total Net Cost of Services	<u>\$65,437,507.42</u>	<u>\$70,509,194.34</u>	<u>\$43,765,289.99</u>	<u>\$43,979,985.42</u>

Instruction expenses include activities directly dealing with the teaching of students and the interaction between teacher and student, including extracurricular activities. Tuition paid to other schools for regular and special education students is also included here.

Students and instruction related include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and central services include expenses associated with administrative and financial management of the District.

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

Student transportation includes activities with the conveyance of special education students to and from school, school activities and athletic events, as provided by state law.

“Other” includes unallocated depreciation and interest on long term debt.

Business-Type activities include activities in the food service program.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED**

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$73,044,446.24 and expenditures were \$71,300,174.52.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management, which required significant budget adjustments to contend with state aid reductions. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2023, and the amount and percentage of increase or decrease in relation to prior year revenues.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase(Decrease) from FY 2022</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$53,527,469.66	73.28%	\$1,430,082.33	5.04%
State Sources	18,087,147.99	24.75%	2,072,823.84	8.18%
Federal Sources	<u>1,429,828.59</u>	<u>1.96%</u>	<u>535,462.07</u>	<u>36.21%</u>
Total	<u>\$73,044,446.24</u>	<u>100.00%</u>	<u>\$4,038,368.24</u>	<u>7.32%</u>

The following schedule represents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2023, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase(Decrease) from FY 2022</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$26,415,578.01	37.05%	\$382,325.30	1.43%
Support Services	42,354,062.46	59.40%	3,289,248.91	7.21%
Capital Outlay	747,034.05	1.05%	62,563.39	7.73%
Debt Service	<u>1,783,500.00</u>	<u>2.51%</u>	<u>(797,081.82)</u>	<u>-80.81%</u>
Total	<u>\$71,300,174.52</u>	<u>100.00%</u>	<u>\$2,937,055.78</u>	<u>5.46%</u>

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED**

General Fund Budgeting Highlights

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

Over the course of the year, the Board of Education, when appropriate, approved budget transfers to keep accounts in balance. Transfers to the budget were made to accurately reflect expenditures according to state guidelines and prevent over-expenditures in specific line item accounts. These revisions bear notation:

- TPAF, which is the State's contribution to the pension fund, post-retirement benefits and the employer's share of FICA costs, is neither a revenue or expenditure item in the budget; however, the School District is required to present this information in the revenue and expenditure sections of the report.

Debt Administration

At June 30, 2023, the District had \$18,352,303.85 of outstanding long-term liabilities. Of this amount, \$1,261,554.51 is for compensated absences; \$1,389,765.34 for installment purchases leases, \$11,215,984.00 of net pension liability and \$4,485,000.00 of serial bonds for school construction.

Capital Assets

At the end of the fiscal year 2023, the District had a net of \$57,771,294.50 invested in land, building and building improvements, and machinery and equipment. Table 4 shows fiscal year 2023 balances compared to 2022.

**Table 4
Capital Assets (Net of Depreciation)**

	<u>2023</u>	(As Restated) <u>2022</u>
Governmental Activities Capital Assets, Net: of Depreciation		
Land	\$14,043,000.00	\$14,043,000.00
Construction in Progress	\$722,085.55	\$255,938.75
Land Improvements	1,502,953.91	1,617,093.43
Building and Building Improvements	40,180,669.76	41,386,192.50
Machinery and Equipment	<u>1,188,047.52</u>	<u>1,330,320.45</u>
Total Governmental Activities Capital Assets, Net	<u>57,636,756.74</u>	<u>58,632,545.13</u>
Business Type Activities Capital Assets, Net:of Depreciation		
Machinery and Equipment	<u>134,537.76</u>	<u>136,537.53</u>
Total Business Type Activities Capital Assets, Net:	<u>134,537.76</u>	<u>136,537.53</u>
Total Capital Assets, Net	<u>\$57,771,294.50</u>	<u>\$58,769,082.66</u>

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED**

Overall net capital assets decreased by \$997,788.16 from fiscal year 2022 to fiscal year 2023.

For the Future

The Berkeley Heights School District has and continues to utilize sound accounting practices during a period of uncertainty in State funding coupled with high inflation. The state-imposed cap on property tax increases of 2% has affected how the District budgets and plans for current and future expenses.

The District provides an excellent educational experience for our students and provides ample support for the continuation of implementation of the 2021 New Jersey Student Learning Standards across content areas and professional learning opportunities for staff members charged with crafting, supporting, and providing lessons aligned to the standards.

District-wide, continued efforts have been made to support the whole student and maximize opportunities for growth and achievement for all students. This includes the development of supports to address the Social Emotional needs of our students. From the community precepts at the elementary level to the advisory period in the middle school, and the Wellness Room at the high school, the District is committed to providing students with the skills and strategies that will allow them to flourish, feel safe, and feel included in our schools and classrooms.

Other highlights in our elementary programs include our HEIGHTS (Having Each Individual Gain Higher-level Thinking Skills) program for all students, the development of additional STEAM units in grades K-5, the WIN (What I Need) period, and our ongoing commitment to the Berkeley Heights Tiered System of Supports (BHTSS). Our middle school and high school programs have expanded elective opportunities that are supported by student interests and engage our students as active-problem solvers who will be prepared for colleges and careers.

The school district will continue to evaluate its progress toward the goals of the Strategic Plan. The Strategic Plan is a living document and will be reviewed and adjusted to meet identified student needs as well as the changing curriculum standards and skills required to be successful in the current environment.

Regularly evaluating its buildings and grounds, the District identifies areas of concern and makes improvements annually. The District utilizes capital reserves for yearly budgeted capital projects and is considering a referendum in the near future to address larger, district-wide infrastructure needs.

The difficulties caused by the Covid-19 pandemic continue to be addressed and managed into the future. The Berkeley Heights School District regularly monitors costs and looks for efficiencies, including opportunities to share services, and engages in bulk purchasing to achieve economies of scale. The District also shares a number of services with the Township which benefit resident taxpayers.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED**

The District is proud and grateful for the community support it receives and is committed to striking a fair balance between the local taxpayer and the educational necessities of its students. The Berkeley Heights Board of Education has committed itself to sound financial practices and plans to continue its prudent fiscal management to meet the challenges of the future.

Contacting the School District's Financial Management Office

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information contact: Anthony Juskiewicz, Business Administrator/Board Secretary, Berkeley Heights Board of Education, 345 Plainfield Avenue, Berkeley Heights, NJ 07922. Also, please visit our website to learn more about our School District.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2023

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of changes in net position display information about the District. These statements include the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash and cash equivalents	\$10,862,101.84	\$5,266.89	\$10,867,368.73
Receivables, net	4,678,400.89		4,678,400.89
Internal Balances	148,661.52	(148,661.52)	
Inventory		29,408.81	29,408.81
Capital assets:			
Non Depreciable	14,765,085.55		14,765,085.55
Depreciable - Net	42,871,671.19	134,537.76	43,006,208.95
Total Assets	<u>73,325,920.99</u>	<u>20,551.94</u>	<u>73,346,472.93</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Related to pension	<u>2,421,121.00</u>		<u>2,421,121.00</u>
Total deferred outflow of resources	2,421,121.00		2,421,121.00
LIABILITIES:			
Accounts payable	1,069,504.08		1,069,504.08
Payable to state government	2,205.96		2,205.96
Other payables	1,089,199.00		1,089,199.00
Unearned revenue	545,575.91	44,386.08	589,961.99
Accrued interest payable	74,127.08		74,127.08
Payroll deductions and withholdings payable	1,015,645.86		1,015,645.86
Unemployment compensation claims payable	61,590.05		61,590.05
Noncurrent liabilities:			
Net pension liability	11,215,984.00		11,215,984.00
Due within one year	2,105,646.46		2,105,646.46
Due beyond one year	5,030,673.39		5,030,673.39
Total liabilities	<u>22,210,151.79</u>	<u>44,386.08</u>	<u>22,254,537.87</u>
DEFERRED INFLOWS OF RESOURCES:			
Leases	1,268,761.65		1,268,761.65
Related to pension	<u>1,996,448.00</u>		<u>1,996,448.00</u>
Total deferred inflows of resources	3,265,209.65		3,265,209.65
NET POSITION:			
Net Investment in capital assets	51,984,998.66	134,537.76	52,119,536.62
Non-spendable:			
Leases	56,746.35		56,746.35
Restricted for:			
Special revenue	296,994.75		296,994.75
Capital projects	3,998,726.17		3,998,726.17
Other purposes	3,078,271.77		3,078,271.77
Unrestricted(deficit)	<u>(9,144,057.35)</u>	<u>(158,371.90)</u>	<u>(9,302,429.25)</u>
Total net position(deficit)	<u>\$50,271,680.55</u>	<u>(\$23,834.14)</u>	<u>\$50,247,846.41</u>

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2023

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities
Governmental Activities:						
Instruction:						
Regular	\$ 19,183,730.65	\$ 7,543,225.16	\$ 6,602,495.11	\$ 4,892,334.67	\$ (15,232,126.04)	\$ (15,232,126.04)
Special	7,298,683.81	2,396,076.34		4,638,024.34	(5,056,745.81)	(5,056,745.81)
Other instruction	1,949,067.43	737,438.57		425,974.19	(2,260,531.81)	(2,260,531.81)
Support services:						
Student & instruction related services	7,173,185.07	2,853,100.86	215,672.21	1,500,594.51	(8,410,019.21)	(8,410,019.21)
General administrative services	1,385,488.03	298,450.08		172,386.77	(1,511,541.33)	(1,511,541.33)
School administrative services	1,940,815.05	618,051.85		361,109.92	(2,198,756.98)	(2,198,756.98)
Central services	535,070.59	232,046.72		131,216.00	(635,901.31)	(635,901.31)
Administration information technology	344,123.90	82,942.81		48,580.56	(378,486.16)	(378,486.16)
Plant operations and maintenance	3,785,979.95	1,995,422.26	99,200.00	423,291.32	(5,039,687.71)	(5,039,687.71)
Pupil transportation	1,938,245.77	216,392.33		710,115.50	(1,345,322.60)	(1,345,322.60)
Unallocated benefits	16,712,876.72	(16,712,876.72)				
Unallocated depreciation and amortization	1,779,409.13	(361,270.27)			(1,418,138.86)	(1,418,138.86)
Interest on Long-Term Debt	295,100.65				(295,100.65)	(295,100.65)
Total governmental activities	84,321,786.75	\$	6,917,367.32	13,303,637.78	(43,782,358.47)	(43,782,358.47)
Business-type activities						
Food Service	1,115,720.67		1,132,789.15		17,068.48	17,068.48
Total business-type activities	1,115,720.67		1,132,789.15		17,068.48	17,068.48
Total primary government	\$ 85,437,507.42	\$	8,050,156.47	13,303,637.78	(43,782,358.47)	(43,782,358.47)
General Revenues:						
Taxes:						
Property taxes, levied for general purposes, net					\$ 44,896,469.00	\$ 44,896,469.00
Taxes levied for debt service					1,186,801.00	1,186,801.00
Federal and state aid not restricted					41,519.00	41,519.00
Federal and state aid restricted					596,699.00	596,699.00
Miscellaneous income					504,804.96	504,804.96
Total general revenues and special items					47,226,292.96	47,226,292.96
Change in net position					3,443,934.49	3,461,002.97
Net Position - beginning (Deficit) (As restated)					\$ 46,827,746.06	\$ 46,786,843.44
Net Position - ending (Deficit)					\$ 50,271,680.55	\$ 50,247,846.41

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

MAJOR FUND FINANCIAL STATEMENTS

The Individual Fund financial statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u> <u>FUND</u>	<u>DEBT</u> <u>SERVICE</u> <u>FUND</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
ASSETS:				
Cash and cash equivalents	\$ 10,406,485.25	\$ 232,608.75	\$ 0.38	\$ 10,639,094.38
Cash with fiscal agents	223,007.46			223,007.46
Accounts receivable:				
Federal		445,392.59		445,392.59
State	896,990.27			896,990.27
Local	2,010,510.03			2,010,510.03
Accrued Interest	874.26			874.26
Leases	1,324,633.74			1,324,633.74
Interfund	148,661.52			148,661.52
Total assets	\$ 15,011,182.53	\$ 678,001.34	\$ 0.38	\$ 15,689,184.25
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Liabilities:				
Accounts payable	122,214.84	4,048.24		126,263.08
Accrued liability for insurance claims	1,089,199.00			1,089,199.00
Payroll deductions payable	1,015,845.86			1,015,845.86
Unemployment claims payable	61,590.05			61,590.05
Intergovernmental payables:				
State		2,205.96		2,205.96
Unearned revenue	393,830.98	374,752.39		768,583.37
Total liabilities	2,682,460.73	381,006.59		3,063,467.32
Deferred Inflows of Resources:				
Leases	1,268,761.65			1,268,761.65
Fund balances:				
Non-spendable:				
Leases	58,746.35			58,746.35
Restricted for:				
Capital reserve account	3,998,726.17			3,998,726.17
Maintenance reserve account	1,000,437.40			1,000,437.40
Excess surplus	1,453,021.69			1,453,021.69
Excess surplus designated for subsequent years expenditures	788,778.96			788,778.96
Scholarships		18,582.28		18,582.28
Student Activities		278,412.47		278,412.47
Unemployment	436,033.72			436,033.72
Debt service			0.38	0.38
Assigned:				
Year-end encumbrances	686,029.20			686,029.20
Designated for subsequent years expenditures	1,617,859.04			1,617,859.04
Unassigned	1,022,287.62			1,022,287.62
Total fund balances	11,059,920.15	296,994.75	0.38	11,356,915.28
Total liabilities, deferred inflows of resources and fund balances	\$ 15,011,162.53	\$ 678,001.34	\$ 0.38	\$ 15,689,184.25

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

Total Fund Balances (Brought Forward)	\$	11,356,915.28
Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of Assets	\$ 94,592,296.44	
Accumulated Depreciation	<u>(36,955,539.70)</u>	57,636,756.74
Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Serial bonds payable	(4,485,000.00)	
Net Pension Liability	(11,215,984.00)	
Installment purchases	(1,389,765.34)	
Less: unexpended installment proceeds	223,007.46	
Compensated absences payable	<u>(1,261,554.51)</u>	(18,129,296.39)
Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.		
Pensions:		
Deferred Outflows		
Pension related		2,421,121.00
Deferred Inflows:		
Pension related		(1,996,448.00)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.		
Accounts payable - pension related	(943,241.00)	
Accrued interest Payable	<u>(74,127.08)</u>	<u>(1,017,368.08)</u>
Net Position of Governmental Activities	\$	<u>50,271,680.55</u>

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Local sources:				
Local tax levy	\$ 44,896,469.00	\$	\$ 1,186,801.00	\$ 46,083,270.00
Interest earned on maint. reserve funds	437.40			437.40
Interest earned on capital reserve funds	24,596.96			24,596.96
Transportation Fees from Individuals	99,200.00			99,200.00
Tuition	6,602,495.11			6,602,495.11
Miscellaneous	479,770.80	237,899.59		717,470.19
Total - local sources	52,102,969.07	237,899.59	1,186,801.00	53,527,469.66
State sources	17,423,032.69	67,416.30	596,699.00	18,087,147.99
Federal sources		1,429,828.59		1,429,828.59
Total revenues	69,526,001.76	1,734,944.48	1,783,500.00	73,044,446.24
EXPENDITURES:				
Current expense:				
Regular instruction	17,772,116.49	564,053.73		18,336,170.22
Special instruction	5,499,937.91	630,402.45		6,130,340.36
Other Instruction	1,949,067.43			1,949,067.43
Support services:				
Tuition	1,686,453.45			1,686,453.45
Student & instruction related services	6,887,401.81	292,998.26		7,180,400.07
General administrative services	1,386,777.03			1,386,777.03
School administrative services	1,940,815.05			1,940,815.05
Central services	536,359.59			536,359.59
Administrative information technology	446,753.79			446,753.79
Plant operations and maintenance	3,816,299.62	3,690.00		3,819,989.62
Student transportation	1,998,201.50			1,998,201.50
Unallocated benefits	23,358,312.36			23,358,312.36
Debt Service:				
Principal			1,485,000.00	1,485,000.00
Interest			298,500.00	298,500.00
Capital outlay	1,203,280.45	318,423.18		1,521,703.63
Total expenditures	66,481,776.48	1,808,567.62	1,783,500.00	72,074,844.10
Excess (deficiency) of revenues over (under) expenditures	1,044,225.28	(74,623.14)		969,602.14
Other financing sources (uses):				
Installment Purchases (non-budgeted)	774,669.58			774,669.58
Total other financing sources	774,669.58			774,669.58
Net change in fund balances	1,818,894.86	(74,623.14)		1,744,271.72
Fund balances, July 1,	9,241,025.29	\$ 371,617.89	0.38	9,612,643.56
Fund balances, June 30,	\$ 11,059,920.15	\$ 296,994.75	\$ 0.38	\$ 11,356,915.28

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Total net change in fund balances - governmental funds (from B-2) \$ 1,744,271.72

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period

Depreciation expense	\$	(1,779,409.13)	
Capital outlays		1,521,703.63	
Less: Capital outlays not capitalized		<u>(738,082.89)</u>	(995,788.39)

Proceeds from debt issues are a financing source in governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.

Installment purchase proceeds			(774,669.58)
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Repayment of long-term debt 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.

Payment of installment purchase principal		593,866.35	
Payment of bond principal		<u>1,485,000.00</u>	2,078,866.35

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

Decrease in accrued interest payable			24,543.75
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District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

District pension contributions		937,217.00	
Add: Pension benefit		<u>454,169.00</u>	1,391,386.00

In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In 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 (+).

Decrease in compensated absences payable			<u>(24,675.36)</u>
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Change in net position of governmental activities			<u>\$ 3,443,934.49</u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

OTHER FUNDS

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

BUSINESS-TYPE
ACTIVITIES
ENTERPRISE FUNDS
FOOD SERVICE

ASSETS:

Current assets:

Cash and cash equivalents	\$	5,266.89
Inventories		29,408.81
		34,675.70
Total current assets		34,675.70

Noncurrent assets:

Furniture, machinery and equipment		347,754.91
Less accumulated depreciation		(213,217.15)
		134,537.76
Total noncurrent assets		134,537.76
Total assets		169,213.46

LIABILITIES:

Current liabilities:

Interfunds payable		148,661.52
Unearned revenue		44,386.08
		193,047.60
Total current liabilities		193,047.60
Total liabilities		193,047.60

NET POSITION:

Net Investment in capital assets		134,537.76
Unrestricted(deficit)		(158,371.90)
		(23,834.14)
Total net position(deficit)	\$	(23,834.14)

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND FOOD SERVICE</u>
OPERATING REVENUES:	
Charges for services:	
Daily sales	\$ <u>1,132,789.15</u>
	<u>1,132,789.15</u>
OPERATING EXPENSES:	
Cost of sales	532,104.53
Salaries	311,169.73
Employee benefits and taxes	90,127.82
Other purchased services	75,409.40
Supplies and materials	63,985.07
Miscellaneous	27,960.75
Depreciation	<u>14,963.37</u>
Total operating expenses	<u>1,115,720.67</u>
Change in net position	17,068.48
Total net position - beginning (deficit)	<u>(40,902.62)</u>
Total net position - ending (deficit)	<u>\$ (23,834.14)</u>

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND FOOD SERVICE</u>
Cash flows from operating activities:	
Receipts from customers	\$ 1,134,161.87
Payments to employees and employee benefits	(311,169.73)
Payments to suppliers	<u>(802,328.77)</u>
Net cash provided by (used for) operating activities	<u>20,663.37</u>
Cash flows from noncapital financing activities:	
Transfers from/(to) other funds	<u>(12,348.64)</u>
Net cash provided by noncapital financing activities:	<u>(12,348.64)</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	<u>(12,963.60)</u>
Net cash provided by (used for) capital and related financing activities	<u>(12,963.60)</u>
Net decrease in cash and cash equivalents	(4,648.87)
Cash and cash equivalents, July 1,	<u>9,915.76</u>
Cash and cash equivalents, June 30,	<u>\$ 5,266.89</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ 17,068.48
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation and net amortization	14,963.37
Change in assets and liabilities:	
Increase/(decrease) in unearned revenue	1,372.72
(Increase)/decrease in inventories	<u>(12,741.20)</u>
	<u>3,594.89</u>
Net cash provided by (used for) operating activities	<u>\$ 20,663.37</u>

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

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The District is a Type II District located in Union County, New Jersey. The District is an instrumentality of the State of New Jersey, established to function as an educational institution. The District is governed by a seven member board and one sending district member 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.

The primary criterion for including activities within the District's reporting entity are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and that meet *all* of the following criteria should be discreetly presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the 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.

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one high school, one middle school and four elementary schools. 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.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The District's basic financial statements consist of District-wide statements, including a Statement of Net Positions and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

District-Wide Statements: The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the overall District. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish generally between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Net Position presents the financial condition of the governmental and business-type activity of the District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and 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 requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as generally revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

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

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types

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

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure 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.

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 or leased 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 - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund

Enterprise Fund - The enterprise fund accounts for all revenues and expenses pertaining to the District's Food Service program operations. These funds are 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.

Basis of Accounting - Measurement Focus

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide and Proprietary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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. General capital asset and leased asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases and installment purchases are reported as other financing sources.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the School Board election to the date of the November general election thereby eliminating the vote on the annual base budget unless required by the mandated State budget CAP. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(f)1. Expenditures may not legally exceed budgeted appropriations at the line item level. All budget amendments and transfer must be approved by School Board resolution. Budget amendments during the year ended June 30, 2023 totaled net \$184,118.00, representing prior unbudgeted state aids, and other approved modifications. All budget 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).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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

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

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

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 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 revenues at fiscal year-end.

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

Interfunds

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available expendable resources.

Inventories and Prepaid Expenses

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

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

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements, and furniture and equipment, are only reported in the district-wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000.00 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition values on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	40
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Ground Equipment	15

Compensated Absences

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy and/or collective bargaining unit contracts. Upon termination, employees are paid for accrued vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after four years of service.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick days that are expected to become eligible for payment upon retirement. The District estimates its accrued compensated absences liability based on the accumulated sick days at the balance sheet date by those employees who are currently eligible to receive retirement payments.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Fund Equity

Fund balance restrictions are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designations of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unassigned fund balances represent the amount available for future budgetary operations.

Unassigned net position represents the remains of the District's equity in the cumulative earnings of the food service fund.

Unearned Revenue

Unearned revenue in the special revenue and capital projects funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is an allowable under generally accepted accounting principles.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Fund Balance Reserves

Under GASB 54, in the fund financial statements, governmental funds report the following classifications of fund balance:

Non-Spendable – includes amounts that cannot be spend because they are either non-spendable in form or are legally or contractually required to be maintained intact. The District reports a portion of fund balance for leases that are not available for appropriation because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not spendable resource.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. The District reports the Capital Reserve, Maintenance Reserve, Scholarships, Student Activities, Unemployment and Excess Surplus as Restricted Fund Balance.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reserves (Continued)

Assigned – includes amount that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator. The District reports Year End Encumbrances and amounts Designated for Subsequent Year's Expenditures as Assigned Fund Balance.

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Revenues Exchange and Non-Exchange 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.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues Exchange and Non-Exchange Transactions (Continued)

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income 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 property taxes is recognized in the period in which the income is earned. 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 District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year-end: property taxes available as an advance, interest, and tuition.

Proprietary Funds Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District enterprise funds are charges to customers for sales of food service. Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of the program. Depreciation expense, where practicable, is specifically identified by function in the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately in the Statement of Activities.

Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent of occurrence. Special items are transactions or events that are within control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management Estimates

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

Accounting and Financial Reporting for Pensions

In the District-Wide Financial Statements 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 District's proportionate share of the New Jersey Public Employees Retirement System ("PERS") and the Teachers' Pension and Annuity Fund ("TPAF") and the additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they were reported by PERS and TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the Governmental Fund Financial Statements, the year-end Net pension liability is not required to be reflected. Pension related revenues and expenditures are reflected based on amounts that are normally expected to be liquidated with available financial resources for required pension contributions. Expenditures for PERS are recognized based upon billings made by the State of New Jersey due April 1st of each fiscal year. TPAF contributions are paid on the District's behalf by the State of New Jersey. The Governmental Fund Financial Statements reflects both a revenue and expenses for this pension contribution.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify in this category, deferred amounts related to pensions and leases.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Lease receivables are measured at the present value of the lease payments expected to be received during the lease term. The District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized in a systematic and rational manner over the lease term.

Lease liabilities represent obligations to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of the expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Payments for short-term leases with a term of 12 months or less are expensed as incurred and these leases are not included as lease liabilities or right-to-use assets on the statements of net position.

Right to Use Assets

Right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized in a systematic and rational manner over the life of the related lease.

Recently Adopted Accounting Pronouncements

Beginning with the year ended June 30, 2023, the District has implemented GASB Statement 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. GASB Statement No. 96 defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding liability; provides capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosure regarding SBITAs.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Board considers petty cash, change funds, cash in banks, certificates of deposits, deposits in the New Jersey Cash Management Fund, deposits in the governmental money market fund, deposits in the New Jersey Asset and Rebate Management Program and short term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a Banking Institution that is a member of the Federal Reserve System, and has capital funds of not less than \$25,000,000.00. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The District had the following cash and cash equivalents at June 30, 2023:

Fund Type:	<u>Bank</u>	Reconciling Items:		Reconciled
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Governmental	\$12,413,891.16	\$1,987.77	\$1,553,777.09	\$10,862,101.84
Proprietary	<u>5,808.94</u>	<u>0.00</u>	<u>542.05</u>	<u>5,266.89</u>
	<u>\$12,419,700.10</u>	<u>\$1,987.77</u>	<u>\$1,554,319.14</u>	<u>\$10,867,368.73</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2023, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$533,168.72 was covered by Federal Depository Insurance and \$11,886,531.38 was covered under the provisions of NJGUDPA.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

The purchase of investments by the District is strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type 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 which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization.
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 Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - 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. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

At June 30, 2023, the District had no outstanding investments.

Based upon the limitation set forth by New Jersey Statutes 18A:20-37 and its existing investment practices, the District is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risks for its deposits and investments.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 3: CHANGE IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	(As restated)			
	Beginning		Transfers/	Ending
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Governmental Activities: Capital assets not being depreciated:				
Land	\$14,043,000.00			\$14,043,000.00
Construction in progress	<u>255,938.75</u>	<u>\$466,146.80</u>		<u>722,085.55</u>
Total Capital Assets not being depreciated	<u>14,298,938.75</u>	<u>466,146.80</u>		<u>14,765,085.55</u>
Land Improvements	4,890,260.55			4,890,260.55
Buildings & Building Improvements	70,001,562.66	195,489.20		70,197,051.86
Machinery & Equipment	<u>4,751,172.28</u>	<u>121,984.74</u>	<u>(\$133,258.54)</u>	<u>4,739,898.48</u>
Totals at historical cost	<u>79,642,995.49</u>	<u>317,473.94</u>	<u>(133,258.54)</u>	<u>79,827,210.89</u>
Gross Assets (Memo only)	<u>93,941,934.24</u>	<u>783,620.74</u>	<u>(133,258.54)</u>	<u>94,592,296.44</u>
Less: Accumulated Depreciation				
Land Improvements	(3,273,167.12)	(114,139.52)		(3,387,306.64)
Buildings & Building Improvements	(28,615,370.16)	(1,401,011.94)		(30,016,382.10)
Machinery & Equipment	<u>(3,420,851.83)</u>	<u>(264,257.67)</u>	<u>133,258.54</u>	<u>(3,551,850.96)</u>
Total Depreciation	<u>(35,309,389.11)</u>	<u>(1,779,409.13)</u>	<u>133,258.54</u>	<u>(36,955,539.70)</u>
Total capital assets being depreciated, net of depreciation	<u>44,333,606.38</u>	<u>(1,461,935.19)</u>		<u>42,871,671.19</u>
Total Governmental Fund Activities	<u>\$58,632,545.13</u>	<u>(\$995,788.39)</u>		<u>\$57,636,756.74</u>

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 3: CHANGE IN CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended June 30, 2023 was as follows:

Proprietary Activities:			
Machinery & Equipment	<u>\$334,791.31</u>	<u>\$12,963.60</u>	<u>\$347,754.91</u>
Totals at historical cost	<u>334,791.31</u>	<u>12,963.60</u>	<u>347,754.91</u>
Less: Accumulated Depreciation			
Machinery & Equipment	<u>(198,253.78)</u>	<u>(14,963.37)</u>	<u>(213,217.15)</u>
Total Depreciation	<u>(198,253.78)</u>	<u>(14,963.37)</u>	<u>(213,217.15)</u>
Total Proprietary Fund Activities	<u>\$136,537.53</u>	<u>(\$1,999.77)</u>	<u>\$134,537.76</u>

Depreciation expense was charged to functional expenses areas of the District as follows:

Instruction:	
Regular	\$33,498.75
Support services:	
Student & instruction related services	42,252.28
Technology	17,865.65
Plant operations and maintenance	193,200.69
Pupil transportation	74,452.90
Direct Expense of various functions	<u>1,418,138.86</u>
	<u>\$1,779,409.13</u>

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 4: LONG-TERM LIABILITIES

Bonds are issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness.

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Basically, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

At June 30, 2023, the District had no bonds or notes authorized but not issued.

The following is a summary of changes in liabilities that effect other long-term obligations for the year ended June 30, 2023:

	<u>Balance,</u> <u>6/30/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>6/30/2023</u>	<u>Due Within</u> <u>One Year</u>
Bonds Payable	\$5,970,000.00		(\$1,485,000.00)	\$4,485,000.00	\$1,490,000.00
Compensated Absences	1,236,879.15	\$24,675.36		1,261,554.51	
Net Pension Liability	8,563,744.00	2,652,240.00		11,215,984.00	
Installation Purchases	<u>1,123,631.69</u>	<u>\$860,000.00</u>	<u>(593,866.35)</u>	<u>1,389,765.34</u>	<u>615,646.46</u>
Total	<u>\$16,894,254.84</u>	<u>\$3,536,915.36</u>	<u>(\$2,078,866.35)</u>	<u>\$18,352,303.85</u>	<u>\$2,105,646.46</u>

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Debt Service Requirements

The annual requirements to amortize all debt outstanding as of June 30, 2023, including interest payments on issued debt, are as follows:

Fiscal Year			
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$1,490,000.00	\$224,250.00	\$1,714,250.00
2025	1,500,000.00	149,750.00	1,649,750.00
2026	<u>1,495,000.00</u>	<u>74,750.00</u>	<u>1,569,750.00</u>
	<u>\$4,485,000.00</u>	<u>\$448,750.00</u>	<u>\$4,933,750.00</u>

General obligation school and refunding bonds payable with their outstanding balances are comprised of the following individual issue:

<u>Issue</u>	<u>Amount Outstanding June 30, 2023</u>
\$13,970,000.00 in 2014 Refunding Bonds due in remaining annual installments of between \$1,485,000.00 and \$1,500,000.00 ending November, 2026 with interest between 2.500% to 5.000%	<u>\$4,485,000.00</u>
	<u>\$4,485,000.00</u>

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Debt Capacity

Under New Jersey Statutes the District may incur debt in an amount not to exceed 4% of the averaged equalized valuation basis of real property. For the fiscal year ended June 30, 2023, the District borrowing capacity under N.J.S. 18A:24-19 would be as follows:

<u>Year</u>	<u>Equalized Valuation of Real Property</u>
2022	\$3,694,801,857
2021	3,542,835,039
2020	<u>3,350,668,620</u>
	<u>\$10,588,305,516</u>
Average equalized valuation	<u>\$3,529,435,172</u>
School borrowing margin (4% of \$3,529,435,172)	\$141,177,407
Net school debt as of June 30 2023	<u>4,485,000</u>
School borrowing power available	<u>\$136,692,407</u>

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Instalment Purchases

The District has entered into several installment purchase agreements for technology, equipment, curriculum and buses. The agreements are for terms up to five years. Future annual debt service payments on installment purchases as of June 30, 2023 including interest of \$59,545.86 are as follows:

Fiscal Year			
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$615,646.46	\$30,429.54	\$646,076.00
2025	399,821.59	17,891.06	417,712.65
2026	275,458.85	8,657.43	284,116.28
	<u>98,838.44</u>	<u>2,567.83</u>	<u>101,406.27</u>
	<u>\$1,389,765.34</u>	<u>\$59,545.86</u>	<u>\$1,449,311.20</u>

NOTE 5: PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 5: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provision of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 5: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A, 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 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.

Contribution Requirements The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of TPAF (*i.e.*, the State of New Jersey makes the employer contribution on behalf of public school districts).

Three Year Trend Information for PERS

<u>Year Ended</u>	<u>Annual</u> <u>Pension Cost</u>	<u>Percentage</u> <u>of APC</u>	<u>Net Pension</u>
<u>June 30,</u>	<u>(APC)</u>	<u>Contributed</u>	<u>Obligation</u>
2023	\$937,217.00	100%	\$937,217.00
2022	846,591.00	100%	846,591.00
2021	759,936.00	100%	759,936.00

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 5: PENSION PLANS (CONTINUED)

During the fiscal years ended June 30, 2023, 2022, and 2021, the State of New Jersey contributed \$8,202,232.00, \$8,318,262.00 and \$6,466,025.00 respectively, excluding post-retirement medical and long-term disability insurance, to the TPAF pension system on behalf of the District.

Also, in accordance with N.J.S.A. 18A:66-66 during the years ended June 30, 2023, 2022 and 2021, the State of New Jersey reimbursed the District \$1,961,983.69, 1,908,091.33 and \$1,819,615.44 respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

NOTE 6: ACCOUNTING AND REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS)

At June 30, 2023, the State reported a net pension liability of \$11,215,984.00 for the District's proportionate share of the total net pension liability. The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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 employers, actuarially determined. At June 30, 2022, the District's proportion was 0.0743204845 percent, which was an increase of 0.0020312461 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized a pension benefit of \$454,169.00 in the government-wide financial statements. This pension benefit was based on the pension plan's June 30, 2022 measurement date.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND REPORTING FOR PENSIONS – GASB 68 (CONTINUED)

Public Employees Retirement System (PERS) (Continued)
Actuarial Assumptions

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which rolled forward to June 30, 2022. These actuarial valuations used the following assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	
Through 2026	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 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.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND REPORTING FOR PENSIONS – GASB 68 (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

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

Long-Term Rate of Return

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

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

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND REPORTING FOR PENSIONS – GASB 68 (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

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

Sensitivity of the District's proportionate share of net pension liability to changes in the discount rate

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

	June 30, 2022		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's proportionate share of the pension liability	\$14,409,254.00	\$11,215,984.00	\$8,498,383.00

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND REPORTING FOR PENSIONS – GASB 68 (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

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

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	<u>116,050,508.00</u>
	<u><u>\$116,050,508.00</u></u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 which was rolled forward to June 30, 2022. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2022, the proportion of the TPAF net pension liability associated with the District was .2249284264% which was an increase of .0066428548 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2023, the District recognized on-behalf pension expense and revenue of \$3,123,243.00 in the government-wide financial statements for contributions provided by the State. This pension expense and revenue was based on the pension plans June 30, 2022 measurement date.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND REPORTING FOR PENSIONS – GASB 68 (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases	1.55%-5.65%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rate

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

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND REPORTING FOR PENSION - GASB 68 (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return (Continued)

The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND REPORTING FOR PENSION - GASB 68 (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

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

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Teachers Public and Annuity Fund (TPAF). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 by visiting <http://www.state.nj.us/treasury/pensions>.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75

Plan Description and Benefits Provided

The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan, which 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 Postemployment Benefits Other Than Pensions*. The State Health Benefit 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. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Employees Covered by Benefit Terms

The State Health Benefit Local Education Retired Employees Plan Membership covered by the benefit terms consisted of the following:

Active Plan Members	213,148
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	151,669
Inactive Plan Members or Beneficiaries	
Not Yet Receiving Benefits	<u>- 0 -</u>
Total Plan Members	<u>364,817</u>

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Total Non-Employer OPEB Liability

The portion of the total Non-Employer OPEB Liability that was associated with the District at June 30, 2023 was as follows:

Total OPEB Liability:	
District's Proportionate Share	\$-0-
State's Proportionate Share associated with the District	99,871,496
	<u>99,871,496</u>

The total Non-Employer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

The total Non-Employer OPEB liability was determined separately based on actual data of the District.

For the year ended June 30, 2023, the District recognized on-behalf post-employment expense and revenue of \$3,550,882.00 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2022 measurement date.

At June 30, 2023, the District's proportion was .1971934270 percent, which was an increase of .0025647487 from its proportion measured as of June 30, 2022.

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS, TPAF/ABP and PFRS participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Consequently, the District did not recognize any portion of the collective Non-Employer OPEB liability on the Statement of Net Position.

Actuarial Assumptions and Other Inputs

The total Non-Employer OPEB liability that was associated with the District as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

	<u>June 30, 2022</u>		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Inflation – 2.5%			
Salary Increases	2.75-4.25%*	2.75-6.55%*	3.25-16.25%*

*- Based on Years of Service

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

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Actuarial Assumptions and Other Input (Continued)

Discount Rate

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

Changes in the Total Non-Employer OPEB Liability

Shown below are details regarding The Total OPEB non-employer Liability associated with the District for the measurement period from June 30, 2021 to June 30, 2022.

Balance at 6/30/21		\$116,792,098
Changes for the year:		
Service cost	\$5,415,545	
Interest	2,646,705	
Changes of Benefit Terms		
Differences between expected and actual experience	4,346,109	
Changes in assumptions or other inputs	(26,791,425)	
Membership Contributions	84,103	
Benefit payments - Net	<u>(2,621,639)</u>	
Net changes		<u>(16,920,602)</u>
Balance at 6/30/22		<u>\$99,871,496</u>

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate

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

	June 30, 2022		
	1.00% <u>Decrease (2.54%)</u>	At Discount <u>Rate (3.54%)</u>	1.00% <u>Increase (4.54%)</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$117,388,438	\$99,871,496	\$85,832,543

Sensitivity of the Total Non-Employer OPEB Liability to Changes in Healthcare Trends

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

	June 30, 2022		
	1.00% <u>Decrease</u>	Healthcare Cost <u>Trend Rate</u>	1.00% <u>Increase</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$82,549,896	\$99,871,496	\$122,624,470

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

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

At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's Non-Employer OPEB Liability associated with the District from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 17,831,024	\$ 30,491,922
Changes of assumptions	17,285,228	33,990,801
Changes in proportion	<u>3,818,929</u>	<u>1,460,059</u>
	<u>\$ 38,935,181</u>	<u>\$ 65,942,782</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total Non-Employer OPEB Liability associated with the District will be recognized in OPEB expense as follows:

<u>Measurement Period Ended June 30,</u>	<u>Amount</u>
2023	(\$4,491,884)
2024	(\$4,491,884)
2025	(\$4,491,884)
2026	(\$3,818,070)
2027	(\$1,981,216)
Total Thereafter	<u>(\$7,732,663)</u>
	<u>(\$27,007,601)</u>

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero. There is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources in the financial statements.

State Health Benefit Local Education Retired Employee Plan Information

The New Jersey Division of Pension and Benefits issues publicly available reports on the OPEB plan. Those reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295 or on their website at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

NOTE 8: LITIGATION

The Board attorney's letter advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the Board of Education and which might materially affect the Board's financial position.

NOTE 9: CONTINGENCIES

The Board receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2022-2023 fiscal year were subject to the U.S. OMB Uniform Guidance and New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the Board's annual audit. Findings and questioned costs, if any, relative to federal awards and state financial assistance programs will be discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors.

NOTE 10: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The District maintains commercial coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 10: RISK MANAGEMENT (CONTINUED)

Property and Liability Insurance - The District maintains insurance coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

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. Charges are applied to the Unemployment Compensation Claims Payable first, and any remaining charges are applied to the Unemployment Compensation budget appropriation. The following table is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the combined ending balance of the District's Unemployment Compensation Claims Payable and Unemployment Restricted Fund Balance for the current and previous two years:

Year Ended <u>June 30,</u>	Employer <u>Contributions</u>	Interest and Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2023	\$-0-	\$64,898.39	\$64,895.79	\$497,623.77
2022	-0-	72,333.56	15,217.85	497,621.17
2021	-0-	52,743.43	41,003.77	440,505.46

Health and Prescription Drug Insurance

The District has entered into an agreement with Cigna Insurance Company for a Self Insurance Plan for medical and prescription drug programs. The agreement is administered by Alliant Insurance Services. At June 30, 2023 total unpaid claims, including an estimate of claims that have been incurred but not yet reported (IBNR) to the administrative agent, totaled \$1,089,199.00.

NOTE 11: COMPENSATED ABSENCES

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

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 11: COMPENSATED ABSENCES (CONTINUED)

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 amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the Districts agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types are recorded in the district-wide statement of net position. As of June 30, 2023, a liability existed for compensated absences for governmental fund-types in the district-wide Statement of Net Position of \$1,261,554.51.

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

NOTE 12: FUND BALANCE APPROPRIATED-GAAP BASIS

General Fund - Of the \$11,059,920.15 in General Fund Balance at June 30, 2023, \$686,029.20 has been assigned for encumbrances; \$56,746.35 is non-spendable, \$3,998,726.17 has been restricted in the Capital Reserve Account; \$1,000,437.40 has been restricted in the Maintenance Reserve Account; \$1,453,021.69 has been restricted as excess surplus; \$788,778.96 has been restricted as excess surplus - subsequent years' expenditures; \$436,033.72 has been restricted as unemployment; \$1,617,859.04 has been assigned for subsequent years' expenditures: and \$1,022,287.62 is unassigned.

NOTE 13: CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2004, c73 (S1701), the Restricted Fund Balance Excess Surplus is a required calculation pursuant to the New Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restricted General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance resulting from the year ended June 30, 2023 is \$1,453,021.69.

NOTE 14: CAPITAL RESERVE ACCOUNT

A capital reserve account was originally established by the 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.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 14: CAPITAL RESERVE ACCOUNT (CONTINUED)

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. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve during the year ended June 30, 2023, is as follows:

Balance, July 1, 2022		\$3,043,129.21
Interest Earnings	\$24,596.96	
Deposits:		
Board Resolution	1,500,000.00	
		1,524,596.96
		\$4,567,726.17
Withdrawals:		
2022-23 Budget		569,000.00
Balance, June 30, 2023		\$3,998,726.17

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 15: MAINTENANCE RESERVE ACCOUNT

A maintenance reserve was established through a board resolution by the District for the accumulation of funds for the required maintenance of a facility in accordance with N.J.S.A. 18A:7G-9 as amended by P.L. 2004, c. 73 (S1701), N.J.S.A. 18A:7G-31(c), 18A:7G-13 and N.J.A.C. 6A:23A-14.2 permits districts, by board resolution, to transfer undesignated general fund balance to the maintenance reserve account if approved in the district's original budget certified for taxes or if the district received voter approval by a separate proposal at budget time or by special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. N.J.S.A. 18A:7F-41(a), 18A:7F-41(b) and N.J.A.C. 6A:23A-14.3 permit a district board of education to transfer by board resolution (prior to June 30) any unanticipated revenue or unexpended line-item appropriation amounts to the maintenance reserve for withdrawal in subsequent school years.

The activity of the maintenance reserve during the year ended June 30, 2023, is as follows:

Balance, July 1, 2022	\$500,000.00
Interest Earnings	437.40
Deposits:	
Board Resolution	<u>500,000.00</u>
Balance, June 30, 2023	<u>\$1,000,437.40</u>

NOTE 16: INVENTORY

Inventory in the Food Service Fund at June 30, 2023 consisted of the following:

Food and Supplies	<u>\$29,408.81</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 17: DEFERRED COMPENSATION

The District offers its employees a choice of the deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. Since the District does not have any property or rights to the plan assets and no fiduciary relationship exists between the District and the deferred compensation plan, the plan assets are not included in the District's financial statements as of June 30, 2023.

NOTE 18: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2023:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$148,661.52	\$0.00
Enterprise Funds	<u>\$0.00</u>	<u>\$148,661.52</u>
	<u>\$148,661.52</u>	<u>\$148,661.52</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received.

NOTE 19: LEASE RECEIVABLE

The District, as lessor, leases property at 175 Watchung Boulevard, Berkeley Heights, New Jersey for use of Wireless Edge Towers. The current lease term expires at December 31, 2026 with three additional extension options, each for 60 months. The lessee must provide notice of intention to terminate to the lessor not less than sixty days prior to the expiration of any subsequent renewal term. The lease receivable is measured as the present value of the future value of the minimum lease payments expected to be received during the lease term at the discount rate. The discount rate is 1.485% and is equal to the incremental borrowing rate of the Lessee.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2023

NOTE 19: LEASE RECEIVABLE (CONTINUED)

Total future minimum lease payments to be received under the lease agreement are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Lease Receivable</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$48,032.23	\$19,344.77
2025	50,785.51	18,612.80
2026	53,641.00	17,839.25
2027	56,602.08	17,022.58
2028	59,672.20	16,161.20
2029-2033	348,485.86	66,202.27
2034-2038	443,787.46	36,949.73
2039-2042	263,627.40	5,146.01
Total Minimum Lease Payments	\$1,324,633.74	\$197,278.61

NOTE 20: RESTATEMENT

The District made prior year adjustments in the District Wide Financial Statements to correct the value of Capital Assets and Net Assets - Invested in Capital Assets, Net of Related Debt reported in its Business type activities as of June 30, 2022.

	<u>Governmental</u> <u>Activities</u>	<u>Proprietary</u> <u>Activities</u>
Beginning Net Position 06/30/22	\$46,595,916.67	(\$72,041.50)
Adjustments:		
Capital Assets, Net of Accumulated Depreciation	231,829.39	31,138.88
Beginning Net Position 06/30/22 (As restated)	\$46,827,746.06	(\$40,902.62)

NOTE 21: SUBSEQUENT EVENTS

The District has evaluated material subsequent events occurring after the financial statement date through January 22, 2024 which is the date the financial statements were available to be issued. Based upon this evaluation, the District has determined that there are no subsequent events needed to be disclosed.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 44,896,469.00	\$	\$ 44,896,469.00	\$ 44,896,469.00	\$ 31,021.70
Tuition from Individuals	124,500.00		124,500.00	155,521.70	711,833.41
Tuition from Other LEAs Within State	5,735,140.00		5,735,140.00	6,449,673.41	99,200.00
Transportation Fees From Individuals				99,200.00	60,472.70
Rents and Royalties	135,500.00		135,500.00	185,972.70	(149,085.10)
Miscellaneous	400,000.00		400,000.00	250,924.90	437.40
Interest Earned on Maintenance Reserve				437.40	20,098.98
Interest Earned on Capital Reserve Funds	4,500.00		4,500.00	24,596.96	5,713.88
Other Restricted Miscellaneous Revenues				5,713.88	779,710.75
Total Local Sources	51,266,109.00		51,296,109.00	52,076,819.75	
State Sources:					
Categorical Transportation Aid	470,303.00		470,303.00	470,303.00	149,934.00
Extraordinary Aid	600,000.00		600,000.00	749,934.00	
Categorical Special Education Aid	2,102,100.00		2,102,100.00	2,102,100.00	
Categorical Security Aid	40,882.00		40,882.00	40,882.00	197,341.00
Other State Aid				187,341.00	9,336,687.00
On-Behalf TPAP Contributions-non-budgeted				9,336,687.00	129,535.00
NCGH-non-budgeted				129,535.00	1,948,663.69
Reimbursed TPAP Social Security Contribution-non-budgeted				1,948,663.69	2,486,728.00
Post Retirement Medical-non budgeted				2,486,728.00	2,742.00
Long-Term Disability Insurance-non-budgeted				2,742.00	14,251,650.69
Total State Sources	3,213,285.00		3,213,285.00	17,464,832.69	
Federal Sources:					
Medicaid Reimbursement	17,587.00		17,587.00	17,587.00	(17,587.00)
Total Federal Sources	17,587.00		17,587.00	17,587.00	
Total Revenues	54,526,961.00		54,526,961.00	69,540,655.44	15,013,694.44
Withdraw from Cap Res-Excess Cost & Oth Cap Ptg	569,000.00		569,000.00		(569,000.00)
EXPENDITURES:					
CURRENT EXPENSE:					
Instruction - Regular Programs:					
Preschool	182,844.00	(4,000.00)	178,844.00	178,710.71	2,233.29
Kindergarten	860,348.00	27,964.21	890,912.21	875,419.92	15,492.29
Grades 1-5	5,820,142.00	73,951.46	5,894,093.46	5,771,737.53	122,355.93
Grades 6-8	3,853,962.00	(91,797.00)	3,762,165.00	3,715,398.25	46,776.75
Grades 9-12	8,375,323.00	(289,451.05)	8,085,871.95	6,063,379.92	22,492.03
Regular programs - home instruction:					
Salaries of teachers	35,000.00	(10,940.00)	24,060.00	11,066.00	13,000.00
Purchased professional educational services	45,000.00	28,000.00	73,000.00	64,625.98	8,374.02
Regular programs - undistributed instruction:					
Other salaries for instruction	102,729.00	(19,194.86)	83,534.14	81,750.92	1,783.22
Purchased professional - educational services	122,333.00	(9,351.73)	112,981.27	78,749.62	34,231.65
Purchased technical services	156,230.00	20,200.00	176,430.00	176,406.67	23.33
Other purchased services (400 - 500 series)	291,461.90	209,285.62	500,747.52	475,581.45	25,226.07
General supplies	590,380.77	92,138.28	682,519.05	276,983.11	105,776.94
Textbooks	10,791.00	(8,115.00)	2,676.00	2,556.31	19.69
Other objects	1,880.00	1,201.00	3,081.00	1,948.00	1,133.00
Total regular programs	18,221,734.67	8,601.93	18,231,236.60	17,772,115.49	459,120.11

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Instruction - Special Education: Learning and/or Language Disabilities: Salaries of Teachers	\$ 263,723.00	\$ 31,000.00	\$ 294,723.00	\$ 290,823.00	\$ 3,900.00
Other salaries for instruction	86,003.00	12,000.00	100,003.00	96,153.03	3,849.97
Purchased Professional/Educational Services	700.00	24.00	724.00	724.00	
General Supplies	2,000.00	1,500.00	3,500.00	2,738.45	761.55
Total Learning and/or Language Disabilities	354,426.00	44,524.00	398,950.00	390,439.52	8,510.48
Auditory Impairments					
Salaries of Teachers	446,117.00		446,117.00	394,031.88	52,085.12
Other Salaries for Instruction	379,301.00	(31,000.00)	348,301.00	297,832.34	50,468.66
Purchased Professional/Educational Services	5,460.00		5,460.00	3,321.81	2,138.19
Other Purchased Services (400-500 series)	500.00		500.00	500.00	
General Supplies	1,000.00	1,000.00	2,000.00	97.74	1,902.26
Total Auditory Impairments	832,378.00	(31,000.00)	801,378.00	686,283.77	115,094.23
Resource Room / Resource Center:					
Salaries of Teachers	3,194,885.00	(145,000.00)	3,049,885.00	2,960,655.27	89,229.73
Other salaries for instruction	739,368.00	(45,000.00)	694,368.00	583,207.36	111,160.64
Purchased Professional/Educational Services	730.00		730.00	577.00	153.00
General Supplies	1,775.00		1,775.00	902.27	872.73
Total Resource Room / Resource Center	3,936,558.00	(190,000.00)	3,746,558.00	3,535,241.90	211,316.10
Autism					
Salaries of Teachers	352,284.00	128,000.00	480,284.00	478,351.78	1,932.22
Other Salaries for Instruction	390,664.50	20,000.00	410,664.50	403,206.09	7,458.41
General Supplies	3,950.00	(24.00)	3,926.00	2,848.89	1,077.11
Total Autism	747,098.50	147,976.00	895,074.50	884,416.72	9,657.78
Home Instruction:					
Salaries of Teachers	15,000.00	3,000.00	18,000.00	3,559.00	14,441.00
Total Home Instruction	15,000.00	3,000.00	18,000.00	3,559.00	14,441.00
Total Special Education	5,885,471.50	(25,900.00)	5,859,571.50	5,499,937.91	359,633.59
Basic Skills / Remedial:					
Salaries of Teachers	325,648.00	(1,281.00)	324,367.00	320,743.18	4,623.82
General Supplies	2,835.00		2,835.00	360.00	2,475.00
Total Basic Skills / Remedial	328,483.00	(1,281.00)	327,202.00	321,103.18	6,098.82

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Bilingual Education:					
Salaries of Teachers	157,743.00	31,997.00	189,740.00	189,478.43	261.57
Purchased Professional-Educational Services	150.00		150.00		150.00
Other Purchased Services (400-500 series)	1,750.00		1,750.00	1,420.00	330.00
General Supplies	340.00		340.00		340.00
Total Bilingual Education:	159,983.00	31,997.00	191,980.00	190,898.43	1,081.57
School Sponsored Co-Curricular Activities:					
Salaries	286,610.00	12,137.00	298,747.00	285,487.00	33,260.00
Purchased Services (300-500 series)	25,000.00	600.00	25,600.00	25,324.98	275.02
Supplies and Materials	16,888.00		16,888.00	11,082.40	5,805.60
Other Objects	4,539.00	500.00	5,039.00	3,113.00	1,926.00
Total School Sponsored Co-Curricular Activities:	333,037.00	13,237.00	346,274.00	305,002.38	41,271.62
School Sponsored Athletics:					
Salaries	869,700.00	6,330.00	876,030.00	850,012.38	46,017.62
Purchased Services (300-500 Series)	96,210.00	8,962.00	105,172.00	96,416.70	17,775.30
Supplies and Materials	182,679.45	(34,321.67)	148,357.78	125,609.12	2,748.66
Other Objects	84,378.00	6,517.07	90,895.07	86,025.26	25,467.81
Total School Sponsored Athletics:	1,233,067.45	(12,052.60)	1,221,014.85	1,132,063.46	88,951.39
Total Other Instructional Programs	2,059,498.45	31,510.40	2,091,008.85	1,849,087.43	141,921.42
Total - Instruction	26,186,674.62	15,512.33	26,182,186.95	25,221,121.83	961,065.12
Undistributed Expenditures:					
Tuition to Other LEA's within the State - Special	345,365.00	200,080.38	545,445.38	530,000.18	15,425.20
Tuition to County Vocational School District - Regular	527,000.00	(8,600.00)	518,400.00	518,100.00	300.00
Tuition to County Vocational School District - Sp Ed	4,000.00	2,000.00	6,000.00	6,000.00	
Tuition to Private Schools for the Handicapped with State	454,654.00	137,713.08	592,367.08	632,358.27	13,811.81
Total Undistributed Expenditures - Instruction	1,371,019.00	330,873.46	1,701,892.46	1,686,458.45	15,434.01
Attendance and Social Work Services:					
Salaries	59,821.00	1,260.00	61,111.00	61,110.00	0.97
Total Attendance and Social Work Services	59,821.00	1,260.00	61,111.00	61,110.00	0.97
Health Services:					
Salaries	565,484.40	15,272.55	580,756.95	578,903.78	3,853.19
Purchased Professional and Technical Services	4,000.00	42,000.00	46,000.00	37,302.84	4,697.16
Other Purchased Services	43,065.00	(7,000.00)	36,065.00	31,851.78	4,403.24
Supplies and Materials	13,278.50	(800.00)	12,478.50	6,126.01	6,252.49
Other Objects	510.00	510.00	1,020.00	510.00	510.00
Total Health Services	626,327.90	45,372.55	671,700.45	657,984.37	19,716.08
Other Support Services - Speech, OT, PT & Related Services:					
Salaries	758,026.00	(8,895.00)	749,131.00	748,327.20	3,803.80
Purchased Professional - Educational Services	39,340.00	11,000.00	50,340.00	46,310.73	9,029.25
Supplies and Materials	2,947.00	2,947.00	5,894.00	1,624.39	1,322.61
Total Other Support Services - Speech, OT, PT & Related Services	799,313.00	1,305.00	800,618.00	796,262.34	10,355.66

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Other Support Services - Students - Extra Services					
Salaries	712,123.00	175,434.64	887,557.64	886,269.85	1,287.79
Total Other Support Services - Students - Extra Services	712,123.00	175,434.64	887,557.64	886,269.85	1,287.79
Guidance:					
Salaries of Other Professional Staff	1,078,512.00	79,029.55	1,157,541.55	1,151,085.63	6,455.92
Salaries of Secretarial and Clerical Assistants	136,833.00	(2,720.64)	134,112.36	132,080.44	2,031.92
Unused Vacation Payment to Terminated/Retired Staff		3,525.64	3,525.64	3,523.64	2.00
Purchased Professional - Educational Services	7,039.00	7,039.00	14,078.00	6,657.37	381.63
Other Purchased Services	13,448.00	13,448.00	26,896.00	7,561.64	5,886.36
Supplies and Materials	12,642.00	12,642.00	25,284.00	6,784.06	5,857.94
Other Objects	1,464.00	1,464.00	2,928.00	1,145.00	319.00
Total Guidance	1,249,538.00	79,834.55	1,329,372.55	1,308,839.78	20,532.77
Child Study Teams:					
Salaries of Other Professional Staff	1,262,588.00	(42,025.00)	1,240,563.00	1,240,542.48	20.52
Salaries of Secretarial and Clerical Assistants	129,987.00	(14,000.00)	114,987.00	110,641.79	4,355.21
Purchased Professional Educational Services	36,255.00	(36,255.00)			
Other Purchased Professional and Technical Services	925.00	43,544.54	44,469.54	37,256.84	7,212.70
Other Purchased Services (400-500 series)	6,545.00	1,440.00	7,985.00	6,363.22	1,621.78
Supplies and Materials	9,273.00	(720.00)	8,553.00	7,290.54	1,262.46
Total Child Study Teams	1,484,583.00	(48,015.46)	1,416,567.54	1,402,084.87	14,472.67
Improvement of Instruction Services /Other Support Svcs. Inst. Staff					
Summer Curriculum Development					
Salaries of Supervisors of Instruction	1,198,499.73	(38,018.73)	1,160,481.00	1,141,022.33	19,458.67
Salaries of Secretarial and Clerical Assists.	56,077.00	(10,751.94)	45,325.06	23,776.73	21,548.33
Unused Vacation Payment to Terminated/Retired Staff		4,162.49	4,162.49	4,162.49	
Other Purch Prof. and Tech. Services	2,500.00	1,200.00	3,700.00	3,690.04	9.96
Other Purchased Services (400-500)	1,000.00	(300.00)	800.00	468.61	331.39
Supplies and materials	2,100.00	2,100.00	4,200.00	1,767.95	332.05
Other Objects	3,400.00	1,245.00	4,645.00	4,640.00	5.00
Total Other Support Services - Instructional Staff	1,283,576.73	(42,363.18)	1,221,213.55	1,179,528.15	41,685.40
Educational Media Services / School Library:					
Salaries	450,662.00	37,530.00	488,192.00	482,284.78	5,907.22
Purchased Professional and Technical Services	23,485.00	6,170.47	29,655.47	28,051.74	1,523.73
Other Purchased Services (400-500 Series)	3,896.00	(3,791.78)	104.22	77.81	28.41
Supplies and materials	21,370.00	(3,881.83)	17,488.17	14,088.55	3,399.62
Total Educational Media Services / School Library	499,393.00	36,026.86	535,419.86	524,482.88	10,876.98
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction Summer Hours	70,632.00	1,500.00	72,132.00	72,102.60	29.40
Salaries of Secretarial and Clerical Assistants	4,529.00	4,529.00	9,058.00	4,197.26	331.74
Other Purchased Professional - Educational Services	67,130.00	(23,200.00)	43,930.00	1,602.61	42,327.39
Other Purchased Services (400- 500)	23,500.00	25.00	23,525.00	23,575.00	18,647.93
Supplies and materials	3,980.00	3,980.00	7,960.00	3,980.00	3,980.00
Total Instructional Staff Training Services	169,821.00	(21,675.00)	148,146.00	82,839.54	65,316.46

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Support Services General Administration:					
Salaries	\$ 687,897.77	\$ (25,070.88)	\$ 662,826.89	\$ 657,946.41	\$ 4,880.48
Vacation Payout	104,000.00	15,970.88	119,970.88	8,917.04	7,053.84
Legal Services	45,000.00	71,000.00	116,000.00	137,720.40	37,279.60
Expenditure and Internal Control Audit Fees	72,580.00	12,085.00	84,665.00	43,975.00	1,025.00
Architectural/Engineering Services	72,500.00	(65,500.00)	7,000.00	68,188.75	15,516.25
Other Purchased Professional Services	134,200.00	(93,571.00)	40,629.00	6,480.00	520.00
Other Purchased Technical Services	46,200.00	(1,648.00)	44,552.00	34,683.10	9,868.90
Communications / Telephone	12,600.00	1,900.00	14,500.00	14,184.59	315.41
Board Travel Expense	300,024.00	19,166.00	319,190.00	313,632.68	5,557.32
Miscellaneous Expenditures	17,386.91	(30.00)	17,356.91	13,566.35	3,790.56
General Supplies	1,000.00	1,000.00	2,000.00	1,000.00	1,000.00
BOE In- House Training/ Meeting Supplies	10,000.00	4,000.00	14,000.00	12,432.00	1,568.00
Miscellaneous Expenditures	35,500.00	35,500.00	71,000.00	33,721.31	37,278.69
BOE Membership Dues and Fees	1,538,831.68	(61,698.00)	1,477,133.68	1,386,777.03	90,356.65
Total Support Services General Administration					
Support Services School Administration:					
Salaries of Principals / Asst. Principals	1,389,321.56	(4,325.73)	1,385,000.00	1,378,163.70	15,836.30
Salaries of Secretarial and Clerical Assistants	554,110.00	(1,763.19)	552,346.81	513,777.03	38,569.78
Unused Vacation Payment to Terminated/Retired Staff	30,000.00	10,000.00	40,000.00	25,444.85	14,555.15
Other Purchased Services(400-500 series)	4,050.00	5,773.52	9,823.52	6,662.30	3,161.22
Supplies and Materials	7,417.45	2,626.09	10,043.54	6,963.17	3,080.37
Other Objects	10,770.00	680.00	11,450.00	9,804.00	1,646.00
Total Support Services School Administration	2,034,669.01	12,980.69	2,047,649.70	1,940,615.05	76,934.65
Central Service:					
Salaries	525,279.45	7,963.10	533,242.55	500,781.40	32,461.15
Unused Vacation Payment to Terminated/Retired Staff	10,824.00	19,401.50	30,225.50	11,607.44	18,618.06
Purchased Professional Services	3,800.00	10,763.00	14,563.00	12,113.54	2,449.46
Misc. Purch Services (400-500)	18,500.00	(7,267.00)	11,233.00	10,262.21	970.79
Supplies and Materials	2,200.00	2,200.00	4,400.00	1,585.00	2,815.00
Miscellaneous Expenditures	560,603.45	30,880.60	591,484.05	536,359.59	55,124.46
Total Central Service					
Administrative Information Technology:					
Salaries	191,114.00	(200.00)	190,914.00	185,406.04	5,507.96
Unused Vacation Payment to Terminated/Retired Staff	195,697.00	4,200.00	200,000.00	192.31	199,807.69
Purchased Technical Services	103,430.00	(38,650.00)	64,780.00	151,994.59	5,052.41
Other Purchased Services	1,686.00	1,100.80	2,786.80	104,427.50	103.30
Supplies and Materials	491,927.00	5,972.78	500,000.00	4,733.35	2,925.43
Miscellaneous Expenditures		(27,576.42)	(27,576.42)	4,465,753.79	17,556.79
Total Administrative Information Technology					
Required Maintenance for School Facilities:					
Salaries	437,171.00	8,423.35	445,594.35	422,174.33	23,420.02
Unused Vacation Payment to Terminated/Retired Staff	359,286.43	5,226.65	364,513.08	5,226.65	359,286.43
Cleaning, Repair and Maintenance Services	206,135.62	(40,383.00)	165,752.62	211,166.91	107,748.52
General Supplies	1,500.00	(13,284.00)	(11,784.00)	161,218.90	30,632.72
Other Objects	1,003,105.05	3,384.00	1,006,489.05	4,884.00	576.00
Total Required Maintenance for School Facilities					
	1,003,105.05	(35,633.00)	967,472.05	804,094.79	162,377.26

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Custodial Services:					
Salaries	\$ 1,844,396.00	\$ 18,848.44	\$ 1,863,244.44	\$ 1,758,690.55	\$ 104,553.89
Unused Vacation Payment		6,676.56	6,676.56	6,676.56	
Other Employee Benefits		14,400.29	3,974.96	3,974.96	10,425.33
Purchased Professional and Technical Services	118,776.00	(12,792.12)	105,983.88	80,858.60	25,125.28
Cleaning, Repair and Maintenance Services	63,800.00	(168.67)	63,631.33	50,850.58	12,780.75
Other Purchased Property Services	108,032.00	(5,563.25)	102,468.75	102,468.75	
Insurance	48,000.00	(16,032.00)	32,968.00	19,868.00	13,100.00
Miscellaneous Purchased Services	2,100.00		2,100.00	1,250.00	850.00
General Supplies	96,600.00	(750.46)	95,849.54	81,818.25	14,031.29
Energy (Natural Gas)	170,427.28	147,661.38	318,088.66	268,492.88	49,595.78
Energy (Heat and Electricity)	328,000.00	14,855.20	342,855.20	315,777.86	27,077.32
Total Custodial Services	2,781,131.28	167,136.37	2,948,267.65	2,690,727.01	257,540.64
Care and Upkeep of Grounds:					
Salaries	80,689.00		80,689.00	70,120.40	10,568.60
Purchased Professional and Technical Services	99,075.00	16,346.57	115,424.57	108,157.73	7,266.84
General Supplies	40,945.00	(5,295.57)	35,648.43	12,440.67	23,207.76
Total Care and Upkeep of Grounds	220,712.00	11,050.00	231,762.00	190,718.80	41,043.20
Security:					
Purchased Professional and Technical Services	47,160.00	75,600.00	122,760.00	121,314.00	1,446.00
General Supplies	22,173.92	(600.00)	21,573.92	9,445.02	12,128.90
Total Security	69,333.92	75,000.00	144,333.92	130,759.02	13,574.90
Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School) - Regular	125,086.00	4,000.00	129,086.00	128,982.21	103.79
Salaries for Pupil Transportation (Between Home and School) - Special	34,436.00	11,000.00	45,436.00	45,322.69	113.31
Salaries (Other than H & S)	122,798.00	37,400.00	160,198.00	160,181.03	6.97
Transportation- Other Purchased Prof & Tech	10,900.00	(1,000.00)	9,900.00	7,598.30	2,301.70
Cleaning, Repair and Maintenance Services	8,900.00	52,100.00	61,000.00	60,845.66	154.34
Lease Payments	30,644.00	29,311.72	59,955.72	59,124.48	831.24
Contracted Services - Aid in Lieu Payments-NonPub Sch	155,000.00	5,184.50	160,184.50	160,184.50	
Contracted Services (Between Home & School) - Vendors and School) - Vendors	615,000.00	(1,150.00)	613,850.00	588,645.19	27,204.81
Contracted Services (Other than Between Home and School) - Vendors	76,593.96	23,600.00	100,193.96	95,456.03	4,727.93
Contracted Services -(Spec.Ed. Students) - ESCs & CTSA	633,350.00	85,615.50	718,965.50	684,987.23	33,968.27
Miscellaneous Purchased Services - Transportation	17,475.00	(6,800.00)	10,675.00	6,333.07	4,341.93
General Supplies	1,800.00	(400.00)	1,400.00	757.23	642.77
Transportation Supplies	52,945.00	(51,100.00)	1,845.00	1,763.88	81.12
Other Objects	200.00	200.00			200.00
Total Student Transportation Services	1,885,117.96	187,961.72	2,073,079.68	1,998,201.50	74,878.18
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	753,105.00	(2,500.00)	750,605.00	732,199.86	18,405.14
Other Retirement Contributions - PERS	914,657.00	54,438.47	969,095.47	968,095.47	
Workmen's Compensation	215,583.00	17,137.00	232,720.00	230,587.00	2,133.00
Health Benefits	8,752,151.00	(666,636.32)	8,085,515.68	7,320,327.20	765,188.48
Tuition Reimbursements	87,000.00		87,000.00	67,175.71	19,824.29
Other Employee Benefits	15,210.00	15,210.00	15,210.00	11,974.29	3,235.71
Unused sick payment	105,000.00	17,707.14	122,707.14	122,707.14	
Total Unallocated Benefits - Employee Benefits	10,842,656.00	(679,852.71)	10,262,803.29	9,454,036.67	808,766.62

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
	\$	\$	\$	\$	
On-Behalf TPAF Contributions (Non-Budgeted):					
On-Behalf TPAF Contributions-non-budgeted				9,336,587.00	(9,336,587.00)
NCGI-non-budgeted				128,535.00	(128,535.00)
Post Retirement Medical-non budgeted				2,466,726.00	(2,466,726.00)
Long-Term Disability Insurance-non-budgeted				2,742.00	(2,742.00)
Reversed TPAF Social Security Contribution-non-budgeted				1,948,663.69	(1,948,663.69)
Total On-Behalf TPAF Contributions (Non-Budgeted)				13,904,275.69	(13,904,275.69)
Total Undistributed Expenditures	29,613,964.98	337,042.67	29,951,007.65	42,057,374.20	(12,106,366.55)
TOTAL EXPENDITURES - CURRENT EXPENSE	55,780,839.60	352,555.00	56,133,394.60	67,278,668.03	(11,145,201.43)
Equipment:					
Grades 9-12 - Equipment	38,947.75	(1,800.00)	37,147.75	22,565.55	14,582.20
School Sponsored and Other Instructional Program	81,548.00	9,755.00	91,303.00	9,755.00	
Undistributed/Req. Maint. For Schools	25,087.64	(250.44)	24,837.20	33,622.30	47,675.28
Unstst. Expendit. - Care and Upkeep of Grounds	147,183.39	250.44	147,433.83	5,687.64	20,250.44
Total Equipment	162,766.78	8,155.00	170,921.78	72,030.49	82,697.90
Facilities Acquisition and Construction Services:					
Legal Services	10,000.00		10,000.00		10,000.00
Architectural/engineering services	25,000.00		25,000.00		
Other purch prof & tech services	35,000.00		35,000.00		35,000.00
Construction services	385,188.00		385,188.00	207,851.76	187,337.24
Supplies & Materials	220,000.00		220,000.00	62,916.62	127,083.38
Lease purchase agreements - principal	176,950.00	(176,850.00)			
Other Objects	258.00	258.00	516.00	258.00	
Assessment for Debt Service on SDA Funding	29,934.00		29,934.00	29,934.00	
Total Facilities Acquisition and Construction Services	881,973.00	(176,592.00)	705,381.00	355,960.38	358,420.62
Interest Deposit to Capital Reserve	4,500.00		4,500.00		4,500.00
Assets acquired under installment purchases (non-budgeted)					
Undistributed expenditures:					
Equipment				774,869.58	(774,869.58)
Total assets acquired under installment purchases (non-budgeted)				774,869.58	(774,869.58)
TOTAL CAPITAL OUTLAY	1,043,656.39	(188,437.00)	855,219.39	1,203,280.45	(328,061.06)
TOTAL EXPENDITURES	56,824,295.99	184,118.00	57,008,413.99	68,481,776.48	(11,473,362.49)
Excess (deficiency) of revenues over (under) expenditures	(2,267,334.99)	(184,118.00)	(2,451,452.99)	1,059,878.96	3,540,331.95

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Other financing sources (uses)					
Proceeds from installment purchases (non-budgeted)					
Total other financing sources	\$	\$	\$	\$	\$
Excess of revenues and other financing sources over expenditures and other expenditures and other financing sources	(2,297,394.99)	(184,118.00)	(2,481,452.99)	1,833,548.54	4,315,001.53
Fund balances, July 1	9,423,560.26		9,423,560.26	9,423,560.26	
Fund balances, June 30	7,126,225.27	(184,118.00)	6,942,107.27	11,257,108.80	4,315,001.53

Recapitulation:
Assigned - year-end encumbrances \$ 686,029.20
Restricted - excess surplus - current year 1,453,021.69
Restricted - excess surplus - designated for subsequent year's expenditures 786,778.86
Restricted - capital reserve 3,888,728.17
Restricted - maintenance reserve 1,000,437.40
Restricted - unemployment 436,033.72
Unassigned fund balance 1,276,222.62
Assigned - designated for subsequent years expenditures 1,617,859.04
Total 11,257,108.60

Reconciliation to governmental funds statements (GAAP):
Lease revenue recognized on a GAAP basis 96,746.35
Prior Year aid payment not recognized on GAAP basis (253,935.00)
Total 11,098,920.15

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Other Sources	\$ 88,824.00	\$ 632,627.35	\$ 632,627.35	\$ 237,669.59	\$ (394,927.76)
State Sources		(6,846.00)	81,878.00	81,898.04	(879.96)
Federal Sources	1,495,046.00	377,087.03	1,872,133.03	1,496,159.10	(375,973.93)
Total Revenues	\$ 1,583,870.00	\$ 1,002,868.38	\$ 2,586,738.38	\$ 1,814,956.73	\$ (771,781.65)
EXPENDITURES:					
Instruction:					
Salaries of Teachers		\$ 85,544.00	\$ 85,544.00	\$ 60,477.00	\$ 25,067.00
Purchased Professional/Educational Services	82,762.00	(13,200.00)	69,562.00	69,562.00	
Purchased Professional/Technical Services		4,684.00	4,684.00	3,978.51	705.49
Tuition	532,931.00	155,510.00	688,441.00	888,441.00	
General Supplies	91,986.00	(18,646.48)	73,219.54	37,956.84	35,262.90
Textbooks	2,704.00	5,674.13	8,378.13	1,179.89	7,198.24
Total Instruction	710,283.00	219,565.67	929,848.67	961,615.04	68,233.53
Support Services:					
Purchased Services/Employee Benefits		6,919.00	6,919.00	4,626.51	2,292.49
Purchased Professional/Technical Services	88,676.00	102,665.32	191,341.32	127,380.26	63,961.06
Purchased Property- Support	34,965.00	(4,685.00)	30,270.00	28,649.24	1,620.76
Other Purchased Services	137,550.00	6,795.00	144,345.00	103,543.12	40,801.88
Supplies and Materials	239,282.00	8,406.03	247,688.03	99,052.99	148,635.04
Scholarships		20,797.19	20,797.19	2,214.91	18,582.28
Student Activities		587,240.17	587,240.17	288,827.70	278,412.47
Total Support Services	500,473.00	708,127.71	1,208,600.71	554,294.73	554,305.98
Facilities Acquisition and Construction Service:					
Instructional Equip.		5,971.00	5,971.00	5,970.10	0.90
Non-Instructional Equip.	152,114.00	69,204.00	221,318.00	160,114.00	61,204.00
Construction services	221,000.00		221,000.00	207,586.00	13,414.00
Total Facilities Acquisition and Construction Service	373,114.00	75,175.00	448,289.00	373,670.10	74,618.90
Total expenditures	\$ 1,583,870.00	\$ 1,002,868.38	\$ 2,586,738.38	\$ 1,886,579.87	\$ 697,158.51
Excess (Deficiency) of Revenues Over (Under) Expenditures				(74,523.14)	
Fund Balances, July 1.				371,617.89	
Fund Balances, June 30				286,994.75	
Recapitalization:					
Restricted:					
Scholarships				18,562.28	
Student Activities				278,412.47	
Total Fund Balance				\$ 296,994.75	

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO RSI (REQUIRED SUPPLEMENTARY INFORMATION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note A - Explanation of difference between budgetary inflows and outflows and GAAP revenues and expenditures

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 69,540,655.44	\$ 1,814,956.73
Difference - budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously it was recognized for budgetary purposes.	212,132.00	
The last state aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	(253,935.00)	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Adjust for encumbrances:		
Add prior year encumbrances		10,749.17
Less prior year encumbrances canceled		(6,105.00)
Less current year encumbrances		(84,656.42)
Lease accounting budgetary basis differs from GAAP in that revenue for lease income is not recognized using present value.	27,149.32	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$ 69,526,001.76	\$ 1,734,944.48
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$68,481,776.48	\$ 1,889,579.87
Difference - budget to GAAP:		
Adjust for encumbrances:		
Add prior year encumbrances		10,749.17
Less prior year encumbrances canceled		(6,105.00)
Less current year encumbrances		(84,656.42)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	\$ 68,481,776.48	\$ 1,809,567.62

REQUIRED SUPPLEMENTARY INFORMATION - PART III

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.0620130944%	\$11,851,934	\$4,239,020	279.59%	48.72%
2014	0.0614885818%	11,512,344	4,270,359	269.59%	52.08%
2015	0.0652668655%	14,651,103	4,379,262	334.56%	47.92%
2016	0.0645415599%	19,115,359	4,469,881	427.65%	40.14%
2017	0.0666190900%	15,408,184	4,442,888	346.81%	48.09%
2018	0.0697247500%	13,728,456	5,042,435	272.26%	53.60%
2019	0.0720730011%	12,986,461	4,994,574	260.01%	56.27%
2020	0.0694671880%	11,328,282	5,103,963	221.95%	58.32%
2021	0.0722892384%	8,563,744	5,451,574	157.09%	70.33%
2022	0.0743204845%	11,215,984	5,402,022	207.63%	62.91%

EXHIBIT "L-2"

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2014	506,903	\$506,903	-0-	\$4,239,020	11.96%
2015	561,120	561,120	-0-	4,379,262	12.81%
2016	573,378	573,378	-0-	4,469,881	12.83%
2017	576,245	576,245	-0-	4,442,888	12.97%
2018	693,536	693,536	-0-	5,042,435	12.22%
2019	701,061	701,061	-0-	4,994,574	14.04%
2020	759,936	759,936	-0-	5,103,963	14.89%
2021	846,591	846,591	-0-	5,451,574	15.53%
2022	937,217	937,217	-0-	5,402,022	17.35%
2023	943,241	943,241	-0-	5,394,849	17.48%

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
 TEACHERS PENSION AND ANNUITY FUND
 LAST TEN YEARS

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	District's Covered-Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	State's Proportionate Share of the Total Net Pension Liability associated with the District as a percentage of the District's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.2158864422%	-0-	\$109,107,310	\$21,328,084	-0-	511.57%	33.76%
2014	0.2115480206%	-0-	113,065,532	22,379,398	-0-	505.22%	33.64%
2015	0.2179062605%	-0-	137,726,062	22,342,727	-0-	616.42%	28.71%
2016	0.2238181394%	-0-	176,069,599	23,002,506	-0-	765.44%	22.33%
2017	0.2206775019%	-0-	148,788,729	24,125,457	-0-	616.73%	25.41%
2018	0.2253959980%	-0-	143,390,567	24,377,339	-0-	588.21%	26.49%
2019	0.2250718717%	-0-	138,128,732	23,919,266	-0-	577.48%	26.95%
2020	0.2272173366%	-0-	149,619,882	24,482,880	-0-	610.87%	24.60%
2021	0.2182855716%	-0-	104,941,200	25,594,895	-0-	410.01%	35.52%
2022	0.2182855716%	-0-	116,050,508	26,473,450	-0-	438.37%	32.29%

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Public Employees Retirement System

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending	Discount Rate	Long-Term Expected Rate of Return	Actuarial Experience Study Period
<u>June 30,</u> 2022	7.00%	7.00%	07/01/18-06/30/21
2021	7.00%	7.00%	07/01/14-06/30/18
2020	7.00%	7.00%	07/01/14-06/30/18
2019	6.28%	7.00%	07/01/14-06/30/18
2018	5.66%	7.00%	07/01/11-06/30/14
2017	5.00%	7.00%	07/01/11-06/30/14
2016	3.98%	7.65%	07/01/11-06/30/14
2015	4.90%	7.90%	07/01/08-06/30/11
2014	5.39%	7.90%	07/01/08-06/30/11
2013	5.55%	7.90%	07/01/08-06/30/11

Teachers Pension and Annuity Fund

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending	Discount Rate	Long-Term Expected Rate of Return	Actuarial Experience Study Period
<u>June 30,</u> 2022	7.00%	7.00%	07/01/18-06/30/21
2021	7.00%	7.00%	07/01/15-06/30/18
2020	5.40%	7.00%	07/01/15-06/30/18
2019	5.60%	7.00%	07/01/15-06/30/18
2018	4.86%	7.00%	07/01/12-06/30/15
2017	4.25%	7.00%	07/01/12-06/30/15
2016	3.22%	7.65%	07/01/12-06/30/15
2015	4.13%	7.90%	07/01/09-06/30/12
2014	4.68%	7.90%	07/01/09-06/30/12
2013	4.95%	7.90%	07/01/09-06/30/12

REQUIRED SUPPLEMENTARY INFORMATION - PART IV

**SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER
THAN PENSIONS (GASB 75)**

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN THE TOTAL
 OPEB LIABILITY AND RELATED RATIOS
 LAST SIX YEARS

	Measurement Date Ended June 30,					
	2022	2021	2020	2019	2018	2017
Total Non-Employer OPEB Liability - State's Proportionate Share of Total OPEB Liability Associated with the School District						
Balance at 6/30	\$116,792,098	\$133,988,844	\$82,108,046	\$89,487,839	\$102,300,890	\$109,987,082
Changes for the year:						
Service cost	\$5,415,645	\$6,398,296	\$3,483,334	\$3,340,698	\$3,718,094	\$4,479,767
Interest	2,646,705	3,029,710	2,956,455	3,545,588	3,754,491	3,230,012
Changes of benefit terms and actual experience	4,346,109	(24,304,557)	23,226,117	(13,044,559)	(7,706,288)	
Changes in assumptions or other inputs	(26,791,425)	115,224	24,474,792	1,224,238	(10,269,177)	(13,113,716)
Benefit payments	(2,621,639)	(2,386,563)	(2,332,601)	(2,520,472)	(2,392,873)	(2,369,508)
Contributions from Members	84,103	77,455	70,701	74,714	82,702	87,251
Net changes	(16,920,602)	(17,194,746)	51,876,798	(7,379,793)	(12,813,051)	(7,686,192)
Balance at 6/30	\$99,871,496	\$116,792,098	\$133,988,844	\$82,108,046	\$89,487,839	\$102,300,890
Covered Employee Payroll	31,875,472	31,046,469	29,596,843	28,913,840	29,419,774	28,568,345
District's Proportionate Share of the Total Non-Employer OPEB Liability as a percentage of the District's Covered Employee Payroll	-0-	-0-	-0-	-0-	-0-	-0-
State's Proportionate Share of the Total Non-Employer OPEB Liability associated with the District as a percentage of the District's Covered Employee Payroll	339.47%	396.99%	455.43%	287.41%	304.18%	358.09%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART IV
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Change in benefit terms:

None.

Change in assumptions:

The following assumptions were used in calculating the Net OPEB Liability in their respective accounting periods:

<u>Measurement</u> <u>Date Ending</u> <u>June 30,</u>	<u>Discount</u> <u>Rate</u>
2022	3.54%
2021	2.16%
2020	2.21%
2019	3.50%
2018	3.87%

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

TOWNSHIP OF BERKELEY HEIGHTS - SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	LOCAL	NONPUBLIC NURSING	NONPUBLIC SECURITY	NONPUBLIC TEXTBOOKS	NONPUBLIC TECHNOLOGY	CLIMATE CHANGE	EXAM AND CLASSIFICATION
REVENUES:							
Local Sources	21,280.12						
State Sources		1,955.65	3,690.00	1,179.89	649.99	6,960.00	3,978.51
Federal Sources							
Total Revenues	21,280.12	1,955.65	3,690.00	1,179.89	649.99	6,960.00	3,978.51
Instruction:							
Salaries of Teachers							
Purchased Professional / Educational Services							
Purchased Professional / Technical Services							
Tuition	4,000.00						
General Supplies	6,981.02	1,955.65	3,690.00	1,179.89	649.99	6,960.00	3,978.51
Textbooks							
Total Instruction	10,981.02	1,955.65	3,690.00	1,179.89	649.99	6,960.00	3,978.51
Support Services:							
Personal Services Employee - Benefits							
Purchased Professional / Technical Services							
Purchased Property- Support							
Other purchased services							
Supplies and Materials							
Scholarships							
Student Activities							
Total Support Services							
Facilities acquisition and construction serv:							
Instructional Equip.	2,299.10						
Non-Instructional Equip.	8,000.00						
Construction services							
Total facilities acq. and construction serv.	10,299.10						
Total Expenditures	21,280.12	1,955.65	3,690.00	1,179.89	649.99	6,960.00	3,978.51
Excess (Deficiency) of Revenues Over (Under) Expenditures	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Fund Balances, July 1.							
Fund Balances, June 30							

TOWNSHIP OF BERKELEY HEIGHTS - SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ESSER II MENTAL	SDA EMERGENT NEEDS	IDEA BASIC ARP	IDEA PREK ARP	STUDENT ACTIVITIES	SCHOLARSHIPS
REVENUES:						
Local Sources						
State Sources	32,149.83	62,984.00	53,534.00	7,300.00	215,672.21	747.26
Federal Sources						
Total Revenues	32,149.83	62,984.00	53,534.00	7,300.00	215,672.21	747.26
Instruction:						
Salaries of Teachers						
Purchased Professional / Educational Services						
Purchased Professional / Technical Services						
Tuition			52,360.00	800.00		
General Supplies						
Textbooks						
Total Instruction			52,360.00	800.00		
Support Services:						
Personal Services Employee - Benefits						
Purchased Professional / Technical Services						
Purchased Property - Support	28,231.24		67.00	6,183.00		
Other purchased services			600.00			
Supplies and Materials	3,616.59		307.00	307.00		
Scholarships						2,214.91
Student Activities					288,827.70	
Total Support Services	32,149.83		1,174.00	6,900.00	288,827.70	2,214.91
Facilities acquisition and construction serv.						
Instructional Equip.						
Non-Instructional Equip.		62,984.00				
Construction services						
Total facilities acq. and construction serv.		62,984.00				
Total Expenditures	32,149.83	62,984.00	53,534.00	7,300.00	288,827.70	2,214.91
Excess (Deficiency) of Revenues Over (Under) Expenditures	-0-	-0-	-0-	-0-	(73,155.49)	(1,467.65)
Fund Balances, July 1.					351,567.96	20,049.93
Fund Balances, June 30	-0-	-0-	-0-	-0-	278,412.47	18,582.28

TOWNSHIP OF BERKELEY HEIGHTS - SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ACCELERATED LEARNING	SUMMER LEARNING	EVIDENCED BEYOND SCHOOL	NON-TITLE I ESSELII	NON-TITLE I ESSELII	ARP NJTSS MENTAL HEALTH
	\$	\$	\$	\$	\$	\$
REVENUES:						
Local Sources						
State Sources	140,272.00	19,921.56	25,874.54	366,593.23	90,095.00	1,879.83
Federal Sources	140,272.00	19,921.56	25,874.54	366,593.23	90,095.00	1,879.83
Total Revenues						
	68,582.00	17,772.00	23,850.00	18,855.00		
Instruction:						
Salaries of Teachers						
Purchased Professional / Educational Services						
Purchased Professional / Technical Services						
Tuition						
General Supplies		790.00				
Textbooks						
Total Instruction	68,582.00	18,562.00	23,850.00	18,855.00		
Support Services:						
Personal Services Employee - Benefits		1,389.58	1,824.54	1,442.41	418.00	338.00
Purchased Professional / Technical Services				25,430.00		1,541.83
Purchased Property- Support						
Other purchased services	70,890.00			25,060.32	547.00	
Supplies and Materials				88,219.50		
Scholarships						
Student Activities						
Total Support Services	70,890.00	1,389.58	1,824.54	140,152.23	965.00	1,879.83
Facilities acquisition and construction serv:						
Instructional Equip.					89,130.00	
Non-Instructional Equip.				207,596.00		
Construction services						
Total facilities acq. and construction serv:					207,596.00	
Total Expenditures	140,272.00	19,921.56	25,874.54	366,593.23	90,095.00	1,879.83
Excess (Deficiency) of Revenues Over (Under) Expenditures	-0-	-0-	-0-	-0-	-0-	-0-
Fund Balances, July 1.						
Fund Balances, June 30	-0-	-0-	-0-	-0-	-0-	-0-

TOWNSHIP OF BERKELEY HEIGHTS - SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ACRS	TITLE IA	TITLE III	IDEA PART B BASIC	IDEA PART B PRESCHOOL	TOTALS
\$	\$	\$	\$	\$	\$	\$
REVENUES:						
Local Sources						
State Sources	151,510.00	27,720.26	6,269.40	581,004.45	22,235.00	237,898.59
Federal Sources						81,988.04
Total Revenues	151,510.00	27,720.26	6,269.40	581,004.45	22,235.00	1,496,159.10
Expenses:						
Instruction:						
Salaries of Teachers						80,477.00
Purchased Professional / Educational Services						69,592.00
Purchased Professional / Technical Services						3,976.51
Tuition	151,510.00		3,908.59	480,571.00		688,441.00
General Supplies				9,371.39	3,250.00	37,956.64
Textbooks						1,179.89
Total Instruction	151,510.00		3,908.59	489,942.39	3,250.00	861,515.04
Support Services:						
Personal Services Employee - Benefits						4,826.51
Purchased Professional / Technical Services		26,941.26	1,000.00	50,387.00	17,352.00	127,380.26
Purchased Property - Support						25,048.24
Other purchased services		779.00	859.80	4,162.00	1,663.00	103,543.12
Supplies and Materials			601.01	2,832.06		89,052.89
Scholarships						2,214.81
Student Activities						288,827.70
Total Support Services		27,720.26	2,460.81	57,381.06	18,985.00	654,284.73
Facilities acquisition and construction serv:						
Instructional Equip.						5,970.10
Non-Instructional Equip.				3,671.00		160,114.00
Construction services						207,566.00
Total facilities acq. and construction serv:				3,671.00		373,670.10
Total Expenditures	151,510.00	27,720.26	6,269.40	581,004.45	22,235.00	1,889,579.87
Excess (Deficiency) of Revenues Over (Under) Expenditures	-0-	-0-	-0-	-0-	-0-	(74,823.14)
Fund Balances, July 1,						371,617.89
Fund Balances, June 30						296,964.75

LONG-TERM DEBT SCHEDULES

The Long-Term schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under Serial Bonds and Installment Purchases.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 JUNE 30, 2023

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	MATURITIES		RATE OF INTEREST	BALANCE JUNE 30, 2022	RETIRED	BALANCE JUNE 30, 2023
			DATE	AMOUNT				
Refunding Bonds Series 2014	5/14/2014	13,970,000.00	3/1/2024	\$ 1,490,000.00	5.000%			
			3/1/2025	1,500,000.00	5.000%			
			3/1/2028	1,485,000.00	5.000%	\$ 5,970,000.00	\$ 1,485,000.00	\$ 4,485,000.00
						\$ 5,970,000.00	\$ 1,485,000.00	\$ 4,485,000.00

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER INSTALLMENT PURCHASES
AS OF JUNE 30, 2023

<u>SERIES</u>	<u>DATE</u>	<u>TERM</u>	<u>INTEREST RATE PAYABLE</u>	<u>AMOUNT OF ORIGINAL INSTALLMENT PURCHASE</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2022</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2023</u>
Technology and Curricular Materials	6/15/2019	5	2.62%	350,000.00	142,357.47	\$	70,256.60	\$ 72,098.87
2020 Maintenance Truck and Technology	6/20/2020	5	1.67%	550,000.00	331,981.72		108,616.05	223,365.67
2021 Technology & Equipment	6/14/2021	3	1.00%	457,000.00	304,168.53		151,325.41	152,843.12
2021 Technology & Equipment	6/14/2021	5	1.16%	243,000.00	194,027.73		47,670.27	146,357.46
Copiers & Printers	10/27/2020	5	3.65%	205,297.29	151,096.24		40,201.10	110,895.14
2023 Technology & Equipment	7/1/2022	5	2.59%	380,000.00		380,000.00	76,383.80	303,616.20
2023 Technology & Equipment	7/1/2022	5	2.59%	480,000.00		480,000.00	99,411.12	380,588.88
					<u>\$ 1,123,631.69</u>	<u>\$ 860,000.00</u>	<u>\$ 593,866.35</u>	<u>\$ 1,389,755.34</u>

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>ORIGINAL</u> <u>BUDGET</u>	<u>MODIFIED</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:				
Local sources:				
Local tax levy	\$ 1,186,801.00	\$ 1,186,801.00	\$ 1,186,801.00	\$
State sources:				
Debt Service Aid Type II	<u>596,699.00</u>	<u>596,699.00</u>	<u>596,699.00</u>	
Total revenues	<u>1,783,500.00</u>	<u>1,783,500.00</u>	<u>1,783,500.00</u>	
EXPENDITURES:				
Regular debt service:				
Interest	298,500.00	298,500.00	298,500.00	
Redemption of principal	<u>1,485,000.00</u>	<u>1,485,000.00</u>	<u>1,485,000.00</u>	
Total regular debt service-expenditures	<u>1,783,500.00</u>	<u>1,783,500.00</u>	<u>1,783,500.00</u>	
Excess (deficiency) of revenues over (under) expenditures				
Fund balance, July 1	<u>0.38</u>	<u>0.38</u>	<u>0.38</u>	
Fund balance, June 30	<u>\$ 0.38</u>	<u>\$ 0.38</u>	<u>\$ 0.38</u>	<u>\$</u>

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STATISTICAL SECTION
(UNAUDITED)

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
STATISTICAL SECTION

<u>Contents</u>	<u>Page</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 to J-4
Revenue Capacity:	
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-5 to 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 to 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.	J-14 to J-15
Operating Information:	
These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20

Sources

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
 NET POSITION BY COMPONENT
 (accrual basis of accounting)
 UNAUDITED

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities										
Net investment in capital assets	\$ 51,984,998.66	\$ 54,300,921	\$ 50,262,303	\$ 50,016,965	\$ 49,526,421	\$ 47,522,832	\$ 46,183,660	\$ 43,869,322	\$ 41,730,079	\$ 41,311,030
Non-spendable	56,746	29,597								
Restricted	7,973,993	5,725,743	5,344,360	4,254,026	3,142,811	1,117,662	2,670,124	2,520,840	3,025,633	3,083,519
Unrestricted (deficit)	(9,744,057)	(10,604,184)	(12,988,114)	(14,380,930)	(13,880,798)	(14,459,625)	(14,041,721)	(13,017,523)	(1,118,304)	(1,031,436)
Total governmental activities net position	\$ 50,277,687	\$ 49,432,077	\$ 42,610,549	\$ 39,890,061	\$ 38,788,234	\$ 34,180,870	\$ 34,812,063	\$ 33,402,639	\$ 43,637,408	\$ 43,269,113
Business-type activities										
Net investment in capital assets	\$ 134,598	\$ 105,399	\$ 99,953	\$ 111,299	\$ 94,955	\$ 65,448	\$ 58,952	\$ 37,746	\$ 48,895	\$ 60,044
Unrestricted (deficit)	(158,372)	(177,440)	(107,959)	47,021	98,965	91,432	27,110	359	\$ (49,280)	\$ (46,179)
Total business-type activities net position	\$ (23,834)	\$ (72,041)	\$ (8,003)	\$ 158,319	\$ 193,951	\$ 156,880	\$ 56,062	\$ 38,105	\$ (385)	\$ 13,865
District-wide										
Net investment in capital assets	\$ 52,119,537	\$ 54,406,320	\$ 50,362,256	\$ 50,128,263	\$ 49,621,396	\$ 47,588,281	\$ 46,252,812	\$ 43,937,068	\$ 41,778,974	\$ 41,371,074
Non-spendable	56,746	29,597								
Restricted	7,973,993	5,725,743	5,344,360	4,254,026	3,142,811	1,117,662	2,670,124	2,520,840	3,025,633	3,083,519
Unrestricted (Deficit)	(9,902,429)	(10,781,624)	(13,096,070)	(14,333,909)	(13,781,812)	(14,358,193)	(14,014,611)	(13,017,164)	(1,167,584)	(1,077,615)
Total district net position	\$ 50,247,847	\$ 48,360,036	\$ 42,610,549	\$ 40,048,380	\$ 38,982,185	\$ 34,337,750	\$ 34,908,125	\$ 33,440,744	\$ 43,637,023	\$ 43,316,978

Source: ACFR Schedule A.1

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
CHANGES IN NET POSITION
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental activities										
Instruction										
Regular	\$ 26,726,956	\$ 26,986,190	\$ 30,901,806	\$ 28,232,935	\$ 27,573,696	\$ 30,472,151	\$ 30,125,270	\$ 27,356,924	\$ 16,698,786	\$ 16,719,611
Special education	9,694,770	9,202,007	10,062,724	9,429,767	9,894,252	10,120,509	9,756,196	8,607,890	4,095,047	3,848,277
Other special instruction									385,388	339,713
Other instruction	2,686,506	2,752,069	2,769,774	2,584,978	2,806,214	2,946,080	2,813,804	2,519,404	1,299,367	1,230,652
Support Services:										
Tuition										
Student and instruction related services	10,126,286	9,818,067	10,778,728	9,812,711	9,082,887	9,985,929	9,545,193	8,586,876	1,460,886	1,662,143
General administration	1,663,938	1,780,264	1,802,139	1,628,355	1,622,297	1,547,282	1,457,381	1,377,435	5,321,878	5,025,924
School administrative services	2,559,867	2,572,239	3,199,423	2,858,509	2,879,600	3,255,411	3,228,452	2,794,094	1,176,379	1,032,140
General & business administration									2,475,861	2,455,098
Central services	1,194,184	1,127,615	1,366,239	1,256,986	1,266,084	1,364,059	1,309,192	1,052,684		
Plant operations and maintenance	5,781,402	6,272,373	5,844,665	5,126,665	5,288,410	4,830,601	4,843,150	4,843,150	3,563,551	3,270,281
Pupil transportation	2,154,638	1,876,479	1,683,246	1,384,919	1,634,271	1,634,394	1,666,499	1,856,029	11,856,736	11,295,272
Business and other support services									60,479	71,548
Special schools		107,051	114,895	107,327	121,576	121,379	117,083	42,143		
Charter Schools			24,564	28,533					746,260	742,994
Interest on long-term debt	295,101	357,423	434,989	519,886	610,114	652,931	670,812	705,024	1,145,177	2,248,192
Plant and equipment services									85,227	91,337
Unallocated amortization	1,418,139	1,405,706	1,414,930	1,423,935	1,385,011	1,311,418	1,311,418	1,048,801	52,051,736	51,676,952
Total governmental activities expenses	64,321,787	64,257,481	70,328,122	64,395,906	62,779,401	69,465,229	66,830,801	60,790,354		
Business-type activities:										
Food service	1,115,721	825,054	181,073	747,248	983,998	942,760	975,096	978,880	900,400	810,732
Total business-type activities expense	1,115,721	825,054	181,073	747,248	983,998	942,760	975,096	978,880	900,400	810,732
Total district expenses	\$ 65,437,507	\$ 65,082,536	\$ 70,509,194	\$ 65,143,154	\$ 63,763,400	\$ 70,397,990	\$ 67,805,997	\$ 61,769,234	\$ 52,952,136	\$ 52,487,684
Program Revenues										
Governmental activities:										
Charges for services	\$ 6,917,367	\$ 6,297,074	\$ 6,081,830	\$ 5,656,965	\$ 5,523,407	\$ 5,942,789	\$ 6,382,210	\$ 5,904,850		
Instruction (Tuition)	13,303,638	15,505,556	20,425,535	15,228,164	17,049,271	20,694,085	19,236,512	14,595,863		
Operating grants and contributions	318,423	7,093	7,093	167,293	279,230	9,931	766,548	288,242	570,485	549,731
Capital grants and contributions	20,539,428	21,802,630	26,514,458	21,050,382	22,851,908	26,646,805	26,385,270	20,788,955	570,485	549,731
Total governmental activities program revenues										
Business-type activities:										
Charges for services	1,132,789	761,016	14,751	711,616	1,024,728	1,003,579	996,688	990,352	885,869	781,599
Food service	1,132,789	761,016	14,751	711,616	1,024,728	1,003,579	996,688	990,352	885,869	781,599
Total business-type activities program revenues	21,672,217	22,563,646	25,529,209	21,761,998	23,876,636	27,650,384	27,381,963	21,779,307	1,456,364	1,331,330
Total district program revenues										
Net (Expense)/Revenue										
Governmental activities	(43,782,558)	(42,454,851)	(43,813,664)	(43,945,524)	(39,927,494)	(42,808,424)	(40,445,632)	(40,001,399)	(51,481,251)	(51,127,221)
Business-type activities	17,068	(64,039)	(166,322)	(35,532)	40,730	60,819	21,592	11,472	(14,531)	(29,133)
Total district-wide net expense	\$ (43,765,290)	\$ (42,518,890)	\$ (43,979,985)	\$ (43,981,156)	\$ (39,886,764)	\$ (42,747,605)	\$ (40,424,039)	\$ (39,989,927)	\$ (51,495,782)	\$ (51,156,354)

THE TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
CHANGES IN NET POSITION
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,					
	2023	2022	2021	2020	2019	2018
General Revenues and Other Changes in Net Position						
Governmental activities:						
Property taxes levied for general purposes, net	\$ 44,895,469	\$ 43,765,187	\$ 43,139,962	\$ 42,570,896	\$ 41,431,500	\$ 40,283,522
Taxes levied for debt service	1,186,801.00	1,582,064.00	1,591,540.00	1,616,184.00	1,622,125	1,644,438
State aid restricted for debt service	41,519.00	44,016.00	38,133.00	40,335.00	36,434	130,967
Unrestricted state aid	596,999.00	600,546.00	565,110.00	598,791.00	592,100	593,637
Tuition received						
Gain on refinancing						
Capital Lease Purchases						
Miscellaneous income	504,904.96	440,415.58	382,774.82	583,267.29	632,922	575,836
Investment Earnings				69,135.00		
Transfers						
Total governmental activities	<u>47,226,293</u>	<u>46,432,219</u>	<u>45,757,220</u>	<u>45,478,578</u>	<u>44,315,081</u>	<u>43,228,400</u>
Business-type activities:						
Investment earnings						
Disposal of capital asset (net)						
Transfers						
Total business-type activities	<u>\$ 4,226,293</u>	<u>\$ 46,432,219</u>	<u>\$ 45,757,220</u>	<u>\$ 45,478,578</u>	<u>\$ 44,315,081</u>	<u>\$ 43,228,400</u>
Total district-wide	<u>\$ 51,452,586</u>	<u>\$ 92,864,438</u>	<u>\$ 91,514,440</u>	<u>\$ 90,957,156</u>	<u>\$ 88,630,162</u>	<u>\$ 86,456,800</u>
Change in Net Position						
Governmental activities	\$ 3,443,534	\$ 3,977,988	\$ 1,943,556	\$ 2,133,054	\$ 4,387,597	\$ 419,975
Business-type activities	17,968	(54,038)	(186,322)	(35,832)	37,071	80,819
Total district	<u>\$ 3,461,502</u>	<u>\$ 3,923,950</u>	<u>\$ 1,757,234</u>	<u>\$ 2,097,222</u>	<u>\$ 4,424,668</u>	<u>\$ 500,794</u>
2018	2019	2020	2021	2022	2023	
\$ 37,312,415	\$ 38,458,653	\$ 39,227,836	\$ 40,283,522	\$ 41,431,500	\$ 42,570,896	\$ 43,139,962
1,710,697	1,695,547	1,608,376	1,644,438	1,622,125	1,616,184	1,591,540
8,946,866	81,833	108,710	130,967	36,434	44,016	38,133
4,824,779	592,831	595,043	593,637	592,100	598,791	565,110
769,000						
872,866	383,446					
420,811	460,807	532,348	575,836	632,922	583,267	382,774
12,324	6,063				69,135	
(29,000)						
<u>\$ 51,755,546</u>	<u>\$ 41,216,586</u>	<u>\$ 42,070,313</u>	<u>\$ 43,228,400</u>	<u>\$ 44,315,081</u>	<u>\$ 45,478,578</u>	<u>\$ 45,757,220</u>
281	17					
25,000	27,000					
25,203	27,017					
<u>\$ 51,755,827</u>	<u>\$ 41,245,603</u>	<u>\$ 42,070,313</u>	<u>\$ 43,228,400</u>	<u>\$ 44,311,423</u>	<u>\$ 45,478,578</u>	<u>\$ 45,757,220</u>
\$ 274,296	\$ 1,217,187	\$ 1,524,681	\$ 419,975	\$ 4,387,597	\$ 2,133,054	\$ 1,943,556
(14,250)	38,489	21,592	80,819	37,071	(35,832)	(186,322)
<u>\$ 260,045</u>	<u>\$ 1,255,676</u>	<u>\$ 1,546,274</u>	<u>\$ 500,794</u>	<u>\$ 4,424,668</u>	<u>\$ 2,097,222</u>	<u>\$ 1,757,234</u>
\$ (274,207)	\$ (274,207)	\$ (274,207)	\$ (274,207)	\$ (274,207)	\$ (274,207)	\$ (274,207)

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 (modified accrual basis of accounting)
 UNAUDITED

	Fiscal Year Ending June 30						
	2023	2022	2021	2020	2019	2017	2014
General Fund							
Reserved							
Unreserved	\$ 56,746	\$ 29,697	\$ 5,032,567	\$ 4,254,026	\$ 3,142,611	\$ 2,885,629	\$ 2,777,693
Nonspendable	7,676,998	5,354,125	1,104,503	1,215,486	1,256,634	319,514	202,483
Restricted	2,303,888	1,136,438	2,520,821	1,334,842	1,334,077	1,265,729	1,064,127
Assigned	1,022,286	2,720,855	8,657,691	5,604,454	5,733,323	4,471,872	4,043,943
Unassigned	\$ 11,059,920	\$ 9,241,025	\$ 8,657,691	\$ 6,864,454	\$ 5,733,323	\$ 4,471,872	\$ 3,856,603
Total general fund	\$ 11,059,920	\$ 9,241,025	\$ 8,657,691	\$ 6,864,454	\$ 5,733,323	\$ 4,471,872	\$ 3,856,603
All Other Governmental Funds							
Reserved							
Unreserved	\$ 296,995	\$ 371,618	\$ 311,793	\$ -	\$ -	\$ -	\$ 5,094
Restricted						(25,060)	
Committed							
Unassigned					1,199		
Total all other governmental funds	\$ 296,995	\$ 371,618	\$ 311,793	\$ -	\$ (31,247)	\$ (25,060)	\$ 5,094
	\$ 11,356,915	\$ 9,612,643	\$ 8,969,484	\$ 6,864,454	\$ 5,402,076	\$ 4,246,812	\$ 3,861,697

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
CHANGES IN GOVERNMENTAL FUND BALANCES, GOVERNMENTAL FUNDS
UNAUDITED

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fiscal Year Ending June 30,										
Revenues										
Tax levy	\$ 46,083,270	\$ 45,347,241	\$ 44,731,202	\$ 44,187,050	\$ 43,053,625	\$ 41,927,960	\$ 40,836,212	\$ 40,154,210	\$ 39,023,112	\$ 37,878,567
Transportation Fees from Individuals	99,200	83,700							4,936,257.00	4,824,779.00
Tuition Charges									5,068.00	12,324.00
Interest Earnings	7,345,000	6,666,446	6,486,630	6,414,792	6,277,035	6,541,825	6,914,558	6,323,270	460,807	442,311
Miscellaneous	18,087,148	16,014,324	13,445,284	11,637,543	11,094,696	9,625,205	9,227,285	8,248,468	6,946,856	6,103,497
State Sources	1,429,829	894,367	943,375	665,183	712,104	739,384	734,823	691,153	570,485	532,831
Federal Sources										
Total Revenue	73,044,446	69,006,078	65,806,491	62,924,569	61,137,460	58,634,374	57,712,878	55,417,100	51,942,585	49,794,309
Expenditures										
Instruction										
Regular Instruction	18,936,170	18,148,381	17,570,390	17,104,944	16,062,430	16,623,743	16,368,073	16,183,260	15,592,164	15,707,516
Special Education Instruction	6,130,340	5,930,016	5,725,778	5,550,351	5,598,408	5,373,638	5,161,050	4,845,496	3,983,191	3,724,107
Other Special Instruction									376,066	329,722
Other Instruction	1,949,067	1,954,856	1,655,021	1,671,766	1,775,372	1,693,239	1,648,679	1,616,179	1,256,753	1,184,975
School Sponsored Activities and Athletics										
Support Services:										
Tuition	1,686,453	1,241,972	1,249,246	1,469,636	1,484,196	1,441,486	1,505,847	1,555,706	1,460,896	1,662,143
Student & Instruction Related Services	7,180,400	6,668,645	6,553,108	6,211,932	5,510,547	5,509,916	5,333,565	5,229,975	5,064,370	4,778,625
Educational Media / School Library										
General Administration	1,386,777	1,452,672	1,378,126	1,272,893	1,269,162	1,128,893	1,025,027	1,033,871	1,116,454	967,914
School Administrative Services	1,940,815	1,977,535	2,036,996	1,928,381	1,851,717	1,873,043	1,864,630	1,766,608	2,394,629	2,368,036
Central Services	983,113	1,045,514	985,040	921,051	976,864	980,807	916,884	697,172		
Plant Operations and Maintenance	3,619,990	4,104,906	3,654,364	3,527,076	3,527,716	3,559,123	3,347,766	3,329,192	3,433,047	3,166,110
Pupil Transportation	1,998,202	1,694,906	1,535,364	1,313,776	1,620,039	1,529,642	1,591,256	1,710,009	1,604,803	1,566,699
Other Support Services										
Unallocated Benefits	23,358,312	20,807,189	19,011,190	17,287,862	16,551,269	15,855,365	14,163,762	13,218,359	11,856,736	11,295,272
Capital Outlay	1,521,704	1,241,804	1,000,225	1,306,593	950,198	3,005,022	3,646,596	1,590,527	1,354,839	1,993,312
Special Schools		71,475	65,000	64,859	69,170	64,584	62,231	42,143	57,816	68,694
Charter Schools			24,564	28,533						
Special Revenue Funds										
Debt Service:										
Principal	1,485,000	2,237,982	2,167,516	2,046,551	2,027,266	2,021,378	1,585,000	1,565,000	1,650,000	1,425,000
Interest and Other Charges	298,500	342,600	426,650	509,975	579,225	623,075	664,400	729,613	637,333	898,083
Total expenditures	72,074,844	68,920,452	65,039,780	62,215,169	59,843,578	61,282,955	58,884,767	55,113,110	52,419,759	51,566,039
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	969,602	85,626	566,711	708,400	1,293,881	(2,448,582)	(1,171,889)	303,990	(477,174)	(1,801,730)
Other Financing Sources (Uses)										
Proceeds from Refunding Bonds										
Installment Purchases (Non-Budgeted)										
Returned Prior Year Revenue	774,670	557,334	811,587	322,431	350,000	2,064,953	1,597,096	158,928	383,446	868,366
Cancelled SDA Grant							(27,000)			
Transfers Out										
Total Other Financing Sources (Uses)	774,670	557,334	811,587	322,431	350,000	2,064,953	1,570,096	158,928	354,446	868,366
Net Change in Fund Balances	\$ 1,744,272	\$ 642,959	\$ 1,378,288	\$ 1,030,831	\$ 1,643,881	\$ (383,629)	\$ 398,208	\$ 462,918	\$ (122,728)	\$ (933,364)
Debt Service as a Percentage of Noncapital Expenditures	2.53%	3.81%	4.05%	4.20%	4.43%	4.54%	4.07%	4.29%	4.48%	4.67%

Source: ACFR Schedule B-2
* Noncapital expenditures are total expenditures less capital outlay.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
UNAUDITED

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Tuition</u>	<u>Transportation</u>	<u>Interest on</u> <u>Investments</u>	<u>Rentals</u>	<u>Miscellaneous</u>	<u>Total</u>
2014	4,824,779		5,640	54,272	366,539	5,251,230
2015	4,936,257		1,950	67,363	387,901	5,393,471
2016	5,904,850		21,018	57,367	335,129	6,318,364
2017	6,382,210		25,889	89,705	410,896	6,908,700
2018	5,947,584		73,595	141,349	350,263	6,512,791
2019	5,523,407		164,142	183,918	267,731	6,139,197
2020	5,656,965		124,852	142,966	298,451	6,223,234
2021	5,886,244		17,958	120,013	251,298	6,275,513
2022	5,990,556	178,930	15,713	168,967	157,533	6,511,699
2023	6,602,495	99,200	150,006	195,973	34,592	7,082,266

Source: District Records

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
UNAUDITED.

Calendar Year	Vacant Land	Residential	FARM	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2014	22,262,900	1,358,947,250	420	338,365,000	37,958,900	5,400,000	1,762,934,470	970,767	1,763,905,237	2.236	3,153,728,533
2015	21,578,100	1,363,668,650	420	340,868,600	37,845,550	5,400,000	1,768,461,520	1,001,960	1,770,463,500	2.230	3,139,569,765
2016	21,514,700	1,370,401,350	420	376,331,600	37,612,350	5,822,900	1,811,683,320	1,748,125	1,813,431,445	2.898	3,299,370,878
2017	18,151,100	1,376,587,950	420	363,683,800	34,709,350	5,822,900	1,818,955,520	949,329	1,819,904,849	2.234	3,357,138,625
2018	21,771,500	1,382,091,250	420	385,811,900	31,409,350	5,822,900	1,826,907,220	967,049	1,827,874,269	2.330	3,938,583,140
2019	21,359,300	1,387,454,700	420	381,866,700	31,409,350	5,822,900	1,827,913,370	946,788	1,828,860,168	2.325	3,445,478,639
2020	22,846,600	1,389,780,600	420	385,636,500	31,409,350	5,822,900	1,835,496,270	956,488	1,836,454,758	2.241	3,488,043,225
2021	23,432,400	1,384,631,800	420	381,442,700	35,681,150	5,822,900	1,841,211,370	1,003,954	1,842,215,324	2.445	3,488,043,225
2022	23,674,400	1,401,313,000	420	385,769,200	33,776,850	5,822,900	1,850,366,770	949,104	1,851,305,874	2.470	3,695,750,961
2023	32,611,400	1,404,752,500	420	362,843,000	33,776,850	5,822,900	1,839,807,070	929,335	1,840,736,405	2.528	3,987,509,877

Source: District records Tax list summary & 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.

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

^b Tax rates are per \$100

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

(rate per \$100 of assessed value)

UNAUDITED

Calendar Year Ended Dec. 31	Berkeley Heights Public Schools	Berkeley Heights Township	Union County	Total
2014	2.180	0.718	0.946	3.844
2015	2.236	0.750	0.961	3.947
2016	2.230	0.760	0.980	3.970
2017	2.270	0.760	1.000	4.030
2018	2.325	0.788	0.977	4.090
2019	2.390	0.810	0.980	4.180
2020	2.420	0.810	0.970	4.200
2021	2.445	0.831	0.900	4.176
2022	2.470	0.849	0.880	4.199
2023	2.528	0.872	0.825	4.225

Source: District Records and Municipal Tax Collector

Note:

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

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO
 UNAUDITED

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Alcatel Lucent	76,065,000	1	4.11%	86,065,000	1	4.88%
The Connell Company	49,437,400	2	2.67%	37,500,000	2	2.13%
The Connell Corporate Center 1 LLC	35,386,800	3	1.91%	26,400,000	4	1.50%
Welltower OM Group LLC	33,101,000	4	1.79%			
200 Connell LLC	25,507,900	5	1.38%			
Connell East LLC	18,518,300	6	1.00%	18,518,300	7	1.05%
SIG Mountain LLC	16,526,400	7	0.89%			
Connell Hospitality LLC	14,500,000	8	0.78%			
The Connell Company LTF RE CO INC	12,351,800	9	0.67%	15,801,000	8	0.90%
Berkeley Development, LP	11,603,400	10	0.63%	9,000,000	9	0.51%
BB#1-28526-BZS001,CBRE				24,200,000	5	1.37%
Connell Company				20,200,000	6	1.15%
Diamond Hill JT. Vent. C/O Summit Med				33,101,000	3	1.88%
Free Acres Assoc.				7,490,000	10	0.42%
Total	\$ 292,998,000		15.83%	\$ 278,275,300		15.78%

Source: District ACFR J11 and Municipal Tax Assessor

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 37,878,567	\$ 37,878,567	100.00%	
2015	\$ 39,023,112	\$ 39,023,112	100.00%	
2016	\$ 38,458,663	\$ 38,458,663	100.00%	
2017	\$ 40,836,212	\$ 40,836,212	100.00%	
2018	\$ 41,927,960	\$ 41,927,960	100.00%	
2019	\$ 43,053,625	\$ 43,053,625	100.00%	
2020	\$ 44,187,050	\$ 44,187,050	100.00%	
2021	\$ 44,731,202	\$ 44,731,202	100.00%	
2022	\$ 45,347,241	\$ 45,347,241	100.00%	
2023	\$ 46,083,270	\$ 46,083,270	100.00%	

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

Note: 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.

EXHIBIT "J-10"

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Total District	Population	Per Capita ^a
	General Obligation Bonds	Financed Purchase Agreements				
2014	\$ 19,325,000.00	\$ 1,297,262.00	\$	20,622,262.00	13,294	1,551
2015	17,675,000.00	1,315,556.00		18,990,556.00	13,351	1,422
2016	16,110,000.00	1,604,280.35		17,714,280.35	13,359	1,326
2017	14,525,000.00	4,016,392.16		18,541,392.16	13,441	1,379
2018	12,910,000.00	3,047,637.24		15,957,637.24	13,430	1,188
2019	11,275,000.00	2,413,703.64		13,688,703.64	13,468	1,016
2020	9,570,000.00	2,121,935.44		11,691,935.44	13,371	874
2021	7,810,000.00	2,139,792.07		9,949,792.07	13,313	747
2022	5,970,000.00	1,123,631.69		7,093,631.69	13,169	539
2023	4,485,000.00	1,389,765.34		5,874,765.34	13,071	449

Source: District ACFR Schedules I-1, I-2

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

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
RATIOS OF NET BONDED DEBT OUTSTANDING
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Total Municipal Assessed Value	Percentage of Actual Taxable Value % of Property	Per Capita ^b
	General Obligation Bonds	Deduction s	Net General Bonded Debt Outstanding			
2014	\$ 19,325,000.00	-0-	\$ 19,325,000.00	1,762,934,470.00	1.10%	1,453.66
2015	17,675,000.00	-0-	17,675,000.00	1,769,461,520.00	1.00%	1,323.87
2016	16,110,000.00	-0-	16,110,000.00	1,811,683,320.00	0.89%	1,205.93
2017	14,525,000.00	-0-	14,525,000.00	1,818,955,520.00	0.80%	1,080.65
2018	12,910,000.00	-0-	12,910,000.00	1,826,907,220.00	0.71%	961.28
2019	11,275,000.00	-0-	11,275,000.00	1,827,913,370.00	0.62%	837.17
2020	9,570,000.00	-0-	9,570,000.00	1,835,496,270.00	0.52%	715.73
2021	7,810,000.00	-0-	7,810,000.00	1,841,211,370.00	0.42%	586.64
2022	5,970,000.00	-0-	5,970,000.00	1,850,356,770.00	0.32%	453.34
2023	4,485,000.00	-0-	4,485,000.00	1,839,807,070.00	0.24%	343.13

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

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2022
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable *</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Berkeley Heights Township	\$ 52,349,531	100.00%	\$ 52,349,531
Other debt			
Union County	535,795,259	3.99%	<u>21,378,231</u>
Subtotal, overlapping debt			<u>73,727,762</u>
Berkeley Heights School District Direct Debt	4,485,000	100.00%	<u>4,485,000</u>
Total direct and overlapping debt			<u>\$ 78,212,762</u>

Sources: Township Chief Financial Officer and County Treasurer's Office

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 Berkeley Heights. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 128,033,797	\$ 126,368,764	\$ 126,969,328	\$ 129,164,391	\$ 132,654,307	\$ 134,747,538	\$ 136,478,841	\$ 136,857,180	\$ 138,204,319	\$ 141,177,407
Total net debt applicable to limit	19,325,000	17,675,000	16,110,000	15,110,000	12,910,000	11,275,000	9,570,000	7,810,000	5,970,000	4,485,000
Legal debt margin	\$ 108,708,797	\$ 108,693,764	\$ 110,859,328	\$ 113,044,391	\$ 119,744,307	\$ 123,472,538	\$ 126,908,841	\$ 129,047,180	\$ 132,234,319	\$ 136,692,407
Total net debt applicable to the limit as a percentage of debt limit	15.69%	13.99%	12.69%	12.47%	9.73%	8.37%	8.37%	5.71%	5.71%	3.18%

	2022	2021	2020
Equalized valuation basis	\$ 3,694,801,857	3,542,835,039	3,350,668,520
[A]	\$ 10,588,305,516		
Average equalized valuation of taxable property [A/3]	\$ 3,529,435,172		
Debt limit (4% of average equalization value) [B]	\$141,177,407	a	
Net bonded school debt [C]	4,485,000		
Legal debt margin [B-C]	\$ 136,692,407		

Source: Abstract of Raisables and District Records ACFR Schedule J-7

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
UNAUDITED

<u>Year Ended</u> <u>December 31</u>	<u>Unemployment Rate</u>	<u>Per Capita</u> <u>Income</u>	<u>Population</u>
2013	4.4%	54,382	13,294
2014	3.7%	57,306	13,351
2015	3.7%	60,089	13,359
2016	3.5%	61,808	13,441
2017	3.1%	61,624	13,430
2018	2.9%	64,413	13,468
2019	2.5%	68,262	13,371
2020	6.4%	70,865	13,313
2021	4.8%	72,543	13,169
2022	2.6%	77,007	13,071

Source: N.J. Department of Labor

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 UNAUDITED

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction										
Regular	201	203	204	204	204	203	204	205	210	210
Special education	27	29	30	32	34	36	37	40	42	46
Other special education	23	24	25	25	26	27	27	27	30	35
Vocational	3	3	3	3	3	3	3	3	3	3
Support Services:										
Student & instruction related services	27	28	28	29	29	29	29	29	32	31
General administration	3	3	3	3	3	3	3	3	4	4
School administrative services	9	9	9	9	9	9	9	9	9	9
Other Administrative Services	7	7	7	7	7	6	7	8	8	8
Central services	5	5	5	5	5	5	5	5	6	8
Administrative Information Technology	6	6	6	7	8	6	6	6	6	6
Plant operations and maintenance	32	32	32	32	32	32	32	32	32	33
Pupil transportation	7	7	7	7	7	7	6	6	6	6
Other Support Services	61	58	63	65	62	63	65	70	68	60
Food Service	9	8	8	7	7	7	7	4		
Total	427	415	412	418	420	422	430	447	456	459

Source: District Personnel Records

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
 OPERATING STATISTICS
 UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio				Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School	School				
2014	2,710	47,369,644	17,480	2.34%	294	14:1	12:1	11:1	2,696	2,585	-1.06%	95.88%	
2015	2,684	48,777,587	18,173	3.97%	297	14:1	12:1	11:1	2,666	2,561	-1.10%	96.05%	
2016	2,681	51,227,970	19,108	5.14%	299	14:1	12:1	11:1	2,671	2,568	0.17%	96.14%	
2017	2,700	52,968,771	19,625	2.71%	300	14:1	12:1	11:1	2,700	2,589	1.09%	95.89%	
2018	2,622	56,039,858	21,373	8.90%	302	14:1	12:1	11:1	2,622	2,501	-2.90%	95.40%	
2019	2,574	56,879,156	22,020	3.03%	303	14:1	12:1	11:1	2,572	2,461	-1.89%	95.68%	
2020	2,553	58,694,601	22,960	4.41%	305	14:1	12:1	11:1	2,559	2,473	-0.51%	96.84%	
2021	2,477	61,852,905	24,971	8.61%	307	7.8:1	7.6:1	8.7:1	2,494	2,420	-2.54%	97.03%	
2022	2,481	65,098,066	26,239	5.08%	308	8.1:1	7.4:1	8.7:1	2,506	2,387	0.48%	95.25%	
2023	2,444	68,768,640	28,138	7.24%	311	8:1	9:1	9:1	2,493	2,362	-0.52%	94.75%	

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures (modified accrual) less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d Cost per pupil represents operating expenditures divided by enrollment.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 UNAUDITED

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>District Building</u>										
<u>Elementary</u>										
Mary Kay McMillin School (1961)										
Square Feet	40,137	40,137	40,137	40,137	40,137	40,137	40,137	40,137	40,137	40,137
Capacity (students)	332	332	332	332	332	332	332	332	332	332
Enrollment	327	329	346	338	326	313	338	304	255	244
Hughes School (1953)										
Square Feet	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600
Capacity (students)	278	278	278	278	278	278	278	278	278	278
Enrollment	275	261	258	289	270	276	283	264	313	276
Mountain Park (1958)										
Square Feet	43,092	43,092	43,092	43,092	43,092	43,092	43,092	43,092	43,092	43,092
Capacity (students)	278	278	278	278	278	278	278	278	278	278
Enrollment	251	241	228	220	229	230	239	243	202	223
Woodruff School (1961)										
Square Feet	38,820	38,820	38,820	38,820	38,820	38,820	38,820	38,820	38,820	38,820
Capacity (students)	235	235	235	235	235	235	235	235	235	235
Enrollment	227	219	245	240	207	202	184	180	229	234
<u>Middle School</u>										
Columbia										
Square Feet	109,610	109,610	109,610	109,610	109,610	109,610	109,610	109,610	109,610	109,610
Capacity (students)	665	665	665	665	665	665	665	665	665	665
Enrollment	615	593	570	554	566	597	583	545	542	560
<u>High School</u>										
Governor Livingston										
Square Feet	186,983	186,983	186,983	186,983	186,983	186,983	189,983	186,983	186,983	186,983
Capacity (students)	903	903	903	903	903	903	903	903	903	903
Enrollment	1,015	1,041	1,034	1,064	1,024	963	940	941	940	907
Number of Schools at June 30, 2023										
Elementary -	4									
Middle School -	1									
Senior High School -	1									
	<u>6</u>									

Source: District records, ASSA
 Note: Increases in square footage and capacity are the result of
 and additions. Enrollment is based on the annual October district count.

TOWNSHIP OF BERKELEY HEIGHTS - SCHOOL DISTRICT
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 UNAUDITED

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-XXX

School Facilities	Project # (s)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governor Livingston High School	N/A	\$ 322,434	\$ 382,360	\$ 313,008	\$ 361,357	\$ 318,159	\$ 370,822	\$ 344,644	\$ 324,254	\$ 298,942	\$ 266,822
Columbia Middle School	N/A	201,139	196,944	250,612	226,882	198,014	192,028	160,123	213,589	202,174	163,718
T. P. Hughes Elementary School	N/A	56,434	76,740	131,570	76,864	62,516	108,547	85,760	88,066	88,625	52,748
Mary Kay McMillin School	N/A	82,660	93,822	114,862	98,142	80,628	59,897	70,624	81,516	82,614	66,371
Mountain Park Elementary School	N/A	65,084	88,535	128,841	103,487	73,033	92,802	77,066	79,976	84,380	59,246
Woodruff Elementary School	N/A	76,324	72,937	105,892	67,912	60,298	85,979	53,213	76,811	77,108	59,836
Total School Facilities		804,095	911,338	1,042,813	934,544	792,848	909,975	801,430	844,212	811,823	688,541
Grand Total		\$ 804,095	\$ 911,338	\$ 1,042,813	\$ 934,544	\$ 792,848	\$ 909,975	\$ 801,430	\$ 844,212	\$ 811,823	\$ 688,541

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2023
UNAUDITED

	<u>LIMITS</u>	<u>DEDUCTIBLE</u>
<u>Blanket Building and Contents</u>	\$ 146,353,356	1,000
Boiler & Machinery		
Flood - Outside 100 Year Flood Zone	1,000,000	25,000
Flood - Inside 100 Year Flood Zone		
*Please note that 3-55 Fairfax Drive, Berkeley Heights NJ is limited to \$250,000 with a \$25,000 deductible.		
ENVIRONMENTAL POLICY		
<u>Environmental Impairment Liability (Group Aggregate)</u>	1,000,000	10,000
Each Impairment Aggregate limit per Insured:		
GENERAL LIABILITY COVERAGES		
<u>Each Occurrence Limit</u>	1,000,000	
Personal and Advertising Injury Limit	1,000,000	
General Aggregate Limit	3,000,000	
Products/Completed Operations, Aggregate Limit	3,000,000	
Damage to Premises Rented to You	1,000,000	
Medical Expense Limit	10,000	
AUTOMOBILE		
<u>Liability</u>	1,000,000	
Uninsured/Underinsured Motorists	1,000,000	
Comprehensive and Collision Deductibles		\$1,000-\$3,000
PROFESSIONAL LIABILITY POLICY		
<u>School Board Legal Liability Limit</u>	1,000,000	5,000
Employment Related Practices Limit	1,000,000	5,000
CRIME		
<u>Employee Dishonesty-per employee</u>	100,000	1,000
Forgery & Alteration	100,000	
STATUTORY BONDS		
Public Official Bond -Bus Admn/Treasurer	300,000	
UMBRELLA LIABILITY		
Limit of Liability	15,000,000	
EXCESS UMBRELLA		
NJ Unshared Excess Liability	20,000,000	

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2023
UNAUDITED

Disability Insurance-Athletic	1,000,000	
Student Accident Full Excess Plan	5,000,000	
Volunteer Accident Full Excess Plan	500,000	
Cyber Liability	1,000,000	15,000
Privacy Liability	1,000,000	15,000
Legal & Regulatory Costs Coverage	1,000,000	15,000
Security & Forensic Costs Coverage	1,000,000	15,000
Management Liability	1,000,000	15,000
Multimedia Liability - Defamation	1,000,000	15,000
Cyber Extortion	1,000,000	15,000
Business Income and Extra Expense	1,000,000	15,000
PCI Fines, Penalties & Assessments	1,000,000	15,000
Workers Compensation	500,000	
Self Insured Retention	500,000	
Bi By Accident-Each Accident	1,000,000	
Bi by Disease-Each Employee	1,000,000	
Bi by Disease - Policy Limit	1,000,000	

* Denotes insurance representative has reviewed this information

SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

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E-mail info@scnco.com

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

Honorable President and Members
of the Board of Education
Township of Berkeley Heights School District
County of Union
Berkeley Heights, New Jersey 07922

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 the financial statements of the governmental activities, the business-type activities and each major fund of the Township of Berkeley Heights School District, in the County of Union, State of New Jersey (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 22, 2024.

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.

SUPLEE, CLOONEY & COMPANY LLC

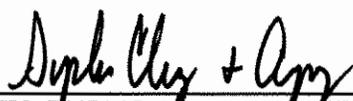
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

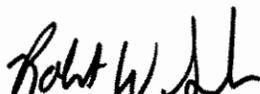
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted instances of noncompliance that we have reported to the District in a separate Auditor's Management Report on Administrative Finding – Finance and Compliance dated January 22, 2024.

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.



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

January 22, 2024



SUPLEE, CLOONEY & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable President and Members
of the Board of Education
Township of Berkeley Heights School District
County of Union
Township of Berkeley Heights, New Jersey 07922

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Township of Berkeley Heights School District, County of Union, State of New Jersey (the "District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 the *New Jersey OMB State Grant Compliance Supplement*. Our responsibilities under those standards, Uniform Guidance and the New Jersey OMB State Grant Compliance Supplement are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

SUPLEE, CLOONEY & COMPANY LLC

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.

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.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the 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 generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance and the New Jersey OMB State Grant Compliance Supplement 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 or state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance and New Jersey OMB State Grant Compliance Supplement, 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 the New Jersey OMB State Grant Compliance Supplement, 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.

SUPLEE, CLOONEY & COMPANY LLC

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

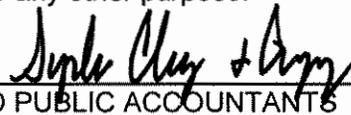
Report on Internal Control over Compliance

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

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

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

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



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

January 22, 2024

TEACHERS OF BERKELEY HEIGHTS - SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

ASSISTANCE LIVING NUMBERS	FEDERAL AWARD ID NUMBER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	FISCAL YEAR	GRANT PERIOD FROM	TO	BALANCE JUNE 30, 2022 (ACCOUNTS RECEIVABLE) UNEARNED REVENUE	CARRYOVER (BALANCE) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	SURVEILLANT BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE JUNE 30, 2023	
														ACCOUNTS RECEIVABLE	UNEARNED REVENUE
84-307	S3274100019	ESFA031022	24,000.00	07/01/2021	06/30/2022				(17,720.28)					(18,170.28)	
84-305	S3274100019	ESFA031022	19,804.00	07/01/2022	06/30/2023			3,866.00	(6,295.40)					(3,203.40)	
			0.00	07/01/2022	06/30/2023			15,071.00	(3,397.60)					11,673.40	
84-027	S4274100100	106A031020	831,741.00	07/01/2021	06/30/2022			6,469.92		31,105.00				(64,700.07)	
84-077	S4274100100	106A031021	554,200.00	07/01/2022	06/30/2023			914,534.44	(951,074.46)						
84-179	S17334000114	106A031020	20,680.00	07/01/2021	06/30/2022			2,098.41						(46.00)	
84-173	S17334000114	106A031021	22,369.00	07/01/2022	06/30/2023			12,245.00							
84-027X	H0274210100		107,361.00	07/01/2021	06/30/2022			43,867.96	(14,534.00)						
84-179X	H1734210114		9,194.00	07/01/2021	06/30/2022			7,831.44	(7,381.00)						
							146,867.79	638,451.19	(634,073.46)	8,105.00				13,879.73	
84-450	S4250210027	21-61-20-518	45,000.00	03/13/2020	06/30/2023			19,600.00						(12,619.63)	
84-450	S4250210027	21-61-20-518	279,630.00	03/13/2020	06/30/2023			80,096.00							
84-450	S4250210027	21-61-20-518	599,301.00	01/01/2022	12/31/2022			258,205.00	(396,693.23)					(138,388.23)	
84-450	S4250210027	21-61-20-523	163,582.00	03/13/2020	06/30/2024			140,273.00	(140,273.00)						
84-450	S4250210027	21-61-20-523	40,000.00	03/13/2020	06/30/2024			19,924.00	(19,924.00)						30.44
84-450	S4250210027	21-61-20-523	40,000.00	03/13/2020	06/30/2024			24,838.00	(24,838.00)					(1,679.54)	
84-450	S4250210027	21-61-20-523	45,000.00	03/13/2020	06/30/2024			1,723.00	(1,723.00)					(1,665.83)	
							840.00	528,252.00	(676,581.59)					(152,334.42)	0.44
							147,867.79	1,174,069.19	(1,244,949.10)	8,105.00				(208,269.10)	0.44
21-027	SUPPLEMENTAL	N/A	157,570.00	07/01/2022	06/30/2023			75,795.00	(151,510.00)					(75,795.00)	
							47,837.79	1,293,844.19	(1,448,198.10)	8,105.00				(284,018.10)	0.44
							847,657.79	\$1,253,644.19	(\$1,496,159.10)	\$3,105.00				(\$284,018.10)	\$0.44

The accompanying notes to schedules of financial statements are an integral part of this schedule.

Special Education Fund

U.S. Department of Education

Pass-through State Department of Education

ESEA

Title IA

Title II

Title III

Title IV

Title V

Title VI

Title VII

Title VIII

Title IX

Title X

Title XI

Title XII

Title XIII

Title XIV

Title XV

Title XVI

Title XVII

Title XVIII

Title XIX

Title XX

Title XXI

Title XXII

Title XXIII

Title XXIV

Title XXV

Title XXVI

Title XXVII

Title XXVIII

Title XXIX

Title XXX

Title XXXI

Title XXXII

Title XXXIII

Title XXXIV

Title XXXV

Title XXXVI

Title XXXVII

Title XXXVIII

Title XXXIX

Title XL

Title XLI

Title XLII

Title XLIII

Title XLIV

Title XLV

Title XLVI

Title XLVII

Title XLVIII

Title XLIX

Title L

Title LI

Title LII

Title LIII

Title LIV

Title LV

Title LVI

Title LVII

Title LVIII

Title LIX

Title LX

TOWNSHIP OF BERKELEY HEIGHTS - SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2022		CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS BALANCES	BALANCE AT JUNE 30, 2023		CUMULATIVE TOTAL EXPENDITURES
			FROM	TO	(ACCOUNTS RECEIVABLE UNEARNED REVENUE)	(ACCOUNTS RECEIVABLE UNEARNED REVENUE)								
State Department of Education														
Stambol Funds														
State Aid Cluster														
Special Education Aid	23-495-034-5120-069	\$2,102,100.00	07/01/2022	06/30/2023			\$1,887,838.00	(\$2,102,100.00)	\$204,262.00			\$204,262.00	\$2,102,100.00	
Security Aid	23-495-034-5120-084	40,862.00	07/01/2022	06/30/2023			36,005.00	(40,862.00)	3,873.00			3,873.00	40,862.00	
Total State Aid Cluster							1,924,147.00	(2,142,962.00)	208,235.00			208,235.00	2,142,962.00	
Transportation Aid	23-495-034-5120-014	470,303.00	07/01/2022	06/30/2023			424,603.00	(470,303.00)	45,700.00			45,700.00	470,303.00	
Non-Public Transportation Aid	23-495-034-5120-014	50,232.00	07/01/2022	06/30/2023			42,340.00	(50,232.00)				50,232.00	50,232.00	
State Reimbursement Security our Schools(Alyssa)	22-495-034-5120-014	42,340.00	07/01/2021	06/30/2022									42,340.00	
Extraordinary Aid	23-495-034-5120-104	147,109.00	07/01/2022	06/30/2023			147,109.00	(147,109.00)					147,109.00	
Extraordinary Aid	23-100-034-5120-473	784,118.00	07/01/2021	06/30/2022			784,118.00	(748,934.00)				748,934.00	784,118.00	
On-behalf TPAF Contributions	23-495-034-5094-002	9,336,587.00	07/01/2022	06/30/2023			9,336,587.00	(9,336,587.00)					9,336,587.00	
NCGI	23-495-034-5094-004	129,535.00	07/01/2022	06/30/2023			129,535.00	(129,535.00)					129,535.00	
Post Retirement Medical	23-495-034-5094-001	2,466,728.00	07/01/2022	06/30/2023			2,466,728.00	(2,466,728.00)					2,466,728.00	
Long-Term Disability Insurance	23-495-034-5094-000	2,742.00	07/01/2022	06/30/2023			2,742.00	(2,742.00)					2,742.00	
TPAF Social Security Aid	23-495-034-5095-003	1,948,683.69	07/01/2022	06/30/2023			1,851,859.42	(1,948,683.69)				96,824.27	1,948,683.69	
TPAF Social Security Aid	22-495-034-5095-003	1,908,091.33	07/01/2021	06/30/2022			86,758.13					(86,758.13)	1,908,091.33	
Total General Fund							17,227,126.55	(17,464,935.69)	253,935.00			(696,990.27)	1,359,165.27	
Special Revenue Fund														
NJ Nonpublic Aid														
Technology Aid	23-100-034-5120-373	756.00	07/01/2022	06/30/2023			756.00	(649.99)					649.99	
Technology Aid	22-100-034-5120-373	2,226.00	07/01/2021	06/30/2022									2,226.00	
Security Aid	23-100-034-5120-509	756.00	07/01/2022	06/30/2023			3,650.00	(3,690.00)					756.00	
Security Aid	22-100-034-5120-509	9,275.00	07/01/2021	06/30/2022									9,275.00	
Textbook Aid	23-100-034-5120-064	756.00	07/01/2022	06/30/2023			1,188.00	(1,179.89)					747.89	
Textbook Aid	22-100-034-5120-064	3,181.00	07/01/2021	06/30/2022									3,181.00	
Nursing	23-100-034-5120-070	756.00	07/01/2022	06/30/2023			2,016.00	(1,855.65)					695.65	
Nursing	22-100-034-5120-070	5,936.00	07/01/2021	06/30/2022									5,936.00	
Handicapped Services														
Supplemental Instruction	23-100-034-5120-068	756.00	07/01/2022	06/30/2023			1,652.00						(896.00)	
Supplemental Instruction	22-100-034-5120-068	4,130.00	07/01/2021	06/30/2022									4,054.00	
Examination & Classification	23-100-034-5120-068	756.00	07/01/2022	06/30/2023			4,356.00	(3,976.51)					376.51	
Examination & Classification	22-100-034-5120-068	3,792.00	07/01/2021	06/30/2022									3,032.34	
Connective Speech	22-100-034-5120-068	1,860.00	07/01/2021	06/30/2022									1,860.00	
Climate Change	23-100-034-5063-359	8,660.00	04/01/2023	06/30/2023			6,660.00	(6,660.00)						
SDA Emergent Needs	22-100-034-5120-519	62,984.00	07/01/2022	06/30/2023			61,204.00	(62,984.00)					7,100.00	
Total Special Revenue Fund							81,524.00	(81,088.04)	(10,930.06)			61,204.00	2,205.96	

The accompanying notes to schedules of financial assistance are an integral part of this schedule.

BOARD OF BERKELEY HEIGHTS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

STATE GRANT PROGRAM TITLE	GRANT OR STATE FUNDING NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2022		CARRYOVER/ UNALLOTTED AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS BALANCES	BALANCE AT JUNE 30, 2023		GRANT RECEIVABLE	MEMO
				(ACCOUNTS RECEIVABLE) UNEARNED REVENUE	DUE TO GRANTS						(ACCOUNTS RECEIVABLE) REVENUE	DUE TO GRANTS		
Debt Interest Fund	23-495-034-6120-075	\$896,899.00	07/01/22	06/30/2023	\$520,233.13	\$10,930.06	\$538,696.92	(339,696.02)	\$233,695.00	(\$10,930.06)	\$61,704.00	\$1,353,160.27	996,899.00	
Debt Service Share Aid							\$17,905,349.55	(\$18,142,832.73)			\$2,205.95			
Total State Financial Assistance							\$18,434,046.47	(\$18,482,528.75)			\$2,205.95	\$1,353,160.27	\$24,054,847.46	
Less: On-Benefit amounts not utilized for determination of Major Programs:														
On-Benefit TPAF Contributions	23-495-034-5094-002	9,326,587.00	07/01/22	06/30/2023			\$8,330,597.00	(\$9,326,587.00)						
MCCB	23-495-034-5094-004	128,535.00	07/01/22	06/30/2023			128,535.00	(128,535.00)						
Post Retirement Medical	23-495-034-5094-001	2,465,728.00	07/01/22	06/30/2023			2,465,728.00	(\$2,465,728.00)						
Long-Term Disability Insurance	23-495-034-5094-000	2,742.00	07/01/22	06/30/2023			2,742.00	(2,742.00)						
Total State Financial Assistance Subject to Single Audit							\$8,946,732.55	(\$8,187,940.73)						

The accompanying notes to schedule of financial assistance are an integral part of this schedule.

Township of Berkeley Heights School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2023

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Education, Berkeley Heights School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from the federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financials assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 of the District's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedule (RSI) are presented for the general fund and special revenue fund to demonstrate finance-regulated 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 deferred state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP accounting purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the 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 GAAP basis does not.

Township of Berkeley Heights School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2023

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$41,803.00) for the general fund. The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$80,012.25) for the special revenue fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$17,423,032.69	\$17,423,032.69
Special Revenue Fund	\$1,429,828.59	67,416.30	1,497,244.89
Debt Service Fund		596,699.00	596,699.00
	<u>66,330.51</u>	<u>55,484.74</u>	
GAAP Adjustment			
Total Awards & Financial Assistance	<u>\$1,496,159.10</u>	<u>\$18,142,632.73</u>	<u>\$19,516,976.58</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: OTHER

The amount reported as TPAF pension contributions, post-retirement medical benefits and long-term disability insurance represents the amount paid by the state on behalf of the district for the year ended June 30, 2023. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2023.

Township of Berkeley Heights School District
Union County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

- | | | |
|-----|--|------------|
| (1) | Type of Auditor’s Report Issued: | Unmodified |
| (2) | Internal Control Over Financial Reporting: | |
| | (a) Material weakness(es) identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (3) | Noncompliance material to the basic financial statements noted during the audit? | No |

Federal Program(s)

- | | | |
|-----|--|------------|
| (1) | Internal Control Over Major Federal Programs: | |
| | (a) Material weaknesses identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (2) | Type of Auditor’s Report issued on compliance for major federal program(s)? | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance? | No |
| (4) | Identification of Major Federal Program(s): | |

<u>Program</u>	<u>AL</u>
Coronavirus Response and Relief Supplemental Appropriations (CRRSA)	84.425D
American Rescue Plan (ARP)	84.425U

Township of Berkeley Heights School District
Union County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

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

- (5) Program Threshold Determination:
 Type A Federal Program Threshold > \$750,000.00
 Type B Federal Program Threshold <= \$750,000.00
- (6) Auditee qualified as a low-risk auditee under OMB Circular Uniform Guidance? Yes

State Program(s)

- (1) Internal Control Over Major State Programs:
- (a) Material weakness(es) identified? No
- (b) Significant deficiencies identified that are not considered to be material weaknesses? No
- (2) Type of Auditor's Report issued on compliance for major state program(s)? Unmodified
- (3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? No
- (4) Identification of Major State Program(s):

<u>Program</u>	<u>Grant Number</u>
Reimbursed TPAF Social Security Contributions	495-034-5095-003
Debt Service Aid	495-034-5120-014

- (5) Program Threshold Determination:
 Type A State Program Threshold > \$750,000.00
 Type B State Program Threshold <= \$750,000.00
- (6) Auditee qualified as a low-risk auditee under OMB Circular 15-08? Yes

Township of Berkeley Heights School District
Union County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section II – Financial Statement Audit – Reported Findings Under Government Auditing Standards

Internal Control Findings – None Reported

Compliance Findings – None Reported

Section III – Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Programs – None Reported

State Programs – None Reported

Township of Berkeley Heights School District
Union County, New Jersey

Schedule of Prior Year Audit Findings

Not Applicable

ANNUAL COMPREHENSIVE FINANCIAL REPORT

of the

New Providence Board of Education

New Providence, New Jersey

For the Fiscal Year Ended June 30, 2023

Prepared by

New Providence Board of Education
Office of the School Business Administrator/Board Secretary

**NEW PROVIDENCE SCHOOL DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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INTRODUCTORY SECTION



NEW PROVIDENCE SCHOOL DISTRICT

356 ELKWOOD AVENUE, NEW PROVIDENCE, NJ 07974

Fax (908) 464-9041 • www.npsd.k12.nj.us

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Superintendent of Schools
908-464-9050 (ext. 4225)

LAUREN ZIRPOLI
Assistant Superintendent
of Educational Services
908-464-9050 (ext. 4222)

JAMES E. TESTA
School Business Administrator/
Board Secretary
908-464-9050 (ext. 4223)

JONATHAN KEANEY
Director of Curriculum,
Instruction, and Supervision
908-464-9050 (ext. 4221)

November 21, 2023

Honorable President and
Members of the Board of Education
New Providence School District
County of Union, New Jersey

Dear Board Members:

The annual comprehensive financial report of the New Providence School District (District) for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups 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, and a list of principal officials. The financial section includes the Report of Independent Accountants, the Management Discussion and Analysis, the basic financial statements, required supplementary information, and the combining and individual fund financial statements. The statistical sections include selected financial and demographic information, generally presented on a multi-conformity with the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards", and the New Jersey OMB's Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aide." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: New Providence School District is an independent reporting entity with the criteria adopted by the

GASB as established by GASB Pronouncement Number 14. All funds and account groups of the District are included in this report. The New Providence Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to the grade levels Pre-K through 12. These included regular, vocational as well as special education for handicapped students. The District completed the 2022-2023 fiscal year with an enrollment of 2,386 students, which is sixteen students more than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last six years.

<u>School Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2018	2,406	
2019	2,437	1.3%
2020	2,445	.3%
2021	2,397	-1.96%
2022	2,370	-1.13%
2023	2,386	.68%

2. ECONOMIC CONDITION AND OUTLOOK: The economic condition and outlook seems to be stable. State funding and support have increased slightly over the last year. The District will address the funding issues and cap restrictions by making changes in order to continue to meet the needs of the students while addressing the tax impact to the community.

3. MAJOR INITIATIVES:

High School

- Addition of:
 - o Advanced Placement World History for 9th Grade
 - o Entrepreneurship courses as Phase 1 of Business Courses
 - o French 4
- Rebranding of the Art Program to include 2D Studio Art and Advanced Sculpture
- Tour of the Classics: Destination Italia - International travel opportunity
- Continuation of a deep dive into AP courses and curriculum

Middle School

- New bell schedule to provide extended instructional periods
- Incorporation of full-year 7th-grade World Language courses
- Introduction of new Academic Electives
- Enhancement of Capstone Project centered around the United Nations Sustainability Goals

Elementary Schools

- Implementation of Full-Day Kindergarten

- Introduction of Sunday phonics and spelling program to higher grades
- Introduction of Math Coach to train teachers in the use of high-impact instructional strategies
- Piloting of new iReady Math Program for 2023-2024 implementation.

District

- Continuation of Personalized Learning Initiative
- Implementation of new K-12 Health Standards and corresponding curriculum modifications
- Introduction of Diversity, Equity, and Inclusion Initiative
- Piloting of a new modern classroom model using flexible and agile furniture
- Piloting of a new mobile educational technology model
- Continuation of Social Emotional Learning, Mental Health, and Trauma-Informed Practices

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

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriate 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 cancelled or are included as reappropriation of fund balance in the subsequent balance at June 30, 2023.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statement", Note 1.

7) DEBT ADMINISTRATION: At June 30, 2023, the District's outstanding debt included \$37,431,000.00 of general obligation bonds. The District issued general obligation bonds in 2006, 2017 and 2023. Proceeds of the bonds issued were placed in the District's capital projects fund for capital improvements to the District's buildings and grounds. These improvements include additions and various renovations at all three school locations. In 2014, the 2006 bonds were refunded and refinanced at a savings to the District.

8) CASH MANAGEMENT: The investment policy of the District is guided by state statute as detailed in "Notes to the Financial Statements", Note 1. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, athletic accident, automobile liability/comprehensive/collision, cyber, property, school legal, and workers' compensation.

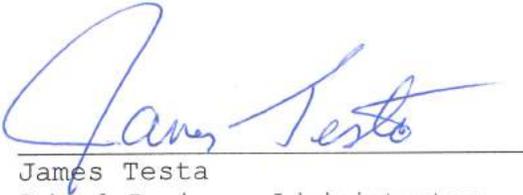
10) OTHER INFORMATION:

A) Independent Audit- State statutes require an annual audit by Independent certified public accountants or registered municipal accountants. The accounting firm of Donohue, Gironde, Doria & Tomkins, LLC CPA's, was recommended by the Board's Finance committee and approved by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200 and New Jersey OMB's Circular 15-08. The auditor's report on the basic financial statements and fund statements is included in the financial section of this report. The auditor's report related specifically, to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the New Providence 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 with the efficient dedicated services of our office staff.

Respectfully submitted,

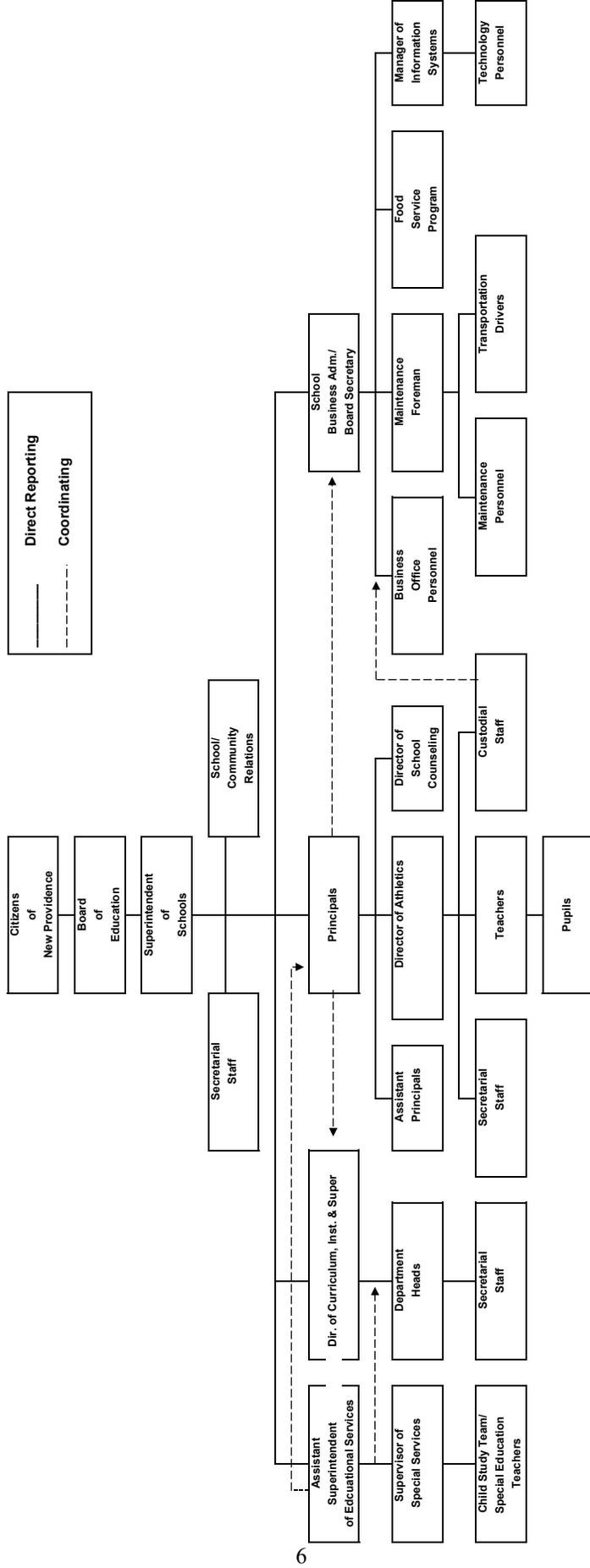


James Testa
School Business Administrator,
Board Secretary



David M. Miceli, Ed.D.
Superintendent of Schools

New Providence Public Schools Organizational Chart (Unit Control)



**NEW PROVIDENCE SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2023**

Members of the Board of Education

Mary Misiukiewicz, President
Bernadette Cuccaro, Vice President
Rebecca Coniglio
Jennifer Killea
Amanda Marano
Stacey Gunderman
Joseph Walsh

Term Expires

December 2023
December 2025
December 2024
December 2024
December 2023
December 2024
December 2025

Other Officials

David Miceli, Ed.D.
James Testa

Superintendent of Schools
School Business Administrator/
Board Secretary

AUDIT FIRM

Donohue, Gironda, Doria & Tomkins, LLC
1 Harmon Meadow Blvd, Suite 3002
Secaucus, New Jersey 07094

ATTORNEY

Cornell, Merlino, McKeever & Osborne, LLC
238 St. Paul Street
Westfield, NJ 07091

OFFICIAL DEPOSITORY

Citizens Bank
1260 Springfield Avenue
New Providence, NJ 07974

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
New Providence School District
County of Union
New Providence, New Jersey

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Board of Education of the New Providence School District (the "District"), in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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, budgetary comparison information, and pension and post-retirement medical benefits information on pages 12 through 20, pages 65 through 69, and pages 72 through 75 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements, long-term debt schedules and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are also not required parts of the basic financial statements.

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.



DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants



MAURICIO CANTO
Certified Public Accountant
Licensed Public School Accountant
No. 2541

Secaucus, New Jersey
November 28, 2023

REQUIRED SUPPLEMENTARY INFORMATION

PART I

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

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

Financial Highlights

Key financial highlights for fiscal years 2023 and 2022 are as follows, respectively:

- In total, net positions are \$4,201,597 and \$3,158,727. Net positions of governmental activities are \$3,973,441 and \$2,989,479. Net positions of the business-type activity, which represents food service, are \$228,156 and \$168,248. This reflects a change in net position in the amount of \$1,042,870 and \$2,034,820.
- Governmental activities revenues accounted for \$54,444,707 and \$54,748,671 while the local tax contribution to governmental activities revenue amounts to \$42,243,973. Governmental expenses accounted for \$53,460,745 and \$52,759,788.
- The General fund expenses exceeded revenues and other financing sources of the School District by \$293,635, not taking into account \$1,671,200 of fund balanced anticipated in the 2022/2023 budget. Revenue, in the amount of \$2,436,696 was reserved for tax relief in the 2023/2024 school year and \$981,035 will be reserved for tax relief in the 2024/2025 school year, as required by the State of New Jersey.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. This report is organized to show the reader the New Providence School District as a financial whole, or as an entire operating entity.

The statement of net position and statement of activities provide information about the activities of the whole New Providence School District, presenting both an aggregate view of the New Providence School 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 tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the New Providence School District's most significant funds with all other non-major funds presented in total in a single column. For the New Providence School District, the General Fund is the most significant fund.

Reporting the New Providence School District as a Whole

Statement of Net position and Statement of Activities

While this report contains the large number of funds used by the New Providence School District to provide programs and activities, the view of the New Providence School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2023?" The statement of net position and the statement of activities answer's this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the New Providence School District's net position and changes in those positions. This change in net position is important because it identifies whether the financial position of the New Providence School District has improved or diminished for the New Providence School District as a whole. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include the New Providence School District's property tax base, current property tax laws in New Jersey, facility conditions, required educational programs, and other factors.

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

Reporting the New Providence School District as a Whole (Continued)

In the statement of net position and the statement of activities, the New Providence School District is divided into two distinct kinds of activities:

Governmental Activities - Most of the New Providence School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

Business-Type Activity - This service is provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The food service enterprise fund is reported as a business activity.

Reporting the New Providence School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the New Providence School District's major funds. The New Providence School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the New Providence School District's most significant funds. The New Providence School District's only major governmental fund is the General Fund.

Governmental Funds

Most of the New Providence School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. 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 New Providence School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less 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 the governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, their statements are essentially the same.

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

Reporting the New Providence School District's Most Significant Funds (Continued)

The perspective of the statement of net position is of the New Providence School District as a whole. Table 1 provides a summary of the New Providence School District's net position for the fiscal years 2023 and 2022, respectively.

Total assets equal \$52,717,902 and \$32,281,637. Total assets for governmental activities are \$52,438,955 and \$32,061,716. Total assets for business-type Activity are \$278,947 and \$219,921.

Table 1
Net Position

	Governmental Activities		Business-Type Activity		Total	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current and Other Assets	\$ 29,860,029	\$ 9,158,144	\$ 188,412	\$ 128,748	\$ 30,048,441	\$ 9,286,892
Capital Assets, Net	22,578,926	22,903,572	90,535	91,173	22,669,461	22,994,745
Total Assets	<u>52,438,955</u>	<u>32,061,716</u>	<u>278,947</u>	<u>219,921</u>	<u>52,717,902</u>	<u>32,281,637</u>
DEFERRED OUTLOWS OF RESOURCES	<u>1,039,051</u>	<u>709,265</u>	<u>-</u>	<u>-</u>	<u>1,039,051</u>	<u>709,265</u>
LIABILITIES						
Current and Other Liabilities	3,881,698	3,839,762	50,791	50,673	3,932,489	3,890,435
Long-Term Liabilities	36,429,539	15,793,820	-	-	36,429,539	15,793,820
Net Pension Liability	7,881,958	5,880,075	-	-	7,881,958	5,880,075
Total Liabilities	<u>48,193,195</u>	<u>25,513,657</u>	<u>50,791</u>	<u>50,673</u>	<u>48,243,986</u>	<u>25,564,330</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,311,370</u>	<u>4,267,845</u>	<u>-</u>	<u>-</u>	<u>1,311,370</u>	<u>4,267,845</u>
NET POSITION						
Net Invested in Capital Assets	(14,852,074)	6,054,733	90,535	91,174	(14,761,539)	6,145,907
Restricted	20,028,798	4,220,096	-	-	20,028,798	4,220,096
Unrestricted	(1,203,283)	(7,285,350)	137,621	78,074	(1,065,662)	(7,207,276)
Total Net Position	<u>\$ 3,973,441</u>	<u>\$ 2,989,479</u>	<u>\$ 228,156</u>	<u>\$ 169,248</u>	<u>\$ 4,201,597</u>	<u>\$ 3,158,727</u>

A large portion of the District's net position reflects its investment in capital assets (e.g., land, buildings and improvements, and furniture and equipment); less any related debt (general obligation bonds payable and obligations under financed purchases less unspent bond proceeds) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The largest portion of the restricted net position belongs to capital projects. The remaining balance of unrestricted net position may be used to meet the District's ongoing obligations to students, employees, and creditors. The unrestricted net position includes the amount of long-term obligations that are not invested in capital assets, such as compensated absences.

At the end of the current fiscal year, the District is able to report a positive balance in total net position. The same situation held true for the prior fiscal year.

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

Reporting the New Providence School District's Most Significant Funds (Continued)

Table 2 reflects the change in net position for fiscal years 2023 and 2022, respectively.

The total changes in net position for the fiscal years 2023 and 2022 for governmental activities are \$983,962 and \$1,988,883, respectively. The total changes in net position for business-type Activity are \$58,908 and \$45,937. The total changes in net position are \$1,042,870 and \$2,034,820.

	Governmental Activities		Business-Type Activity		Total	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program Revenues:						
Charges for Services	\$ 648,307	\$ 424,257	\$ 934,391	\$ 794,947	\$ 1,582,698	\$ 1,219,204
Operating Grants	10,867,372	12,654,928	-	-	10,867,372	12,654,928
Capital Grants	73,133	70,589	-	-	73,133	70,589
Total Program Revenues	11,588,812	13,149,774	934,391	794,947	12,523,203	13,944,721
General Revenues:						
Property Taxes	42,243,973	40,946,241	-	-	42,243,973	40,946,241
Private Sources	109,141	86,175	-	-	109,141	86,175
Interest Earned	252,260	16,330	2,283	146	254,543	16,476
Miscellaneous	250,521	550,151	-	-	250,521	550,151
Total General Revenues	42,855,895	41,598,897	2,283	146	42,858,178	41,599,043
Total Revenues	54,444,707	54,748,671	936,674	795,093	55,381,381	55,543,764
EXPENSES						
Function/Program						
Instruction	30,637,905	30,984,499	-	-	30,637,905	30,984,499
Support Services:						
Pupils and Instructional Staff	10,546,449	10,011,647	-	-	10,546,449	10,011,647
General and Business						
Administrative Services	5,528,496	5,576,199	-	-	5,528,496	5,576,199
Plant Operations and Maintenance	3,791,622	3,675,913	-	-	3,791,622	3,675,913
Pupil Transportation	2,419,760	1,918,298	-	-	2,419,760	1,918,298
Interest on Long-Term Debt	536,513	593,232	-	-	536,513	593,232
Food Service	-	-	877,766	749,156	877,766	749,156
Total Expenses	53,460,745	52,759,788	877,766	749,156	54,338,511	53,508,944
Change in Net Position	983,962	1,988,883	58,908	45,937	1,042,870	2,034,820
Net Position, July 1	2,989,479	1,000,596	169,248	123,311	3,158,727	1,123,907
Net Position, June 30	\$ 3,973,441	\$ 2,989,479	\$ 228,156	\$ 169,248	\$ 4,201,597	\$ 3,158,727

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

Governmental Activities

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. Table 3, for government activities, indicates the total cost of services and the percentage cost of services. It identifies the cost of these services supported by tax revenues and unrestricted state entitlements.

Table 3a.
Governmental Activities

	Total Cost of Services		Percent of Total	
	2023	2022	2023	2022
Instruction	\$ 30,637,905	\$ 30,984,499	57.31%	58.72%
Support Services:				
Pupils and Instructional Staff	10,546,449	10,011,647	19.73%	18.98%
School Administrative Services				
General and Business				
Administrative Services	5,528,496	5,576,199	10.34%	10.57%
Plant Operations and Maintenance	3,791,622	3,675,913	7.09%	6.97%
Pupil Transportation	2,419,760	1,918,298	4.53%	3.64%
Interest on Long-Term Debt	536,513	593,232	1.00%	1.12%
Total Expenses	<u>\$ 53,460,745</u>	<u>\$ 52,759,788</u>	<u>100.00%</u>	<u>100.00%</u>

Total expenses for governmental activities for fiscal years 2023 and 2022 were \$53,460,745 and \$52,759,788. Total expenses increased \$700,957. Pupil transportation increased \$501,462 from the previous year, pupils and instructional staff increased \$534,802 while instruction decreased \$346,594, mainly due to a decrease in additional OPEB expense.

Pupil transportation costs reflect the cost for salaries, overtime, maintenance of fleet and contracted transportation services.

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

Business-Type Activity

Table 3b.
Business-Type Activity

	Total Cost of Services		Percent of Total	
	2023	2022	2023	2022
REVENUES				
Charges for Services	\$ 934,391	\$ 794,947	99.76%	99.98%
Miscellaneous	2,283	146	0.24%	0.02%
Total Revenue	936,674	795,093	100.00%	100.00%
EXPENSES				
Food Service	877,766	749,156	100.00%	100.00%
Total Expenses	877,766	749,156	100.00%	100.00%
 Change in Net Position	 <u>\$ 58,908</u>	 <u>\$ 45,937</u>		

The business-type activity of the New Providence School District is the food service operation. This program had revenues for the fiscal years 2023 and 2022 of \$936,674 and \$795,093 and expenses of \$877,766 and \$749,156, respectively. Total revenues increased by \$141,581 due to an increase in meals served in 2023 compared to 2022. In 2023 the Food Service Program had a net profit of \$58,908. While in 2022 the Food Service Program had a net profit of \$45,937.

The District suggests efforts that continue to increase sales and reduce costs while offering a nutritious, healthy lunch menu. The New Providence School District and school administrators are committed and have concentrated efforts to ensure students who are eligible for free/reduced lunch submit the proper forms for eligibility in a timely manner.

Sources of Revenue

The local tax revenue increased a small percentage in 2023. For all governmental activities state revenues support over 19.15% and federal revenues support over 2.14%. The community, as a whole, is 77.59% of the support and other revenue accounts for 1.12% of the total cost of programs for the New Providence School District students.

Table 4
Sources of Revenue

Fiscal Year Ended June 30,	Local Tax Levy	Other Local Revenue	Operating Grants	Capital Grants	Total
2023	\$ 42,243,973	\$ 611,922	\$ 11,515,679	\$ 73,133	\$ 54,444,707
2022	40,946,241	652,656	13,079,185	70,589	54,748,671

The total revenue from all governmental sources for the fiscal years 2023 and 2022 are \$54,444,707 and \$54,748,671. Revenues decreased by \$303,964 due mainly to a \$1,297,732 increase of the local tax levy and a decrease of \$1,563,506 in operating grants, mainly from a decrease in on-behalf OPEB contribution.

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

The New Providence School District's Funds

The New Providence School District's governmental funds are accounted for using standards established by the Governmental Accounting Standards Board Statement No. 34. Total governmental funds had revenues and other financing sources of \$80,906,873 and expenditures and other financing uses of \$60,198,283. The positive fund balance for the year reflects that the New Providence School District was able to meet current costs.

General Fund Budgeting Highlights

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

During the course of the fiscal year 2023, the New Providence School District amended its General Fund budget as needed. The School District uses a program-based budgeting model and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue was \$54,462,351 compared to the final budgeted estimates of \$43,690,924. This difference was primarily due to the State's On-Behalf TPAF Pension Contributions, Post-Retirement Medical Contributions, the State's Reimbursed TPAF Social Security Contributions and additional extraordinary aid. All are non-budgeted income and expense items, except the additional extraordinary aid.

Capital Assets and Depreciation

Capital Assets

At the end of fiscal years 2023 and 2022, the New Providence School District had \$22,578,926 and \$22,903,572 invested in capital assets (net of depreciation), for governmental activities. More information on capital assets and depreciation is represented in Note 6 to the basic financial statements.

Table 5
Capital Assets and Depreciation

	Balance at July 1, 2022	Additions	Disposals	Balance at June 30, 2023
Governmental Activities:				
Non-Depreciable:				
Land	\$ 1,306,892	\$ -	\$ -	\$ 1,306,892
Total Non-Depreciable	<u>1,306,892</u>	<u>-</u>	<u>-</u>	<u>1,306,892</u>
Depreciable:				
Buildings and Improvements	50,879,340	-	-	50,879,340
Furniture and Equipment	6,193,630	1,697,559	(546,210)	7,344,979
Total at Historical Cost	<u>57,072,970</u>	<u>1,697,559</u>	<u>(546,210)</u>	<u>58,224,319</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	(30,781,363)	(1,668,984)	-	(32,450,347)
Furniture and Equipment	(4,694,927)	(353,221)	546,210	(4,501,938)
Total Accumulated Depreciation	<u>(35,476,290)</u>	<u>(2,022,205)</u>	<u>546,210</u>	<u>(36,952,285)</u>
Depreciable Capital Assets, Net	<u>21,596,680</u>	<u>(324,646)</u>	<u>-</u>	<u>21,272,034</u>
Governmental Activities Capital Assets, Net	<u>\$ 22,903,572</u>	<u>\$ (324,646)</u>	<u>\$ -</u>	<u>\$ 22,578,926</u>

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

Capital Assets and Depreciation (Continued)

	Balance at July 1, 2022	Additions	Disposals	Balance at June 30, 2023
Business-type Activity				
Depreciable				
Machinery & Equipment	\$ 362,125	\$ 21,765	\$ -	\$ 383,890
Total at Historical Cost	<u>362,125</u>	<u>21,765</u>	<u>-</u>	<u>383,890</u>
Less: Accumulated Depreciation:				
Machinery & Equipment	(270,952)	(22,403)	-	(293,355)
Total Accumulated Depreciation	<u>(270,952)</u>	<u>(22,403)</u>	<u>-</u>	<u>(293,355)</u>
Business-type Activity Capital Assets, Net	<u>\$ 91,173</u>	<u>\$ (638)</u>	<u>\$ -</u>	<u>\$ 90,535</u>

Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$ 842,532
Special Education	170,705
Other Special Education	24,006
Other Instruction	63,234
Total Instruction	<u>1,100,477</u>
Support Services:	
Tuition	165,634
Student & Instruction Related Services	277,639
School Administrative Services	86,479
General & Business Administrative Services	120,417
Operation & Maintenance of Plant	155,217
Pupil Transportation	116,342
Total Support Services	<u>921,728</u>
Total Depreciation Expense	<u>\$ 2,022,205</u>

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

Debt

At June 30, 2023 and 2022, the New Providence School District had no long-term debt payable from proprietary fund resources. More detailed information about long-term debt is represented in Note 7 to the basic financial statements.

The following is a summary of changes in long-term debt for the fiscal year ending June 30, 2023:

Table 6
Changes in Long-Term Debt

	Balance <u>June 30, 2022</u>	Additions	Deductions	Balance <u>June 30, 2023</u>
Governmental Activities:				
Bonds Payable	\$ 16,820,000	\$ 22,191,000	\$ (1,580,000)	\$ 37,431,000
Financed Purchases	28,839	-	(28,839)	-
Compensated Absences	553,820	163,772	(109,053)	608,539
sub-total	<u>17,402,659</u>	<u>22,354,772</u>	<u>(1,717,892)</u>	<u>38,039,539</u>
Net Pension Liability	<u>5,880,075</u>	<u>2,001,883</u>	<u>-</u>	<u>7,881,958</u>
Total Governmental Activities				
Long-Term Liabilities	<u>\$ 23,282,734</u>	<u>\$ 24,356,655</u>	<u>\$ (1,717,892)</u>	<u>\$ 45,921,497</u>

Current Issues

The New Providence School District has been and continues to utilize sound accounting practices. The New Providence School District continues to monitor and address current classroom needs, as well as review enrollment projections.

Fortunately, the New Providence School District has entered this period of time with a strong and prudent budget. The District has carefully monitored its needs in both the short and long term. Per pupil costs remain below the state average and capital costs have addressed the District's needs for at least the next five years. If the economy becomes unstable and support from the State falls, the Administration and Board of Education will address the challenges and make changes in order to continue to meet the needs of the students and community.

Contacting the New Providence School District's Financial Management

The Management Discussion and Analysis of this financial report is designed to provide citizens, taxpayers and investors with a snapshot of the New Providence School District's finances. Also, to reflect the New Providence School District's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to James Testa; School Business Administrator/Board Secretary, New Providence School District, 356 Elkwood Avenue, New Providence, New Jersey 07974.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**NEW PROVIDENCE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023**

EXHIBIT A-1

	Governmental Activities	Business-Type Activity	Totals
ASSETS			
Cash and cash equivalents	\$ 7,289,646	\$ 178,200	\$ 7,467,846
Receivables, net	1,119,266	-	1,119,266
Other receivable	19,782	161	19,943
Inventory	-	10,051	10,051
Restricted cash and cash equivalents	21,431,335	-	21,431,335
Capital assets, net			
Depreciable	21,272,034	90,535	21,362,569
Non-depreciable	1,306,892	-	1,306,892
Total assets	<u>52,438,955</u>	<u>278,947</u>	<u>52,717,902</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	<u>1,039,051</u>	<u>-</u>	<u>1,039,051</u>
LIABILITIES			
Payable to state government	21,302	-	21,302
Accounts payable	1,456,351	50,791	1,507,142
Unearned revenue	166,855	-	166,855
Payroll deductions and withholdings payable	252,481	-	252,481
Other liability for unemployment claims	374,709	-	374,709
Noncurrent liabilities:			
Due within one year	1,610,000	-	1,610,000
Due beyond one year	36,429,539	-	36,429,539
Net pension liability	<u>7,881,958</u>	<u>-</u>	<u>7,881,958</u>
Total liabilities	<u>48,193,195</u>	<u>50,791</u>	<u>48,243,986</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	<u>1,311,370</u>	<u>-</u>	<u>1,311,370</u>
NET POSITION			
Net investment in capital assets	(14,852,074)	90,535	(14,761,539)
Restricted for:			
Capital projects	15,972,904	-	15,972,904
Other purposes	4,055,894	-	4,055,894
Unrestricted	<u>(1,203,283)</u>	<u>137,621</u>	<u>(1,065,662)</u>
Total net position	<u>\$ 3,973,441</u>	<u>\$ 228,156</u>	<u>\$ 4,201,597</u>

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

NEW PROVIDENCE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

EXHIBIT A-2

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 23,412,670	\$ 70,950	\$ 4,987,290	\$ -	\$ (18,354,430)	\$ -	\$ (18,354,430)
Special education	4,846,300	-	839,151	-	(4,007,149)	-	(4,007,149)
Other special instruction	697,517	-	118,009	-	(579,508)	-	(579,508)
Other instruction	1,681,418	-	310,844	-	(1,370,574)	-	(1,370,574)
Support services:							
Tuition	3,243,520	-	814,223	-	(2,429,297)	-	(2,429,297)
Student & instruction related services	7,302,929	577,357	1,303,934	-	(5,421,638)	-	(5,421,638)
School administrative services	2,476,198	-	425,115	-	(2,051,083)	-	(2,051,083)
General and business administrative services	3,052,298	-	591,946	-	(2,460,352)	-	(2,460,352)
Plant operations and maintenance	3,791,622	-	763,018	73,133	(2,955,471)	-	(2,955,471)
Pupil transportation	2,419,760	-	571,913	-	(1,847,847)	-	(1,847,847)
Interest on long-term liabilities	536,513	-	141,929	-	(394,584)	-	(394,584)
Total governmental activities	<u>53,460,745</u>	<u>648,307</u>	<u>10,867,372</u>	<u>73,133</u>	<u>(41,871,933)</u>	<u>-</u>	<u>(41,871,933)</u>
Business-Type activity:							
Food service	877,766	934,391	-	-	-	56,625	56,625
Total business-type activity	<u>877,766</u>	<u>934,391</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,625</u>	<u>56,625</u>
Total primary government	<u>\$ 54,338,511</u>	<u>\$ 1,582,698</u>	<u>\$ 10,867,372</u>	<u>\$ 73,133</u>	<u>(41,871,933)</u>	<u>56,625</u>	<u>(41,815,308)</u>
General revenues:							
Property taxes, levied for general purpose, net					40,669,610	-	40,669,610
Property taxes, levied for debt service					1,574,363	-	1,574,363
Private sources					109,141	-	109,141
Interest earned					252,260	2,283	254,543
Miscellaneous income					250,521	-	250,521
Total general revenues and special item					<u>42,855,895</u>	<u>2,283</u>	<u>42,858,178</u>
Change in net position					983,962	58,908	1,042,870
Net position, July 1					2,989,479	169,248	3,158,727
Net position, June 30					<u>\$ 3,973,441</u>	<u>\$ 228,156</u>	<u>\$ 4,201,597</u>

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

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

NEW PROVIDENCE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

EXHIBIT B-1

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 7,289,646	\$ -	\$ -	\$ -	\$ 7,289,646
Intergovernmental accounts receivable:					
Federal	-	512,416	-	-	512,416
State	606,850	-	-	-	606,850
Interfund receivable	999	-	-	-	999
Other receivable	19,782	-	-	-	19,782
Restricted assets:					
Cash and cash equivalents	303,204	76,158	21,051,973	-	21,431,335
Total assets	\$ 8,220,481	\$ 588,574	\$ 21,051,973	\$ -	\$ 29,861,028
LIABILITIES AND FUND BALANCES					
Liabilities:					
Payable to state government	\$ -	\$ 21,302	\$ -	\$ -	\$ 21,302
Accounts payable	550,676	81,398	118,174	-	750,248
Unearned revenue	15,940	150,915	-	-	166,855
Interfund payable	-	-	999	-	999
Payroll deductions and withholdings payable	252,481	-	-	-	252,481
Other liability for unemployment claims	374,709	-	-	-	374,709
Total liabilities	1,193,806	253,615	119,173	-	1,566,594
Fund Balances:					
Restricted for:					
Reserve for excess surplus - designated for subsequent year	2,436,696	-	-	-	2,436,696
Reserve for excess surplus	981,035	-	-	-	981,035
Capital reserve	303,204	-	-	-	303,204
Capital projects fund	-	-	15,972,904	-	15,972,904
Scholarships	-	155,120	-	-	155,120
Student activities	-	179,839	-	-	179,839
Assigned to:					
Year-end encumbrances	1,034,225	-	4,959,896	-	5,994,121
General fund					
Designated for subsequent year's expenditures	1,323,304	-	-	-	1,323,304
Unassigned fund balance	948,211	-	-	-	948,211
Total fund balances	7,026,675	334,959	20,932,800	-	28,294,434
Total liabilities and fund balances	\$ 8,220,481	\$ 588,574	\$ 21,051,973	\$ -	\$ 29,861,028

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

NEW PROVIDENCE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

EXHIBIT B-1

Reconciliation of the balance sheet to the statement of net position:

Total fund balances - governmental funds (from B-1) \$ 28,294,434

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

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$59,531,211, and the accumulated depreciation is \$36,952,285.

22,578,926

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

Deferred pension outflows

\$ 1,039,051

Deferred pension inflows

(1,311,370)

(272,319)

Additional accounts payable for pension contribution offset by deferred pension outflows.

(706,103)

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

Bonds payable

(37,431,000)

Compensated absences liability

(608,539)

Net pension liability

(7,881,958)

(45,921,497)

Net position of governmental activities

\$ 3,973,441

**NEW PROVIDENCE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

EXHIBIT B-2

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local tax levy	\$ 40,669,610	\$ -	\$ -	\$ 1,574,363	\$ 42,243,973
Tuition	70,950	-	-	-	70,950
Interest earned	123,261	-	128,999	-	252,260
Unrestricted miscellaneous revenue	250,521	-	-	-	250,521
State sources	13,307,506	118,369	-	542,150	13,968,025
Federal sources	-	1,243,646	-	-	1,243,646
Private sources	-	686,498	-	-	686,498
Total revenues	54,421,848	2,048,513	128,999	2,116,513	58,715,873
EXPENDITURES					
Current:					
Regular instruction	14,506,617	1,149,712	-	-	15,656,329
Special education instruction	3,172,116	-	-	-	3,172,116
Other special instruction	446,093	-	-	-	446,093
Other instruction	1,175,035	-	-	-	1,175,035
Support services and undistributed costs:					
Tuition	3,077,886	-	-	-	3,077,886
Student & instruction related services	4,402,980	756,243	-	-	5,159,223
School administrative services	1,606,997	-	-	-	1,606,997
Other administrative services	2,237,646	-	-	-	2,237,646
Operation and maintenance of plant services	2,884,320	-	-	-	2,884,320
Student transportation	2,161,917	-	-	-	2,161,917
Employee benefits	18,806,649	-	-	-	18,806,649
Capital outlay	237,227	73,133	1,387,199	-	1,697,559
Debt Service:					
Principal	-	-	-	1,580,000	1,580,000
Interest	-	-	-	536,513	536,513
Total expenditures	54,715,483	1,979,088	1,387,199	2,116,513	60,198,283
Excess (deficiency) of revenues over expenditures	(293,635)	69,425	(1,258,200)	-	(1,482,410)
OTHER FINANCING SOURCES (USES)					
Bond Proceeds	-	-	22,191,000	-	22,191,000
Total other financing sources (uses)	-	-	22,191,000	-	22,191,000
Net changes in fund balance	(293,635)	69,425	20,932,800	-	20,708,590
Fund balances, July 1	7,320,310	265,534	-	-	7,585,844
Fund balances, June 30	\$ 7,026,675	\$ 334,959	\$ 20,932,800	\$ -	\$ 28,294,434

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

**NEW PROVIDENCE SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
OF THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT B-3

Total net change in fund balances - governmental funds (from B-2) \$ 20,708,590

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.

Depreciation expense	\$ (2,022,205)	(324,646)
Capital outlays	<u>1,697,559</u>	

Repayment of bond principal and financed purchases are 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.

Repayment of bond principal	1,580,000	
Payment of financed purchases	<u>28,839</u>	1,608,839

Proceeds from debt issues are a financing source in governmental funds. They are not revenues in the statement of activities, issuing debt increases long-term liabilities in the statement of net assets.

Bond Proceeds		(22,191,000)
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In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) and pension liabilities 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 (+).

Change in compensated absences	(54,719)	
Additional PERS pension expense recognized	1,236,898	
Additional on-behalf TPAF pension expense	4,619,710	
Additional on-behalf TPAF pension contribution	(4,619,710)	
Additional on-behalf OPEB expense	(348,544)	
Additional on-behalf OPEB contribution	<u>348,544</u>	<u>1,182,179</u>

Change in net position of governmental activities		<u><u>\$ 983,962</u></u>
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PROPRIETARY FUND

NEW PROVIDENCE SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

EXHIBIT B-4

	Business-Type Activity - <u>Enterprise Fund</u> <u>Food Service</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 178,200
Other receivable	161
Inventory	10,051
Total current assets	<u>188,412</u>
Noncurrent assets:	
Furniture, machinery and equipment	383,891
Less: accumulated depreciation	<u>(293,356)</u>
Total noncurrent assets	<u>90,535</u>
Total assets	<u>278,947</u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>50,791</u>
NET POSITION	
Net investment in capital assets	90,535
Unrestricted	<u>137,621</u>
Total net position	<u>\$ 228,156</u>

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

**NEW PROVIDENCE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT B-5

	Business-Type Activity - <u>Enterprise Fund</u> <u>Food Service</u>
OPERATING REVENUES	
Charges for services:	
Daily sales - non-reimbursable programs	\$ 927,960
Other	6,431
Total operating revenues	<u>934,391</u>
OPERATING EXPENSES	
Cost of sales - non-reimbursable programs	403,056
Salaries	300,591
Employee benefits	120,818
Miscellaneous	30,898
Depreciation expense	22,403
Total operating expenses	<u>877,766</u>
Operating income	<u>56,625</u>
NONOPERATING REVENUES	
Interest on investments	<u>2,283</u>
Change in net position	58,908
Total net position, July 1	169,248
Total net position, June 30	<u>\$ 228,156</u>

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

**NEW PROVIDENCE SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT B-6

	<u>Business-Type Activity - Enterprise Fund Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 931,286
Other receipts	6,431
Payments to employees	(300,591)
Payments for suppliers	(557,187)
Net cash provided by operating activities	<u>79,939</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Expenditures - payment for equipment	<u>(21,765)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>2,283</u>
Net increase in cash and cash equivalents	60,457
Balance, July 1	117,743
Balance, June 30	<u>\$ 178,200</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 56,625
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation	22,403
Decrease in other accounts receivable	3,326
(Increase) in inventory	(2,533)
Increase in accounts payable	118
Total adjustments	<u>23,314</u>
Net cash provided by operating activities	<u>\$ 79,939</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of New Providence School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

A. Reporting Entity:

The reporting entity is composed of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has oversight, responsibility and control over all activities related to the New Providence School District, in New Providence, New Jersey. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The New Providence School District is a Type II district located in the County of Union, State of New Jersey. As a Type II district, the School district functions independently through a Board of Education. The Board is comprised of seven members elected to three-year terms. The purpose of the District is to educate students in grades K-12. The New Providence School District had an enrollment at June 30, 2023 of 2,386 students.

Component units are legally separate organizations for which the District is financially accountable. Based on the foregoing criteria, the District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of GASB Codification of Governmental Accounting and Financial Reporting Standards. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. Basic Financial Statements - Government-wide Statements:

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers, students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the proprietary fund are reported as separate columns in the fund financial statements. The New Jersey Department of Education requires that all funds be reported as major to promote consistency among school districts in the State of New Jersey.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basic Financial Statements - Fund Financial Statements:

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to financed purchases and compensated absences are recorded only when payment is due.

Property taxes, interest, and state equalization monies associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenues are considered to be measurable and available only when the District receives cash.

The District has reported the following major funds:

GOVERNMENTAL FUNDS

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government (other than Major Capital Projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes, other than capital projects.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities or other capital 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.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basic Financial Statements - Fund Financial Statements (Continued):

PROPRIETARY FUND

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

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

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

The Proprietary Fund is accounted for on a cost of services or "economic resource" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their statements of net position. Their reported net position (net total assets) are segregated into net investment in capital asset or unrestricted. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Depreciation of all exhaustive capital assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary Funds balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Food Service Fund:

Equipment	10 Years
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The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The District considers all governmental and business type funds to be major.

D. Measurement Focus and Basis of Accounting:

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements, however, interfund services provided and used are not eliminated in the process of consolidation.

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

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued):

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District enterprise funds are charges for sales of food, tuition, and program fees. Operating expenses for enterprise funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports unearned revenue on its balance sheets and statements of net position. Unearned revenue arises when resources are received by the District before revenue recognition criteria are met, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met, the liability for unearned revenue is removed from the balance sheet and statement of net position and revenue is recognized.

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

The County Board of Taxation is responsible for the assessment of properties and the Borough Tax Collector is responsible for collection of taxes. Assessments are certified and taxes are levied on January 1; taxes are due February 1, May 1, August 1, and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

All proprietary funds and trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

E. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County Office of the Commissioner of Education for approval. Budgets, except for the special revenue fund which is prepared using a non-budgetary basis, 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 units are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23. The District must approve all budget amendments. The District did make transfers during the year which are identified on exhibits C-1 and C-2. Some of the transfers made were in significant amounts, but all were in the normal course of operations and properly approved. Budgetary transfers were made during the current year in accordance with statutory guidelines.

Effective December 2004, line-item transfers to an advertised appropriation account identified as either general administration, school administration, central services, and administrative information technology or other support services that, on a cumulative basis, exceed 10% of the amount included in the original budget require county superintendent approval.

Pursuant to N.J.S.A. 18A:22-8 and N.J.A.C. 6A:23A-2.3 appropriation of surplus or other unbudgeted or under-budgeted revenue is allowed only between April 1 and June 30 and requires Regional Assistant Commissioner Approval. Six revenue categories identified under N.J.A.C. 6A:23A-2.3(c) are excluded from this requirement.

Prior to April 1, a school board may petition the Commissioner for appropriation of surplus or other unbudgeted or under-budgeted revenue (Except for those exempted under N.J.A.C. 6A:23A-2.3(c) an "emergent circumstance." Such petition must be submitted by a two-thirds affirmative vote of the authorized membership of the Board and include the items listed and demonstrate the need pursuant to N.J.A.C. 6A:23A-2.3(b).

**NEW PROVIDENCE SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets/Budgetary Control (Continued):

Due to the inclusion of the non-budgeted on-behalf payment made by the State of New Jersey as District expenditures, the District shows an over-expenditure in the General Fund. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures. Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States with the exception of the legally mandated revenue recognition of the last two state aid payments for budgetary purposes only and the accounting for 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. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The following presents a reconciliation of the Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

	<u>2022 - 2023</u>
Total Revenues (Budgetary Basis)	\$ 2,100,653
Adjustments:	
Add: Prior Year Encumbrances	98,775
Less: Current Year Encumbrances	<u>(150,915)</u>
Total Revenues (GAAP Basis)	<u>\$ 2,048,513</u>
Total Expenditures (Budgetary Basis)	\$ 2,031,228
Adjustments:	
Add: Prior Year Encumbrances	98,775
Less: Current Year Encumbrances	<u>(150,915)</u>
Total Expenditures (GAAP Basis)	<u>\$ 1,979,088</u>

F. Encumbrances:

Under encumbrance accounting, purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in Governmental Funds, other than the Special Revenue Fund, are reported as committed 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 revenues at fiscal year end.

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

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Cash, Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, cash in banks, and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" and Statement No. 72, "Fair Value Measurement and Application." The District 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 and are stated at cost. All other investments are stated at fair value.

H. Interfund Receivables/Payables:

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.

I. Payables:

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

Payroll deductions and withholdings payable - Funds held for payroll deductions and withholdings payable do not meet the definition of a fiduciary activity prescribed in GASB Statement No. 84, *Fiduciary Activities* and are therefore reported in the general fund. Any unremitted balances at year-end are reported as a liability.

J. Inventories:

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

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

K. Restricted Assets:

Restricted assets include cash for capital reserve, unemployment compensation insurance, workmen's compensation self-insurance, grant programs, private scholarships, student activities, and capital projects.

L. Capital Assets:

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. The District considers all property, plant, and equipment with a cost over \$2,000 to be a capital asset.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Capital Assets (continued):

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2002.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	50 years
Improvements	20 years
Machinery and Equipment	5 - 20 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the Government-wide statements. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

M. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned.

N. Funds Held for Unemployment Claims:

Funds held for unemployment claims do not meet the definition of a fiduciary activity prescribed in GASB Statement No. 84, *Fiduciary Activities* and are therefore reported in the general fund. As these funds are restricted pursuant to *N.J.S.A. 43:21-7.3(g)* any employee contributions held for unemployment claims are classified as an other liability and any employer contributions held for unemployment claims are classified as restricted fund balance. Funds used for the payment for claims will reduce the outstanding liability before use of the restricted fund balance.

O. Leases and Financed Purchases:

At the commencement of a lease, the District determines based on the criteria dictated in GASB Statement No. 87 – Leases, if the lease is a financed purchase or a right to use lease liability. Then the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease liabilities are reported with the long-term obligations on the statement of net position.

A finance purchased asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The asset is depreciated on a straight-line basis over the life of the lease which is considered the asset's useful life. The asset is reported with the District capital assets.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB Statement No. 16 (GASB 16), "Accounting for Compensated Absences".

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 government-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.

The liability for these compensated absences is recorded as liabilities in the governmental activities in the government-wide financial statements amounted to \$608,539, at June 30, 2023, representing the District's commitment to fund such cost for future operations. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources only to the amount actually due at year end as a result of employee resignations and retirements. The general fund typically has been used in prior years to liquidate the liability for compensated absences.

Q. Long-Term Obligations:

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be paid from governmental and business-type resources are reported as liabilities in the Government-wide statement. The long-term debt consists primarily of financed purchased, accrued compensated absences and serial general obligation bonds.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

R. Pensions

In the government-wide financial statements, 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 retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

The general fund typically has been used in prior years to liquidate the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report separate sections for deferred outflows and/or inflows of resources. These separate financial statement elements, deferred outflows and/or inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) and/or outflow of resources (revenue) until then. The District has one item that qualifies for reporting in this category which is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the government-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

T. Equity Classifications:

Government-wide Statements

Equity is classified as net position and displayed in three components:

Net Investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that do not meet the definition of “restricted” or “net invested in capital assets.”

Governmental Fund Statements

Governmental fund equity is classified as fund balance. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (“GASB 54”) established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balance is further categorized as restricted, committed, assigned, or unassigned fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

Restricted Fund Balance - Amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Excess Surplus - This reserve was created to represent the June 30, 2023 audited excess surplus that is required to be appropriated in the 2024-2025 original budget certified for taxes.

Excess Surplus – Prior Year - Designated for Subsequent Year's Budget - This reserve was created to represent the June 30, 2022 audited excess surplus that will be appropriated in the 2023-2024 original budget certified for taxes.

Capital Reserve – This restriction was created by the District to fund future capital expenditures. Designation of fund balance represent tentative management plans that are subject to change.

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects fund.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Equity Classifications (Continued):

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

Scholarships – Represents fund balance restricted specifically for scholarships fully funded by private contributions solely for such purpose.

Student Activities – Represents fund balance restricted specifically for student activities funded by fees and dues collected solely for such purposes.

Committed Fund Balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Assigned Fund Balance – This designation is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent is expressed by either the Superintendent or Business Administrator.

Year-End Encumbrances - Represents encumbrances outstanding at the end of the year based on purchase orders and contracts awarded for which the goods or services have not yet been received at June 30.

Designated for Subsequent Year's Expenditures – This designation is was created to dedicate the portion of fund balance appropriated in the 2023-2024 original budget certified for taxes.

Unassigned Fund Balance - All other fund balance that did not meet the definition of restricted, committed, or assigned.

Fund Balance Policies

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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 committed. The Board of Education has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. Operating and Nonoperating Revenue:

Operating revenues for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue not related to capital and related financing, noncapital financing, or investing activities. Nonoperating revenues include reimbursements by the State for school breakfast, lunch, and food distribution programs.

V. Expenditures/Expenses:

In the Government-wide financial statements, expenses are classified by function for both governmental and business-type activity.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character:	Current (further classified by function)
	Capital Outlay

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. The proprietary fund reports expenses relating to use of economic resources.

W. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security contributions and pension benefits for members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been increased \$10,237,084 to adjust to the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

X. Use of Estimates:

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory, and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Y. GASB Pronouncements

Recently Adopted Accounting Pronouncements

Effective for the fiscal year ended June 30, 2023, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. The objective of Statement No. 96 is to provide the capitalization criteria for outlays other than subscription payments including implementation costs of a SBITA and the required note disclosures. The District adopted GASB Statement No. 96 effective July 1, 2022, however, management determined that there were no material SBITA that required capitalization for the year ended June 30, 2023.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements to be implemented in future years

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

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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

NOTE 2. DEPOSITS AND INVESTMENTS

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey School Districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under Federal Deposit Insurance Corporation (“FDIC”), Securities Investor Protection Corporation (“SIPC”) or 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.

Deposits

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

GASB Statement No. 40 requires that the District disclose whether its deposits are exposed to custodial credit risk (risk that in the event of failure of the counterparty, the District would not be able to recover the value of its deposit or investment). Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

- a) Uncollateralized.
- b) Collateralized with securities held by the pledging financial institution.
- c) Collateralized with securities held by the pledging financial institution’s trust department or agent but not in the District’s name.

The District does not have a policy for management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. As of June 30, 2023, the book value of the District’s deposits was \$28,899,181 and bank balances of the District’s cash and deposits amounted to \$30,028,057.

**NEW PROVIDENCE SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

As of June 30, 2023, the District’s deposits which are displayed on the balance sheets and statements of net position as “cash and cash equivalents” are summarized as follows:

Insured - FDIC	\$ 250,000
Insured - GUDPA	7,713,456
NJ Asset & Rebate Management Program	<u>20,935,725</u>
	<u>\$ 28,899,181</u>
Reconciliation to Government-wide Statement of Net Position:	
Unrestricted Cash	\$ 7,467,846
Restricted Cash	<u>21,431,335</u>
	<u>\$ 28,899,181</u>

Investments

The District is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, 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, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

The NJ Asset & Rebate Management Program (NJARM) is a financial services organization created and run exclusively for New Jersey municipalities, schools, and other local and regional governmental type entities. The Program was designed to help achieve excellence in the governmental unit’s investment program. Created as a joint investment under the Interlocal Services Act, NJARM provides participates with investment and arbitrage rebate compliance services for both bond proceeds and general operating funds. The program is a means for local governments in the State to invest collectively the proceeds of taxable and tax-exempt borrowings and other funds on hand. As of June 30, 2023 the District has a balance of \$20,935,725 in the NJARM Program.

NOTE 3. DEPOSIT AND INVESTMENT RISK

Credit Risk – The District does not have an investment policy regarding the management of credit risk. GASB Statement No. 40 requires that the District disclose the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The District is exempt from this requirement because it does not hold any debt securities.

Concentration of Credit Risk – State law limits as noted above (NJ.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices. The District places no formal limits on the amount they may invest in any one issue.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the District’s name, and are held by either:

- a. The counterparty or
- b. The counterparty’s trust department or agent but not in the District’s name

The District does not have a policy for custodial credit risk other than to maintain safekeeping account for the securities at a financial institution.

**NEW PROVIDENCE SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3. DEPOSIT AND INVESTMENT RISK (Continued)

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

Foreign currency risk is the risk that changes in exchange rates will adversely affect investments. The District does not have investments denominated in foreign currency.

At June 30, 2023 the District’s investments were not exposed to custodial credit risk, interest rate risk or foreign currency risk.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the New Providence Board of Education from the proceeds of a building sale 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 committed 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. A district may also appropriate additional amounts when the approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-5.1(d) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Balance, July 1, 2022	\$ 240,478
Deposits:	
Interest earnings	2,726
Approved by Board Resolution	60,000
Total Deposits	<u>62,726</u>
Balance, June 30, 2023	<u>\$ 303,204</u>

NOTE 5. RECEIVABLES FROM OTHER GOVERNMENTS

Receivables from other governments as reported on the general fund balance sheet amounting to \$606,850 are comprised of entirely from state sources.

Receivables from other governments as reported on the special revenue fund balance sheet amounting to \$512,416 are comprised of entirely from federal sources.

NOTE 6. CAPITAL ASSETS AND DEPRECIATION

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 6. CAPITAL ASSETS AND DEPRECIATION (Continued)

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; improvements, 20 years; equipment, 5 to 20 years.

The following is a summarization of the governmental activities in capital assets for the year fiscal year ended June 30, 2023:

	Balance at July 1, 2022	Additions	Disposals	Balance at June 30, 2023
Governmental Activities:				
Non-Depreciable:				
Land	\$ 1,306,892	\$ -	\$ -	\$ 1,306,892
Total Non-Depreciable	<u>1,306,892</u>	<u>-</u>	<u>-</u>	<u>1,306,892</u>
Depreciable:				
Buildings and Improvements	50,879,340	-	-	50,879,340
Furniture and Equipment	6,193,630	1,697,559	(546,210)	7,344,979
Total at Historical Cost	<u>57,072,970</u>	<u>1,697,559</u>	<u>(546,210)</u>	<u>58,224,319</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	(30,781,363)	(1,668,984)	-	(32,450,347)
Furniture and Equipment	(4,694,927)	(353,221)	546,210	(4,501,938)
Total Accumulated Depreciation	<u>(35,476,290)</u>	<u>(2,022,205)</u>	<u>546,210</u>	<u>(36,952,285)</u>
Depreciable Capital Assets, Net	<u>21,596,680</u>	<u>(324,646)</u>	<u>-</u>	<u>21,272,034</u>
Governmental Activities Capital Assets, Net	<u>\$ 22,903,572</u>	<u>\$ (324,646)</u>	<u>\$ -</u>	<u>\$ 22,578,926</u>

* Depreciation expense was charged to Governmental Activities for the year fiscal year ended June 30, 2023 as follows:

Instruction:	
Regular	\$ 842,532
Special Education	170,705
Other Special Education	24,006
Other Instruction	63,234
Total Instruction	<u>1,100,477</u>
Support Services:	
Tuition	165,634
Student & Instruction Related Services	277,639
School Administrative Services	86,479
General & Business Administrative Services	120,417
Operation & Maintenance of Plant	155,217
Pupil Transportation	116,342
Total Support Services	<u>921,728</u>
Total Depreciation Expense	<u>\$ 2,022,205</u>

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 6. CAPITAL ASSETS AND DEPRECIATION (Continued)

Capital asset activity for business-type activity for the year ended June 30, 2023, was as follows:

	Balance at July 1, 2022	Additions	Disposals	Balance at June 30, 2023
Business-Type Activity				
Depreciable				
Machinery & Equipment	\$ 362,125	\$ 21,765	\$ -	\$ 383,890
Total at Historical Cost	362,125	21,765	-	383,890
Less: Accumulated Depreciation:				
Machinery & Equipment	(270,952)	(22,403)	-	(293,355)
Total Accumulated Depreciation	(270,952)	(22,403)	-	(293,355)
Business-Type Activity Capital				
Assets, Net	\$ 91,173	\$ (638)	\$ -	\$ 90,535

NOTE 7. LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended June 30, 2023, the following changes occurred in governmental activities long-term liabilities:

	Balance June 30, 2022	Additions	Deductions	Balance June 30, 2023	Amounts Due Within One Year	Long-Term Portion
Governmental Activities:						
Bonds Payable	\$ 16,820,000	\$ 22,191,000	\$ (1,580,000)	\$ 37,431,000	\$ 1,610,000	\$ 35,821,000
Financed Purchases	28,839	-	(28,839)	-	-	-
Compensated Absences	553,820	163,772	(109,053)	608,539	-	608,539
sub-total	17,402,659	22,354,772	(1,717,892)	38,039,539	1,610,000	36,429,539
Net Pension Liability	5,880,075	2,001,883	-	7,881,958	-	7,881,958
Total Governmental Activities						
Long-Term Liabilities	\$ 23,282,734	\$ 24,356,655	\$ (1,717,892)	\$ 45,921,497	\$ 1,610,000	\$ 44,311,497

Financed purchases, compensated absences, and net pension liability are expected to be paid from budgetary appropriations in the general fund. Bonds payable is expected to be paid from budgetary appropriations in the debt service fund.

Bonds Payable

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

On September 17, 2014, the Board issued \$7,615,000 of Refunding School Bonds, Series 2014. The proceeds from the sale of the Bonds were used to advance refund a portion of the outstanding callable principal amount of the originally issued \$3,240,000 School Bonds, Series 2006 2nd, that mature on August 15, 2018 through and including August 15, 2025, in the total amount of \$1,730,000 at a redemption price of 100%.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 7. LONG-TERM LIABILITIES (Continued)

Bonds Payable (Continued)

The Series 2014 Bonds are not subject to redemption prior to maturity. Principal on the 2014 Bonds will be payable annually on August 15th of each year, commencing August 15, 2015. Interest will be payable semi-annually on February 15th and August 15th each year until maturity.

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

Year Ending June 30,	Refunding School Bonds Series 2014	
	Principal	Interest
2024	\$ 935,000	\$ 78,625
2025	920,000	50,800
2026	925,000	18,500
	<u>\$ 2,780,000</u>	<u>\$ 147,925</u>

The Series 2017 Bonds maturing on and after August 15, 2028 are redeemable at the option of the Board of Education in whole or in part on any date on or after August 15, 2027 upon notice as required, at par, plus in each case unpaid accrued interest to the date fixed for redemption, if any. Principal on the 2017 Bonds will be payable annually on August 15th of each year, commencing August 15, 2017. Interest will be payable semi-annually on February 15th and August 15th each year until maturity.

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

Year Ending June 30,	School Bonds Series 2017	
	Principal	Interest
2024	\$ 675,000	\$ 403,731
2025	760,000	380,412
2026	800,000	355,062
2027	825,000	328,656
2028	850,000	301,438
2029	875,000	273,407
2030	900,000	244,563
2031	925,000	214,907
2032	975,000	184,032
2033	975,000	151,735
2034	975,000	118,828
2035	975,000	85,313
2036	975,000	51,187
2037	975,000	17,063
	<u>\$ 12,460,000</u>	<u>\$ 3,110,334</u>

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 7. LONG-TERM LIABILITIES (Continued)

Bonds Payable (Continued)

On May 10, 2023 the Board issued \$22,191,000 of School Bonds, Series 2023. The purpose of the Bonds is to provide funds to undertake renovations, alterations and improvements to the Salt Brook Elementary School, the Allen W. Roberts Elementary School and the New Providence Middle/High school, including, for all the foregoing, acquisition and installation of furnishing and equipment and the site work. The proceeds of the Bonds will be used to finance the project and pay the costs of issuance associated with the issuance of the Bonds.

The Bonds of this issue maturing prior to August 15, 2037 are not subject to redemption prior to maturity. The Bonds of this issue maturing on and after August 15, 2037 are redeemable at the option of the Board, in whole or in part, on any date on or after August 15, 2036 upon notice as required at a price of 100% of the Bonds to be redeemed, plus in each case unpaid accrued interest to the date fixed for redemption, if any. The first payment of the bonds is not due until August 15, 2024. Principal on the 2023 Bonds will be payable annually on August 15th of each year. Interest will be payable semi-annually on February 15th and August 15th each year until maturity.

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

Year Ending June 30,	School Bonds Series 2023	
	Principal	Interest
2024	\$ -	\$ -
2025	700,000	1,274,324
2026	700,000	705,420
2027	1,061,000	687,810
2028	1,070,000	666,500
2029	1,080,000	639,600
2030	1,090,000	607,050
2031	1,100,000	574,200
2032	1,120,000	540,900
2033	1,140,000	507,000
2034	1,160,000	472,500
2035	1,180,000	437,400
2036	1,190,000	401,850
2037	1,200,000	360,000
2038	1,400,000	308,000
2039	1,400,000	252,000
2040	1,400,000	196,000
2041	1,400,000	140,000
2042	1,400,000	84,000
2043	1,400,000	28,000
	<u>\$ 22,191,000</u>	<u>\$ 8,882,554</u>

**NEW PROVIDENCE SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Description of Plans and Benefits Provided

Substantially all required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be accessed via the New Jersey Division of Pension and Benefits website at www.state.nj.us/treasury/pensions.

Public Employees' Retirement System (PERS) - established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability, and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

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

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provision. 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 PERS and TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each service credit available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 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 their respective tier. With PERS, 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.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Description of Plans and Benefits Provided (Continued)

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those District employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) - established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain District employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increase were suspended for all current and future retirees of all retirement systems.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits ("Division"), issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Plan Amendments

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Measurement Focus and Basis of Accounting (Continued)

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential Retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income are recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at www.state.nj.us/treasury/doinvest.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2022 is \$15.2 billion and the plan fiduciary net position as a percentage of the total pension liability is 62.91%. The collective net pension liability of the State funded TPAF at June 30, 2022 is \$51.7 billion and the plan fiduciary net position as a percentage of total pension liability is 32.29%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2021 which were rolled forward to June 30, 2022.

Actuarial Methods and Assumptions

In the July 1, 2021 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contribution by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2023.

Employers' contribution amounts for PERS are based on an actuarially determined rate. The annual employer contributions for PERS include funding for basic retirement allowances, cost-of-living adjustments, and noncontributory death benefits. Under current Statute, the District is a non-contributing employer of the TPAF.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Annual Pension Costs (APC)

For the fiscal year ended June 30, 2023 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF non-employer contributions are made annually by the State of New Jersey to the pension system on behalf of the District. PERS employer contributions are made annually by the District to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2023, 2022 and 2021 the District paid the required contributions to PERS of \$658,623, \$581,290 and \$546,644, respectively.

During the years ended June 30, 2023, 2022 and 2021 the District paid the required contributions to DCRP of \$8,075, \$6,364 and \$5,079, respectively.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, Omnibus 2017 (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the government-wide financial statements (accrual basis) as an expense.

In accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$1,453,675 during the year ended June 30, 2023, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been recognized in the Government-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pension* (GASB No. 68) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – an amendment of GASB No. 68* require participating employers in pension plans to recognize their proportionate share of their collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2021. Employer allocation percentages have been rounded for presentation purposes.

Following this method, the measurement of the collective pension expense excluding that attributable to employer paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2022 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2022.

At June 30, 2023 the District reported in the statement of net position (accrual basis) a liability of \$7,881,958 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 entities, actuarially determined. At June 30, 2022, the District's PERS proportion was 0.0524% which was an increase of 0.0028% from its proportion measured as of June 30, 2021.

**NEW PROVIDENCE SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2023, the District recognized in the Government-wide statement of activities (accrual basis) pension expense of (\$578,275). for PERS. The pension contribution made by the District during the current 2022-2023 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2023 with a measurement date of the prior fiscal year end of June 30, 2022. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2023 for contributions made subsequent to the current fiscal year end. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and accrual experience	\$ 6,721	\$ -
Changes in assumptions	-	1,155,820
Net differences between projected and actual investment earnings on pension plan investments	326,227	
Changes in proportion	-	155,550
District contributions subsequent to measurement date	-	
	<u>706,103</u>	<u>-</u>
Total	<u>\$ 1,039,051</u>	<u>\$ 1,311,370</u>

\$706,103 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2024	\$ (223,749)
2025	(113,992)
2026	(55,592)
2027	121,281
2028	(266)
	<u>\$ (272,319)</u>

The PERS pension liability and deferred inflows of resources related to pensions are expected to be paid from budgetary appropriations in the general fund.

**NEW PROVIDENCE SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	2.75 – 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 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Long-Term Expected Rate of Return (continued)

Best estimates of arithmetic real rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2022 are summarized in the following table:

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

Discount Rate

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

Sensitivity of the 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 net pension liability as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of PERS net pension liability	\$ 10,126,007	\$ 7,881,958	\$ 5,972,182

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2022. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Pension Plan fiduciary net position

Detailed information about the PERS pension plans' fiduciary net position are available in the separately issued financial reports. These reports may be accessed via the New Jersey Division of Pension and Benefits website at www.state.nj.us/treasury/pensions.

Payable to the pension plan

At June 30, 2023 the District reported accounts payable to the PERS of \$706,103 for the required actuarially determined contribution to PERS for the year ended June 30, 2023.

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

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2022. Employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. 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. For the fiscal year ended June 30, 2022, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under GASB No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

At June 30, 2023 the State's net pension liability for TPAF associated with the District was \$86,836,333. The non-employer allocation percentages are based on the ratio of the State's contributions made as an employer and non-employer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2022. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. At June 30, 2022 the State's proportionate share of the TPAF net pension liability associated with the District was 0.1683%, which was an increase of 0.0011% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023 the District recognized in the Government-wide statement of activities (accrual basis) pension expense of \$4,619,710 for TPAF. This amount has been included in the government-wide statement of activities (accrual basis) as a revenue and an expense in accordance with GASB No. 85.

**NEW PROVIDENCE SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

TPAF Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	2.75 – 5.65%
	Based on years of service
Investment rate of return	7.00%

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

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

Long-Term Expected Rate of Return

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

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

TPAF Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Long-Term Expected Rate of Return (continued)

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

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

Discount Rate

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

Sensitivity of the State's proportionate share of the District's net pension liability to changes in the discount rate.

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

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
States proportionate share of the TPAF net pension liability	\$ 101,817,446	\$ 86,836,333	\$ 74,216,628

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2022. A sensitivity analysis specific to State's proportionate share of the net pension liability attributable to the District was not provided by the pension system.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Pension Plan fiduciary net position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

NOTE 9. POST-RETIREMENT MEDICAL BENEFITS

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the State Health Benefit Local Education Retired Employees Plan (Local Education Retired Plan) covering certain local school district employees, including those District employees and retirees eligible for coverage.

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired Other Post-Employment Benefits Plan) is a multiple-employer defined benefit other post-employment benefits (OPEB) plan with a special funding situation. The Local Education Retired OPEB Plan 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. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, 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: TPAF, PERS, PFRS, or ABP

Pursuant to P.L.2011, c.78, future retirees eligible for postemployment medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. The State, as a nonemployer contributing entity, reported a Fiscal Year 2022 total OPEB liability of \$60,007,650,970 for this special funding situation.

Measurement Focus and Basis of Accounting

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division's Annual Comprehensive Financial Report (ACFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

The financial statements of the post-retirement health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using economic resources measurement focus.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 9. POST-RETIREMENT MEDICAL BENEFITS (Continued)

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2022 is \$50.6 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2021 which were rolled forward to June 30, 2022.

Actuarial Methods and Assumptions

In the June 30, 2021 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.9 billion to the OPEB plan in fiscal year 2022.

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2023, 2022, and 2021 were \$1,826,691, \$1,641,632 and \$1,552,523, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85.

GASB Statement No. 75 requires participating employers in the State Health Benefits Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows or resources, collective deferred inflows of resources and collective OPEB expense excluding the attributable to retiree-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2021. Non-employer allocation percentages have been rounded for presentation purposes.

**NEW PROVIDENCE SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 9. POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability, attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2023, the District recognized in the Government-wide statement of activities (accrual basis) OPEB expense of \$2,175,235. This amount has been included in the District's Government-wide statement of activities (accrual basis) as a revenue and expenditure in accordance with GASB No. 85.

At June 30, 2023 the State's proportionate share of the OPEB liability attributable to the District is \$67,646,452. The non-employer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2022 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2022. At June 30, 2022, the State's share of the OPEB liability attributable to the District was 0.1336% which was a decrease of 0.0046% from its proportion measured as of June 30, 2021 of 0.1382%.

Actuarial Assumptions

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

	TPAF/ABP	PERS
Salary Increases:	2.75 – 4.25% based on service years	2.75 – 6.55% based on service years

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

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 9. POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Discount Rate

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

Change in the Total OPEB Liability

The change in the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2023 (measurement date June 30, 2022) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2021 measurement date	\$ 82,909,177
Changes reconized for the fiscal year:	
Service cost	4,053,561
Interest on the total OPEB liability	1,792,706
Difference between expected and actual experience	(1,243,462)
Changes in assumptions	(18,146,768)
Gross benefit payments	(1,775,728)
Contributions from the member	56,966
Net changes	<u>(15,262,725)</u>
Balance, June 30, 2022 measurement date	<u>\$ 67,646,452</u>

The change in the total OPEB liability was based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2022. A change in the total OPEB liability specific to the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2022 was not provided by the pension system.

Sensitivity of OPEB Liability to Changes in the Discount Rate

The following presents the State’s proportionate share of the OPEB liability attributable to the District as of June 30, 2022, calculated using the discount rate 3.54%, as well as the State’s proportionate share of the OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	<u>At 1% Decrease (2.54%)</u>	<u>At Current Discount Rate (3.54%)</u>	<u>At 1% Increase (4.54%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 79,511,289	\$ 67,646,452	\$ 58,137,379

**NEW PROVIDENCE SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 9. POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of total OPEB liability to changes in the healthcare cost trend rates

The following presents the State’s proportionate share of the OPEB liability attributable to the District as of June 30, 2023, calculated using the previously disclosed healthcare trend rate as well as what the total non-employer OPEB liability attributable to the District would be if it was calculated using a healthcare trend rate that is 1% point lower or 1% point higher than the current rate:

	<u>1 % Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 55,913,927	\$ 67,646,452	\$ 83,057,836

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2022. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2022 were not provided by the pension system.

NOTE 10. DEFERRED COMPENSATION

The District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457(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:

- Lincoln Investment
- AIG Retirement
- The Legend Group
- Fidelity Investments
- MetLife

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet of the governmental fund financials statement at June 30, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Governmental Activities:		
General	\$ 999	\$ -
Capital Projects	-	999
Total	<u>\$ 999</u>	<u>\$ 999</u>

The above balances are the results of revenues earned in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund. The District expects to liquidate all interfund balances within one year.

**NEW PROVIDENCE SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 12. CONTINGENT LIABILITIES

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2023, significant amounts of grant expenditures have not been audited by the various grantor agencies but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the District's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

NOTE 13. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The District did not significantly reduce insurance coverage during fiscal year 2023. Insurance claims have not exceeded coverage in any of the past three fiscal years.

A. Property and Liability Insurance:

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

B. 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, reimbursements to the State for benefits paid and the ending balance of funds held for the current and the previous two years:

<u>Year Ending</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Claims Incurred</u>	<u>Interest Earned</u>	<u>Ending Balance</u>
June 30, 2023	\$ -	\$ 46,408	\$ 25,588	\$ 3,945	\$ 374,709
June 30, 2022	-	52,546	-	496	349,944
June 30, 2021	-	62,593	12,340	496	296,902

All of the District's funds held for unemployment claims are comprised of employee contributions and classified as an other liability.

NOTE 14. INVENTORY

Inventory in the food service fund at June 30, 2023 consisted of the following:

Food and Supplies	<u>\$ 10,051</u>
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**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 15. FUND BALANCE APPROPRIATED

Governmental Funds' Statements:

General Fund - Of the \$7,026,675 General Fund fund balance at June 30, 2023, \$3,417,731 is restricted as reserved excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$2,436,696 of the total restricted excess has been appropriated and included as anticipated revenue for the year ended June 30 2024); \$303,204 has been restricted in the Capital Reserve account; \$2,357,529 is assigned (\$1,034,225 of the total is assigned to year-end encumbrances and \$1,323,304 is appropriated and included as anticipated revenue for the year ending June 30, 2024); and \$948,211 is unassigned.

Special Revenue Fund – Of the \$334,959 Special Revenue Fund fund balance at June 30, 2023, \$155,120 is restricted for scholarships; \$179,839 is restricted for student activities.

Capital Projects Fund – Of the \$20,932,800 Capital Projects fund balance at June 30, 2023, \$4,959,896 is assigned to year-end encumbrances and \$15,972,904 is restricted for capital projects.

The total Governmental Funds fund balance is \$28,294,434.

Government-wide Statements:

The following is a summary of adjustments made to the fund statements to arrive at the total net position per the Government-wide Statement of Net Position:

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
Fund Balance/Net Position	\$ 28,294,434	\$ 228,156	\$ 28,522,590
Add: Capital Assets, Net of Accumulated Depreciation	22,578,926	-	22,578,926
Deferred Outflows of Resources	1,039,051	-	1,039,051
Less: Accounts Payable for Pension	(706,103)	-	(706,103)
Long-Term Liabilities	(45,921,497)	-	(45,921,497)
Deferred Inflows of Resources	<u>(1,311,370)</u>	<u>-</u>	<u>(1,311,370)</u>
Total Net Position	<u>\$ 3,973,441</u>	<u>\$ 228,156</u>	<u>\$ 4,201,597</u>

NOTE 16. CALCULATION OF EXCESS SURPLUS

The designation of Restricted Fund Balance – Reserve for excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey School Districts are required to reserve General fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The reserve for excess surplus for the year ended June 30, 2023 is \$981,035. This amount is reserved for tax relief in the 2024 school year.

NOTE 17. SUBSEQUENT EVENTS:

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2023 through November 28, 2023, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items were noted for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

BUDGETARY COMPARISON SCHEDULES

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

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
REVENUES					
Local sources:					
Local tax levy	\$ 40,669,610	\$ -	\$ 40,669,610	\$ 40,669,610	\$ -
Tuition	66,000	-	66,000	70,950	4,950
Interest earned	20,240	-	20,240	123,261	103,021
Unrestricted miscellaneous revenue	131,000	-	131,000	250,521	119,521
Total - local sources	<u>40,886,850</u>	<u>-</u>	<u>40,886,850</u>	<u>41,114,342</u>	<u>227,492</u>
State sources:					
Transportation aid	250,347	-	250,347	250,347	-
Special education aid	2,066,786	-	2,066,786	2,066,786	-
Security aid	186,941	-	186,941	186,941	-
Extraordinary aid	300,000	-	300,000	606,851	306,851
On-behalf TPAF contributions (non-budgeted):					
Post-retirement medical contributions	-	-	-	1,826,691	1,826,691
Pension contribution	-	-	-	6,953,590	6,953,590
Long-term disability insurance	-	-	-	3,128	3,128
Reimbursed TPAF Social Security contributions (non-budgeted)	-	-	-	1,453,675	1,453,675
Total - state sources	<u>2,804,074</u>	<u>-</u>	<u>2,804,074</u>	<u>13,348,009</u>	<u>10,543,935</u>
Total revenues	<u>43,690,924</u>	<u>-</u>	<u>43,690,924</u>	<u>54,462,351</u>	<u>10,771,427</u>
EXPENDITURES					
CURRENT EXPENSE					
Regular programs - instruction:					
Salaries of teachers:					
Preschool	92,048	-	92,048	91,561	487
Kindergarten	366,456	-	366,456	279,404	87,052
Grades 1-5	5,301,547	-	5,301,547	5,296,264	5,283
Grades 6-8	3,305,446	-	3,305,446	3,299,664	5,782
Grades 9-12	4,756,468	(40,000)	4,716,468	4,541,516	174,952
Total regular programs - instruction	<u>13,821,965</u>	<u>(40,000)</u>	<u>13,781,965</u>	<u>13,508,409</u>	<u>273,556</u>
Regular programs - home instruction:					
Salaries of teachers	20,787	(1,400)	19,387	9,117	10,270
Purchased professional services	55,075	19,900	74,975	51,203	23,772
General Supplies	400	-	400	-	400
Textbooks	200	-	200	-	200
Total regular programs - home instruction	<u>76,462</u>	<u>18,500</u>	<u>94,962</u>	<u>60,320</u>	<u>34,642</u>
Regular programs - undistributed instruction:					
Other purchased services (400-500 series)	29,260	-	29,260	10,680	18,580
General supplies	1,019,055	(18,500)	1,000,555	873,688	126,867
Textbooks	57,602	-	57,602	52,231	5,371
Miscellaneous expenditures	4,880	-	4,880	1,289	3,591
Total regular programs - undistributed instruction	<u>1,110,797</u>	<u>(18,500)</u>	<u>1,092,297</u>	<u>937,888</u>	<u>154,409</u>
Total regular programs	<u>15,009,224</u>	<u>(40,000)</u>	<u>14,969,224</u>	<u>14,506,617</u>	<u>462,607</u>
Special education:					
Learning/language disabilities:					
Salaries of teachers	454,599	(16,230)	438,369	366,268	72,101
Other salaries for instruction	256,352	48,470	304,822	304,597	225
General supplies	21,662	-	21,662	1,547	20,115
Textbooks	3,000	-	3,000	-	3,000
Total learning/language disabilities	<u>735,613</u>	<u>32,240</u>	<u>767,853</u>	<u>672,412</u>	<u>95,441</u>
Resource room/resource center:					
Salaries of teachers	2,154,964	(26,320)	2,128,644	2,100,157	28,487
Other salaries for instruction	177,380	(25,920)	151,460	151,237	223
General supplies	6,000	-	6,000	3,390	2,610
Textbooks	5,500	-	5,500	980	4,520
Total resource room/resource center	<u>2,343,844</u>	<u>(52,240)</u>	<u>2,291,604</u>	<u>2,255,764</u>	<u>35,840</u>
Preschool disabilities - part - time					
Salaries of teachers	65,130	-	65,130	62,135	2,995
Other salaries for instruction	27,016	-	27,016	26,914	102
General supplies	1,000	-	1,000	923	77
Total preschool disabilities - part - time	<u>93,146</u>	<u>-</u>	<u>93,146</u>	<u>89,972</u>	<u>3,174</u>

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

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
Preschool disabilities - full - time					
Salaries of teachers	\$ 88,507	\$ -	\$ 88,507	\$ 79,455	\$ 9,052
Other salaries for instruction	74,141	-	74,141	74,141	-
General supplies	1,000	-	1,000	372	628
Total preschool disabilities - full - time	163,648	-	163,648	153,968	9,680
Total special education - instruction	3,336,251	(20,000)	3,316,251	3,172,116	144,135
Basic skills/remedial:					
Salaries of teachers	248,679	-	248,679	241,425	7,254
General supplies	800	-	800	757	43
Textbooks	900	-	900	-	900
Total basic skills/remedial	250,379	-	250,379	242,182	8,197
Bilingual education:					
Salaries of teachers	214,935	-	214,935	203,210	11,725
General supplies	900	-	900	433	467
Textbooks	300	-	300	268	32
Total bilingual education	216,135	-	216,135	203,911	12,224
Other instructional:					
School-sponsored cocurricular activities:					
Salaries	304,214	-	304,214	299,671	4,543
Supplies and materials	21,614	-	21,614	21,390	224
Other Objects	15,165	-	15,165	15,056	109
School-sponsored athletics:					
Salaries	566,749	-	566,749	566,749	-
Other purchase services	175,054	-	175,054	166,376	8,678
Supplies and materials	91,279	-	91,279	73,983	17,296
Miscellaneous expenditures	41,064	-	41,064	31,810	9,254
Supplementary Instruction					
Salaries of teachers	6,000	-	6,000	-	6,000
Supplies and materials	320	-	320	-	320
Textbooks	200	-	200	-	200
Total other instructional	1,221,659	-	1,221,659	1,175,035	46,624
Total - instruction	20,033,648	(60,000)	19,973,648	19,299,861	673,787
Undistributed expenditures - instruction:					
Tuition to other LEA's within the state - special	839,926	(398,400)	441,526	439,791	1,735
Tuition to county vocational school district - regular	591,900	(64,100)	527,800	505,350	22,450
Tuition to county vocational school district - special	-	4,000	4,000	4,000	-
Tuition to private schools for the handicapped-within state	1,884,025	273,500	2,157,525	2,128,745	28,780
Total undistributed expenditures - instruction	3,315,851	(185,000)	3,130,851	3,077,886	52,965
Attendance and social work services:					
Salaries	35,721	-	35,721	34,973	748
Total attendance and social work services	35,721	-	35,721	34,973	748
Health services:					
Salaries	350,327	-	350,327	350,327	-
Purchased professional -educational services	10,200	-	10,200	9,290	910
Supplies and materials	3,291	-	3,291	3,093	198
Other objects	1,975	-	1,975	1,475	500
Total health services	365,793	-	365,793	364,185	1,608
Other support services - students-related services:					
Salaries	605,022	-	605,022	555,825	49,197
Purchased professional - educational services	275,497	-	275,497	226,549	48,948
Supplies and materials	7,104	-	7,104	6,969	135
Other objects	2,700	-	2,700	1,839	861
Total other support services - students-related services	890,323	-	890,323	791,182	99,141
Other support services - students-extra services :					
Purchased professional - educational services	157,335	-	157,335	148,358	8,977
Total other support services - students-extra services	157,335	-	157,335	148,358	8,977

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

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
Other support services - students-regular:					
Salaries of other professional staff	\$ 808,390	\$ -	\$ 808,390	\$ 808,390	\$ -
Salaries of secretarial and clerical assistants	135,291	-	135,291	112,330	22,961
Other salaries for instruction	53,203	-	53,203	51,924	1,279
Other purchased services (400-500 series)	7,645	-	7,645	5,501	2,144
Supplies and materials	2,240	-	2,240	1,559	681
Total other support services - students-regular	1,006,769	-	1,006,769	979,704	27,065
Other support services - students - special services:					
Salaries of other professional staff	1,018,846	-	1,018,846	991,974	26,872
Salaries of secretarial and clerical assistants	57,734	(574)	57,160	50,160	7,000
Unused vacation payment to retired staff	-	1,746	1,746	1,746	-
Purchased professional - educational services	69,111	(28,147)	40,964	20,737	20,227
Supplies and materials	3,659	-	3,659	1,941	1,718
Other objects	6,200	-	6,200	5,995	205
Total other support services - students-special services	1,155,550	(26,975)	1,128,575	1,072,553	56,022
Improvement of instructional services:					
Salaries of supervisors of instructions	205,526	-	205,526	201,702	3,824
Salaries of other professional staff	62,722	-	62,722	62,155	567
Salaries of secretarial and clerical assistants	117,262	-	117,262	109,118	8,144
Other salaries	209,439	-	209,439	160,903	48,536
Travel	4,000	1,975	5,975	5,974	1
Supplies and materials	2,320	-	2,320	1,372	948
Other objects	3,000	-	3,000	787	2,213
Total improvement of instructional services	604,269	1,975	606,244	542,011	64,233
Educational media services/school library:					
Salaries	376,779	-	376,779	371,484	5,295
Other purchased services (400-500 series)	55,400	-	55,400	35,477	19,923
Supplies and materials	36,091	-	36,091	23,652	12,439
Total educational media services/school library	468,270	-	468,270	430,613	37,657
Instruction staff training services:					
Salaries of supervisors on instruction	15,624	-	15,624	15,174	450
Salaries of other professional staff	6,992	-	6,992	6,907	85
Salaries of secretarial and clerical assistants	4,728	-	4,728	4,309	419
Other purchased professional services - educational	14,500	-	14,500	7,904	6,596
Other purchased services (400-500 series)	5,143	-	5,143	4,893	250
Other objects	320	-	320	214	106
Total instruction staff training services	47,307	-	47,307	39,401	7,906
Support services - general administration:					
Salaries	513,992	(4,019)	509,973	509,970	3
Unused vacation payment to terminated/retired staff	-	4,019	4,019	4,019	-
Legal services	173,993	(1,410)	172,583	37,781	134,802
Audit Fees	35,590	1,410	37,000	37,000	-
Architectural/engineering services	10,482	-	10,482	5,000	5,482
Other purchased professional services	1,000	-	1,000	-	1,000
Communications/telephone	100,068	-	100,068	74,025	26,043
Board of education other purchased services	4,500	-	4,500	4,444	56
Other purchased services (400-500 series)	199,865	-	199,865	191,754	8,111
General Supplies	6,740	-	6,740	6,311	429
Miscellaneous expenditures	24,050	-	24,050	15,978	8,072
Board of education membership dues and fees	15,560	-	15,560	15,559	1
Total support services - general administration	1,085,840	-	1,085,840	901,841	183,999
Support services - school administration:					
Salaries of principals/assistant principals	1,173,068	-	1,173,068	1,081,778	91,290
Salaries of secretarial and clerical assistants	477,142	-	477,142	448,561	28,581
Unused vacation payment to retired staff	-	3,329	3,329	3,329	-
Travel	10,502	-	10,502	9,501	1,001
Supplies and materials	57,997	(3,329)	54,668	46,642	8,026
Other objects	18,192	-	18,192	17,186	1,006
Total support services - school administration	1,736,901	-	1,736,901	1,606,997	129,904
Central services:					
Salaries	403,983	-	403,983	402,152	1,831
Purchased profession services	800	-	800	93	707
Purchased technical services	15,330	-	15,330	12,580	2,750
Miscellaneous purchased services (400-500 series)	10,399	-	10,399	7,765	2,634
Supplies and materials	4,800	-	4,800	4,800	-
Other objects	2,600	-	2,600	2,599	1
Total central services:	437,912	-	437,912	429,989	7,923

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

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
Administrative Information Technology:					
Salaries	\$ 441,192	\$ -	\$ 441,192	\$ 441,192	\$ -
Purchased technical services	376,636	-	376,636	361,661	14,975
Other purchased services (400-500 series)	2,700	-	2,700	1,766	934
Supplies and materials	107,736	-	107,736	101,197	6,539
Total administrative information technology:	928,264	-	928,264	905,816	22,448
Required maintenance for school facilities:					
Salaries	544,953	(16,900)	528,053	514,407	13,646
Unused vacation payment to retired staff	-	6,900	6,900	-	6,900
Cleaning, repair and maintenance services	88,178	-	88,178	75,231	12,947
General supplies	49,225	27,000	76,225	72,867	3,358
Miscellaneous expenditures	13,104	-	13,104	12,341	763
Total required maintenance for school facilities	695,460	17,000	712,460	674,846	37,614
Operation and maintenance of plant services:					
Salaries	967,737	(16,578)	951,159	951,100	59
Salaries of non-instructional aides	216,488	-	216,488	185,872	30,616
Unused vacation payment to retired staff	-	9,578	9,578	9,578	-
Purchased professional and technical services	51,967	-	51,967	49,174	2,793
Cleaning, repair and maintenance services	147,211	(20,000)	127,211	118,320	8,891
Other purchased property	47,627	16,000	63,627	63,623	4
Insurance	84,500	-	84,500	82,823	1,677
General supplies	58,044	26,000	84,044	81,434	2,610
Natural gas	204,320	-	204,320	202,611	1,709
Electricity	242,737	-	242,737	226,456	16,281
Other objects	8,224	-	8,224	5,690	2,534
Total operation and maintenance of plant services	2,028,855	15,000	2,043,855	1,976,681	67,174
Care and upkeep of grounds:					
Salaries	61,317	-	61,317	61,317	-
Cleaning, repair and maintenance services	33,220	-	33,220	26,960	6,260
General supplies	12,078	-	12,078	10,679	1,399
Total care and upkeep of grounds	106,615	-	106,615	98,956	7,659
Security:					
Purchased professional and technical services	117,072	(16,000)	101,072	96,046	5,026
General supplies	50,187	(10,000)	40,187	37,791	2,396
Total security	167,259	(26,000)	141,259	133,837	7,422
Student transportation services:					
Salaries for pupil transportation - (between home and school) - special	177,589	-	177,589	177,576	13
Salaries for pupil transportation - (other than bet. home & school)	99,080	-	99,080	99,080	-
Cleaning, repair and maintenance services	19,705	-	19,705	13,602	6,103
Contracted services - (other than between home and school) - vendors	52,929	(3,000)	49,929	25,151	24,778
Contracted services - (Special EdStds) - joint agreement	1,471,529	333,000	1,804,529	1,804,529	-
Miscellaneous purchased services - transportation	14,300	336	14,636	14,636	-
Supplies and materials	37,480	(336)	37,144	25,843	11,301
Miscellaneous purchased services	1,500	-	1,500	1,500	-
Total student transportation services	1,874,112	330,000	2,204,112	2,161,917	42,195
Employee benefits:					
Social Security contribution	478,305	24,000	502,305	500,795	1,510
Other retirement contributions	602,612	68,011	670,623	658,623	12,000
Workers' compensation	230,397	333	230,730	230,729	1
Health benefits	7,564,746	(270,351)	7,294,395	6,954,683	339,712
Tuition reimbursement	125,085	-	125,085	115,002	10,083
Other Employee Benefits	800	-	800	680	120
Unused vacation payment to terminated/retired staff	35,000	74,100	109,100	109,053	47
Total employee benefits	9,036,945	(103,907)	8,933,038	8,569,565	363,473

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

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
On-behalf TPAF contributions (non-budgeted):					
Post-retirement medical contributions	\$ -	\$ -	\$ -	\$ 1,826,691	\$ (1,826,691)
Pension contribution	-	-	-	6,953,590	(6,953,590)
Long-term disability insurance	-	-	-	3,128	(3,128)
Reimbursed TPAF Social Security contributions (non-budgeted)	-	-	-	1,453,675	(1,453,675)
Total on-behalf contributions	-	-	-	10,237,084	(10,237,084)
Total undistributed expenditures	26,145,351	22,093	26,167,444	35,178,395	(9,010,951)
Total current expense	46,178,999	(37,907)	46,141,092	54,478,256	(8,337,164)
CAPITAL OUTLAY					
Equipment:					
Grades 6 - 8	3,029	-	3,029	2,895	134
Grades 9 - 12	23,394	-	23,394	21,793	1,601
Undistributed expenditures:					
Administrative information technology	64,940	-	64,940	64,540	400
Required maintenance of school facilities	134,321	(8,870)	125,451	111,223	14,228
Total equipment	225,684	(8,870)	216,814	200,451	16,363
Facilities acquisition and construction services:					
Construction services	-	46,777	46,777	36,776	10,001
Total facilities acquisition and construction services	-	46,777	46,777	36,776	10,001
Total capital outlay	225,684	37,907	263,591	237,227	26,364
Total expenditures	46,404,683	-	46,404,683	54,715,483	(8,310,800)
Excess (deficiency) of revenues over (under) expenditures	(2,713,759)	-	(2,713,759)	(253,132)	2,460,627
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,713,759)	-	(2,713,759)	(253,132)	2,460,627
Fund balances, July 1	7,528,015	-	7,528,015	7,528,015	-
Fund balances, June 30	\$ 4,814,256	\$ -	\$ 4,814,256	\$ 7,274,883	\$ 2,460,627
<u>Recapitulation:</u>					
Restricted for:					
Excess surplus - designated for subsequent year				\$ 2,436,696	
Excess surplus - current year				981,035	
Capital reserve				303,204	
Assigned to:					
Year-end encumbrances				1,034,225	
Designated for subsequent year's expenditures				1,323,304	
Unassigned				1,196,419	
				7,274,883	
Reconciliation to Government Funds (GAAP)					
Last State Aid Payment not recognized on GAAP Basis				(248,208)	
Fund Balance per Government Funds (GAAP)				\$ 7,026,675	

**NEW PROVIDENCE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT C-2

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Federal sources	\$ 434,468	\$ 1,291,518	\$ 1,725,986	\$ 1,243,646	\$ 482,340
State sources	95,422	111,684	207,106	170,509	36,597
Private sources	64,702	617,074	681,776	686,498	(4,722)
Total revenues	<u>594,592</u>	<u>2,020,276</u>	<u>2,614,868</u>	<u>2,100,653</u>	<u>514,215</u>
EXPENDITURES					
Instruction:					
Salaries	3,703	685,704	689,407	366,513	322,894
Purchased professional - educational services	34,320	43,215	77,535	61,949	15,586
Other purchased services	318,187	276,839	595,026	583,610	11,416
Supplies and materials	1,188	89,426	90,614	55,410	35,204
General supplies	62,962	(6,419)	56,543	31,504	25,039
Textbooks	7,067	1,447	8,514	7,909	605
Other objects	70,247	92,154	162,401	94,957	67,444
Total instruction	<u>497,674</u>	<u>1,182,366</u>	<u>1,680,040</u>	<u>1,201,852</u>	<u>478,188</u>
Support services:					
Personal services - employee benefits	284	113,978	114,262	48,909	65,353
Purchased professional and technical services	22,576	78,188	100,764	89,188	11,576
Purchased professional - educational services	10,641	14,150	24,791	24,107	684
Other purchased professional services	13,188	1,260	14,448	14,006	442
Miscellaneous purchased services	5,105	4,795	9,900	9,830	70
Supplies and materials	1,625	14,859	16,484	9,245	7,239
Miscellaneous expenditures	23,258	21,899	45,157	40,940	4,217
Scholarship activities	-	6,462	6,462	6,462	-
Student activities	-	513,556	513,556	513,556	-
Total support services	<u>76,677</u>	<u>769,147</u>	<u>845,824</u>	<u>756,243</u>	<u>89,581</u>
Facilities acquisition and construction services:					
Equipment	4,946	976	5,922	5,346	576
Renovations	-	11,300	11,300	11,300	-
Noninstructional equipment	15,295	56,487	71,782	56,487	15,295
Total facilities acquisition and const. services	<u>20,241</u>	<u>68,763</u>	<u>89,004</u>	<u>73,133</u>	<u>15,871</u>
Total expenditures	<u>594,592</u>	<u>2,020,276</u>	<u>2,614,868</u>	<u>2,031,228</u>	<u>583,640</u>
Total Outflows	<u>594,592</u>	<u>2,020,276</u>	<u>2,614,868</u>	<u>2,031,228</u>	<u>583,640</u>
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	-	-	-	69,425	(69,425)
Fund balance, July 1	265,534	-	265,534	265,534	-
Fund balance, June 30	<u>\$ 265,534</u>	<u>\$ -</u>	<u>\$ 265,534</u>	<u>\$ 334,959</u>	<u>\$ (69,425)</u>
Recapitulation:					
Restricted for:					
Scholarships				\$ 155,120	
Student activities				<u>179,839</u>	
Fund balance				<u>\$ 334,959</u>	

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PART II**

**NEW PROVIDENCE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET TO GAAP RECONCILIATION
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT C-3

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
SOURCES/INFLOWS OF RESOURCES		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 54,462,351	[C-2] \$ 2,100,653
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	(52,140)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	207,705	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	<u>(248,208)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] <u>\$ 54,421,848</u>	[B-2] <u>\$ 2,048,513</u>
USES/OUTFLOWS OF RESOURCES		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 54,715,483	[C-2] \$ 2,031,228
Difference - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	<u>-</u>	<u>(52,140)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] <u>\$ 54,715,483</u>	[B-2] <u>\$ 1,979,088</u>

REQUIRED SUPPLEMENTARY INFORMATION

PART III

NEW PROVIDENCE SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
 LAST NINE FISCAL YEARS

EXHIBIT L-1

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.0522282251%	0.0496355518%	0.0525076310%	0.0546532363%	0.0548079471%	0.0531562623%	0.0504870790%	0.0522758370%	0.0498941290%
District's proportionate share of the net pension liability	\$ 7,881,958	\$ 5,880,075	\$ 8,562,621	\$ 9,847,684	\$ 10,791,412	\$ 12,373,928	\$ 14,952,825	\$ 11,734,878	\$ 9,341,545
District's covered-employee payroll	\$ 3,925,478	\$ 3,835,724	\$ 3,761,161	\$ 3,602,107	\$ 3,754,995	\$ 3,830,708	\$ 3,743,132	\$ 3,525,748	\$ 3,450,671
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	49.80%	65.23%	43.93%	36.58%	34.80%	30.96%	25.03%	30.05%	36.94%
Plan fiduciary net position as a percentage of the total pension liability - local	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

Note: The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a 10-year trend is compiled, the District will only present information for those years for which information is available.

NEW PROVIDENCE SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
 LAST NINE FISCAL YEARS

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	\$ 658,623	\$ 581,290	\$ 574,407	\$ 531,615	\$ 545,162	\$ 492,436	\$ 448,520	\$ 449,432	\$ 411,320
Contributions in relation to the contractually required contribution	658,623	581,290	574,407	531,615	545,162	492,436	448,520	449,432	411,320
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 3,925,478	\$ 3,835,724	\$ 3,761,161	\$ 3,602,107	\$ 3,754,995	\$ 3,830,708	\$ 3,742,132	\$ 3,525,748	\$ 3,450,671
Contributions as a percentage of covered-employee payroll	16.78%	15.15%	15.27%	14.76%	14.52%	12.85%	11.98%	12.75%	11.92%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a 10-year trend is compiled, the District will only present information for those years for which information is available.

**NEW PROVIDENCE SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS PENSION ANNUITY FUND (TPAF)
LAST NINE FISCAL YEARS**

EXHIBIT L-3

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
State's proportion of the net pension liability associated with the District	0.16831%	0.16724%	0.16562%	0.15749%	0.16140%	0.15874%	0.16220%	0.15850%	0.16045%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	<u>86,836,333</u>	<u>80,402,478</u>	<u>109,056,651</u>	<u>96,655,283</u>	<u>102,677,739</u>	<u>107,029,709</u>	<u>127,596,840</u>	<u>100,181,105</u>	<u>85,755,504</u>
Total proportionate share of the net pension liability associated with the District	<u>\$ 86,836,333</u>	<u>\$ 80,402,478</u>	<u>\$ 109,056,651</u>	<u>\$ 96,655,283</u>	<u>\$ 102,677,739</u>	<u>\$ 107,029,709</u>	<u>\$ 127,596,840</u>	<u>\$ 100,181,105</u>	<u>\$ 85,755,504</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%

Note: The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a 10-year trend is compiled, the District will only present information for those years for which information is available.

NEW PROVIDENCE SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN THE STATE PROPORTIONATE SHARE OF OPEB LIABILITY
 ATTRIBUTABLE TO THE DISTRICT AND RELATED RATIOS
 LAST SIX FISCAL YEARS*

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
OPEB liability, July 1	\$ 82,909,177	\$ 94,957,944	\$ 57,943,587	\$ 63,153,987	\$ 73,862,523	\$ 79,718,689
Changes recognized for the fiscal year:						
Service cost	4,053,561	4,768,887	2,594,880	2,453,406	2,763,119	3,337,071
Interest on the total OPEB liability	1,792,706	2,150,751	2,091,035	2,505,926	2,714,271	2,343,773
Difference between expected and actual experience	(1,243,462)	(17,322,748)	16,585,922	(9,307,706)	(7,308,340)	-
Changes in assumptions	(18,146,768)	81,796	17,345,553	863,944	(7,247,236)	(9,889,193)
Changes in benefits terms	-	(88,247)	-	-	-	-
Gross benefit payments	(1,775,728)	(1,694,190)	(1,653,140)	(1,778,695)	(1,688,715)	(1,710,813)
Contributions from the member	56,966	54,984	50,107	52,725	58,365	62,996
Net changes	(15,262,725)	(12,048,767)	37,014,357	(5,210,400)	(10,708,536)	(5,856,166)
OPEB liability, June 30	\$ 67,646,452	\$ 82,909,177	\$ 94,957,944	\$ 57,943,587	\$ 63,153,987	\$ 73,862,523
District's proportionate share of OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of OPEB liability	67,646,452	82,909,177	94,957,944	57,943,587	63,153,987	73,862,523
Total OPEB liability	\$ 67,646,452	\$ 82,909,177	\$ 94,957,944	\$ 57,943,587	\$ 63,153,987	\$ 73,862,523
District's covered employee payroll	\$ 24,400,783	\$ 23,591,128	\$ 22,625,066	\$ 22,317,394	\$ 21,637,770	\$ 20,238,200
Total OPEB Liability as a percentage of covered employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

The District proportionate share is zero as the State assumes full liability.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a 10-year trend is compiled, the District will only present information for those years for which information is available.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PART III**

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Public Employees' Retirement System (PERS)	Teachers Pension and Annuity Fund (TPAF)	State Health Benefit Local Education Retired Employees OPEB Plan
Change in benefits	None	None	None
Changes in assumptions:			
Discount rate:			
As of June 30, 2022	7.00%	7.00%	3.54%
As of June 30, 2021	7.00%	7.00%	2.21%
Municipal bond rate:			
As of June 30, 2022	3.54%	3.54%	3.54%
As of June 30, 2021	2.21%	2.21%	2.21%
Long-term expected rate of return on pension plan investments:			
As of June 30, 2022	7.00%	7.00%	Not Applicable
As of June 30, 2021	7.00%	7.00%	Not Applicable

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

**NEW PROVIDENCE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULES OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Total Brought Forward (Ex. E-1a)	Elementary and Secondary Education Act		
		Title I Part A	Title II Part A	Title III
REVENUES				
Federal sources	\$ 216,050	\$ 709	\$ 36,275	\$ 15,801
State sources	170,509	-	-	-
Private sources	686,498	-	-	-
Total revenues	<u>1,073,057</u>	<u>709</u>	<u>36,275</u>	<u>15,801</u>
EXPENDITURES				
Instruction:				
Salaries	132,684	-	-	5,821
Purchased professional - educational services	61,949	-	-	-
Other purchased services	-	-	-	-
Supplies and materials	17,947	-	-	-
General Supplies	-	-	-	341
Textbooks	7,909	-	-	-
Other objects	85,633	-	-	9,324
Total instruction	<u>306,122</u>	<u>-</u>	<u>-</u>	<u>15,486</u>
Support services:				
Personal services - employee benefits	48,909	-	-	-
Purchased professional and technical services	14,256	-	-	-
Purchased professional - educational services	-	-	24,107	-
Other purchased professional services	14,006	-	-	-
Miscellaneous purchased services	-	-	9,515	315
Supplies and materials	201	709	-	-
Miscellaneous expenditures	38,287	-	2,653	-
Scholarship activities	6,462	-	-	-
Student activities	513,556	-	-	-
Total support services	<u>635,677</u>	<u>709</u>	<u>36,275</u>	<u>315</u>
Facilities acquisition and construction services:				
Equipment	5,346	-	-	-
Renovations	-	-	-	-
Noninstructional equipment	56,487	-	-	-
Total facilities acquisition and construction services	<u>61,833</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,003,632</u>	<u>709</u>	<u>36,275</u>	<u>15,801</u>
Total outflows	<u>1,003,632</u>	<u>709</u>	<u>36,275</u>	<u>15,801</u>
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	69,425	-	-	-
Fund balance, July 1	265,534	-	-	-
Fund balance, June 30	<u>\$ 334,959</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

IDEA Basic	IDEA Pre-School	ARP - IDEA	ARP - IDEA Preschool	ARP - ESSER	2023
\$ 529,503	\$ 19,824	\$ 94,115	\$ 9,394	\$ 321,975	\$ 1,243,646
-	-	-	-	-	170,509
-	-	-	-	-	686,498
<u>529,503</u>	<u>19,824</u>	<u>94,115</u>	<u>9,394</u>	<u>321,975</u>	<u>2,100,653</u>
-	-	-	-	228,008	366,513
-	-	-	-	-	61,949
497,675	-	76,541	9,394	-	583,610
-	-	-	-	37,463	55,410
5,327	8,262	17,574	-	-	31,504
-	-	-	-	-	7,909
-	-	-	-	-	94,957
<u>503,002</u>	<u>8,262</u>	<u>94,115</u>	<u>9,394</u>	<u>265,471</u>	<u>1,201,852</u>
-	-	-	-	-	48,909
18,670	262	-	-	56,000	89,188
-	-	-	-	-	24,107
-	-	-	-	-	14,006
-	-	-	-	-	9,830
7,831	-	-	-	504	9,245
-	-	-	-	-	40,940
-	-	-	-	-	6,462
-	-	-	-	-	513,556
<u>26,501</u>	<u>262</u>	<u>-</u>	<u>-</u>	<u>56,504</u>	<u>756,243</u>
-	-	-	-	-	5,346
-	11,300	-	-	-	11,300
-	-	-	-	-	56,487
<u>-</u>	<u>11,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,133</u>
<u>529,503</u>	<u>19,824</u>	<u>94,115</u>	<u>9,394</u>	<u>321,975</u>	<u>2,031,228</u>
<u>529,503</u>	<u>19,824</u>	<u>94,115</u>	<u>9,394</u>	<u>321,975</u>	<u>2,031,228</u>
-	-	-	-	-	69,425
-	-	-	-	-	265,534
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 334,959</u>

**NEW PROVIDENCE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULES OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Total Brought Forward (Ex. E-1b)	ARP - Summer Learning	ARP - Beyond the School Day	ARP Accelerated Learning
REVENUES				
Federal sources	\$ -	\$ 3,080	\$ 15,258	\$ 137,268
State sources	148,594	-	-	-
Private sources	686,498	-	-	-
Total revenues	<u>835,092</u>	<u>3,080</u>	<u>15,258</u>	<u>137,268</u>
EXPENDITURES				
Instruction:				
Salaries	-	2,949	12,040	88,359
Purchased professional - educational services	61,949	-	-	-
Other purchased services	-	-	-	-
Supplies and materials	-	-	2,135	-
Supplies and materials	-	-	-	-
Textbooks	-	-	-	-
Other objects	83,580	131	1,083	-
Total instruction	<u>145,529</u>	<u>3,080</u>	<u>15,258</u>	<u>88,359</u>
Support services:				
Personal services - employee benefits	-	-	-	48,909
Purchased professional and technical services	-	-	-	-
Purchased professional - educational services	-	-	-	-
Other purchased professional services	-	-	-	-
Miscellaneous purchased services	-	-	-	-
Supplies and materials	-	-	-	-
Miscellaneous expenditures	38,287	-	-	-
Scholarship activities	6,462	-	-	-
Student activities	513,556	-	-	-
Total support services	<u>558,305</u>	<u>-</u>	<u>-</u>	<u>48,909</u>
Facilities acquisition and construction services:				
Equipment	5,346	-	-	-
Renovations	-	-	-	-
Noninstructional equipment	56,487	-	-	-
Total facilities acquisition and construction services	<u>61,833</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>765,667</u>	<u>3,080</u>	<u>15,258</u>	<u>137,268</u>
Total outflows	<u>765,667</u>	<u>3,080</u>	<u>15,258</u>	<u>137,268</u>
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	69,425	-	-	-
Fund balance, July 1	265,534	-	-	-
Fund balance, June 30	<u>\$ 334,959</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ARP Mental Health Support	CRRSA ESSER II	CRRSA - ESSER II Mental Health	Nonpublic Textbook Aid	Nonpublic Nursing Services	Total Carried Forward
\$ 11,181	\$ 36,888	\$ 12,375	\$ -	\$ -	\$ 216,050
-	-	-	7,909	14,006	170,509
-	-	-	-	-	686,498
<u>11,181</u>	<u>36,888</u>	<u>12,375</u>	<u>7,909</u>	<u>14,006</u>	<u>1,073,057</u>
5,460	20,269	3,607	-	-	132,684
-	-	-	-	-	61,949
-	-	-	-	-	-
-	15,579	233	-	-	17,947
-	-	-	-	-	-
-	-	-	7,909	-	7,909
-	839	-	-	-	85,633
<u>5,460</u>	<u>36,687</u>	<u>3,840</u>	<u>7,909</u>	<u>-</u>	<u>306,122</u>
-	-	-	-	-	48,909
5,721	-	8,535	-	-	14,256
-	-	-	-	-	-
-	-	-	-	14,006	14,006
-	-	-	-	-	-
-	201	-	-	-	201
-	-	-	-	-	38,287
-	-	-	-	-	6,462
-	-	-	-	-	513,556
<u>5,721</u>	<u>201</u>	<u>8,535</u>	<u>-</u>	<u>14,006</u>	<u>635,677</u>
-	-	-	-	-	5,346
-	-	-	-	-	-
-	-	-	-	-	56,487
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,833</u>
<u>11,181</u>	<u>36,888</u>	<u>12,375</u>	<u>7,909</u>	<u>14,006</u>	<u>1,003,632</u>
<u>11,181</u>	<u>36,888</u>	<u>12,375</u>	<u>7,909</u>	<u>14,006</u>	<u>1,003,632</u>
-	-	-	-	-	69,425
-	-	-	-	-	265,534
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 334,959</u>

**NEW PROVIDENCE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULES OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Total Brought Forward (Ex. E-1c)	Nonpublic Auxiliary Services Ch. 192		Nonpublic Handicapped Services Ch 193
		Compensatory Education	English Second Language	Examination & Classification
REVENUES				
Federal sources	\$ -	\$ -	\$ -	\$ -
State sources	-	38,446	301	6,832
Private sources	686,498	-	-	-
Total revenues	686,498	38,446	301	6,832
EXPENDITURES				
Instruction:				
Salaries	-	-	-	-
Purchased professional - educational services	-	38,446	301	6,832
Other purchased services	-	-	-	-
Supplies and materials	-	-	-	-
Supplies and materials	-	-	-	-
Textbooks	-	-	-	-
Other objects	83,580	-	-	-
Total instruction	83,580	38,446	301	6,832
Support services:				
Personal services - employee benefits	-	-	-	-
Purchased professional and technical services	-	-	-	-
Purchased professional - educational services	-	-	-	-
Other purchased professional services	-	-	-	-
Miscellaneous purchased services	-	-	-	-
Supplies and materials	-	-	-	-
Miscellaneous expenditures	13,475	-	-	-
Scholarship activities	6,462	-	-	-
Student activities	513,556	-	-	-
Total support services	533,493	-	-	-
Facilities acquisition and construction services:				
Equipment	-	-	-	-
Renovations	-	-	-	-
Noninstructional equipment	-	-	-	-
Total facilities acquisition and construction services	-	-	-	-
Total expenditures	617,073	38,446	301	6,832
Total outflows	617,073	38,446	301	6,832
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	69,425	-	-	-
Fund balance, July 1	265,534	-	-	-
Fund balance, June 30	\$ 334,959	\$ -	\$ -	\$ -

Nonpublic Handicapped Services Ch. 193		Nonpublic Technology Services	Nonpublic Security Aid	SDA Emergent Needs	Total Carried Forward
Corrective Speech	Supplementary Instruction				
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6,045	10,325	5,346	24,812	56,487	148,594
-	-	-	-	-	686,498
<u>6,045</u>	<u>10,325</u>	<u>5,346</u>	<u>24,812</u>	<u>56,487</u>	<u>835,092</u>
-	-	-	-	-	-
6,045	10,325	-	-	-	61,949
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	83,580
<u>6,045</u>	<u>10,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,529</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	24,812	-	38,287
-	-	-	-	-	6,462
-	-	-	-	-	513,556
<u>-</u>	<u>-</u>	<u>-</u>	<u>24,812</u>	<u>-</u>	<u>558,305</u>
-	-	5,346	-	-	5,346
-	-	-	-	-	-
-	-	-	-	56,487	56,487
<u>-</u>	<u>-</u>	<u>5,346</u>	<u>-</u>	<u>56,487</u>	<u>61,833</u>
<u>6,045</u>	<u>10,325</u>	<u>5,346</u>	<u>24,812</u>	<u>56,487</u>	<u>765,667</u>
<u>6,045</u>	<u>10,325</u>	<u>5,346</u>	<u>24,812</u>	<u>56,487</u>	<u>765,667</u>
-	-	-	-	-	69,425
-	-	-	-	-	265,534
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 334,959</u>

**NEW PROVIDENCE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULES OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	The School Health Grant	NPEF Grants	Scholarship Activities	Student Activities
REVENUES				
Federal sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Private sources	13,475	83,580	12,086	577,357
Total revenues	<u>13,475</u>	<u>83,580</u>	<u>12,086</u>	<u>577,357</u>
EXPENDITURES				
Instruction:				
Salaries	-	-	-	-
Purchased professional - educational services	-	-	-	-
Other purchased services	-	-	-	-
Supplies and materials	-	-	-	-
Supplies and materials	-	-	-	-
Textbooks	-	-	-	-
Other objects	-	83,580	-	-
Total instruction	<u>-</u>	<u>83,580</u>	<u>-</u>	<u>-</u>
Support services:				
Personal services - employee benefits	-	-	-	-
Purchased professional and technical services	-	-	-	-
Purchased professional - educational services	-	-	-	-
Other purchased professional services	-	-	-	-
Miscellaneous purchased services	-	-	-	-
Supplies and materials	-	-	-	-
Miscellaneous expenditures	13,475	-	-	-
Scholarship activities	-	-	6,462	-
Student activities	-	-	-	513,556
Total support services	<u>13,475</u>	<u>-</u>	<u>6,462</u>	<u>513,556</u>
Facilities acquisition and construction services:				
Equipment	-	-	-	-
Renovations	-	-	-	-
Noninstructional equipment	-	-	-	-
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>13,475</u>	<u>83,580</u>	<u>6,462</u>	<u>513,556</u>
Total outflows	<u>13,475</u>	<u>83,580</u>	<u>6,462</u>	<u>513,556</u>
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	-	-	5,624	63,801
Fund balance, July 1	-	-	149,496	116,038
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 155,120</u>	<u>\$ 179,839</u>

Total Carried Forward
\$ -
-
686,498
686,498
-
-
-
-
-
83,580
83,580
-
-
-
-
-
13,475
6,462
513,556
533,493
-
-
-
-
-
-
617,073
617,073
69,425
265,534
\$ 334,959

CAPITAL PROJECTS FUND

**NEW PROVIDENCE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT F-1

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Balance June 30, 2023
			Prior Years	Current Year	
District Administered Projects: Improvements, Renovations and Additions to the School District Facilities	*	\$ 22,319,999	\$ -	\$ 1,387,199	\$ 20,932,800
		\$ 22,319,999	\$ -	\$ 1,387,199	\$ 20,932,800

**NEW PROVIDENCE SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT F-2

REVENUES AND OTHER FINANCING SOURCES	
Bond Proceeds	\$ 22,191,000
Interest income	128,999
Total revenues and other financing sources	<u>22,319,999</u>
EXPENDITURES AND OTHER FINANCING USES	
Legal services	50,000
Purchased professional and technical services	1,170,716
General supplies	122,999
Equipment	32,199
Other objects	11,285
Total expenditures and other financing uses	<u>1,387,199</u>
Excess of revenues over expenditures	20,932,800
Fund balance, July 1	-
Fund balance, June 30	<u>\$ 20,932,800</u>

**NEW PROVIDENCE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
IMPROVEMENTS, RENOVATIONS AND ADDITIONS TO THE SCHOOL DISTRICT FACILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT F-2a

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond Proceeds	\$ -	\$ 22,191,000	\$ 22,191,000	\$ 22,191,000
Interest income	-	128,999	128,999	128,999
Total revenues	<u>-</u>	<u>22,319,999</u>	<u>22,319,999</u>	<u>22,319,999</u>
Expenditures and other financing uses				
Legal services	-	50,000	50,000	50,000
Purchased professional and technical services	-	1,170,716	1,170,716	1,170,716
General supplies	-	122,999	122,999	122,999
Equipment	-	32,199	32,199	32,199
Other objects	-	11,285	11,285	11,285
Total expenditures	<u>-</u>	<u>1,387,199</u>	<u>1,387,199</u>	<u>1,387,199</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ 20,932,800</u>	<u>\$ 20,932,800</u>	<u>\$ 20,932,800</u>

Additional project information:

Project number	*
Grant date/letter of notification	*
Original authorized cost	\$22,191,000
Additional authorized cost	\$128,999
Revised authorized cost	\$22,319,999
Percentage increase over original authorized cost	0.58%
Percentage completion	6%
Original target completion date	6/30/2025
Revised target completion date	*

* - Information not available

PROPRIETARY FUND

**NEW PROVIDENCE SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2023**

EXHIBIT G-1

	<u>Food Service Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 178,200
Other receivable	161
Inventory	10,051
Total current assets	<u>188,412</u>
Noncurrent assets:	
Furniture, machinery and equipment	383,891
Less: accumulated depreciation	<u>(293,356)</u>
Total noncurrent assets	<u>90,535</u>
Total assets	<u>278,947</u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>50,791</u>
NET POSITION	
Net investment in capital assets	90,535
Unrestricted	<u>137,621</u>
Total net position	<u>\$ 228,156</u>

**NEW PROVIDENCE SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT G-2

	<u>Food Service Fund</u>
OPERATING REVENUES	
Charges for services:	
Daily sales - non-reimbursable programs	\$ 927,960
Other	6,431
Total operating revenues	<u>934,391</u>
OPERATING EXPENSES	
Cost of sales - non-reimbursable programs	403,056
Salaries	300,591
Employee benefits	120,818
Miscellaneous	30,898
Depreciation expense	22,403
Total operating expenses	<u>877,766</u>
Operating income	<u>56,625</u>
NONOPERATING REVENUES	
Interest on investments	<u>2,283</u>
Change in net position	58,908
Total net position, July 1	<u>169,248</u>
Total net position, June 30	<u>\$ 228,156</u>

**NEW PROVIDENCE SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT G-3

	<u>Food Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 931,286
Other Receipts	6,431
Payments to employees	(300,591)
Payments to suppliers	(557,187)
Net cash provided by operating activities	<u>79,939</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital expenditures - payment for equipment	<u>(21,765)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>2,283</u>
Net increase in cash and cash equivalents	60,457
Balance, July 1	117,743
Balance, June 30	<u>\$ 178,200</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 56,625
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation	22,403
Decrease in other accounts receivable	3,326
(Increase) in inventory	(2,533)
Increase in accounts payable	118
Total adjustments	<u>23,314</u>
Net cash provided by operating activities	<u>\$ 79,939</u>

LONG-TERM DEBT

NEW PROVIDENCE SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2023

EXHIBIT I-1

Issue	Date of Issue	Amount of Issue	Annual Maturities				Interest Rate (%)	Balance, June 30, 2022	Issued	Retired	Balance, June 30, 2023
			Date	Amount	Balance, June 30, 2022	Issued					
Refunding School Bonds, Series 2014	9/17/2014	\$ 7,615,000	08/15/22	\$ 930,000	\$ 3,710,000	4.000	\$ -	\$ -	930,000	\$ 2,780,000	
			08/15/23	935,000		3.000					
			08/15/24	920,000		3.000					
			08/15/25	925,000		4.000					
School Bonds, Series 2017	1/11/2017	15,885,000	08/15/22	650,000	13,110,000	3.250	-	-	650,000	12,460,000	
			08/15/23	675,000		3.250					
			08/15/24	760,000		3.250					
			08/15/25	800,000		3.250					
			08/15/26	825,000		3.250					
			08/15/27	850,000		3.250					
			08/15/28	875,000		3.250					
			08/15/29	900,000		3.250					
			08/15/30	925,000		3.250					
			08/15/31	975,000		3.250					
			08/15/32	975,000		3.375					
			08/15/33	975,000		3.375					
		08/15/34	975,000		3.375						
		08/15/35	975,000		3.375						
		08/15/36	975,000		3.375						

NEW PROVIDENCE SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2023

EXHIBIT I-1

Issue	Date of Issue	Amount of Issue	Annual Maturities				Interest Rate (%)	Balance, June 30, 2022	Issued	Retired	Balance, June 30, 2023
			Date	Amount	Balance, June 30, 2022	Issued					
School Bonds, Series 2023	05/10/23	\$ 22,191,000	08/15/24	\$ 700,000	\$ -	2.000	\$ -	\$ 22,191,000	\$ -	\$ 22,191,000	
			08/15/25	700,000		2.000					
			08/15/26	1,061,000		2.000					
			08/15/27	1,070,000		2.000					
			08/15/28	1,080,000		3.000					
			08/15/29	1,090,000		3.000					
			08/15/30	1,100,000		3.000					
			08/15/31	1,120,000		3.000					
			08/15/32	1,140,000		3.000					
			08/15/33	1,160,000		3.000					
			08/15/34	1,180,000		3.000					
			08/15/35	1,190,000		3.000					
			08/15/36	1,200,000		4.000					
			08/15/37	1,400,000		4.000					
			08/15/38	1,400,000		4.000					
			08/15/39	1,400,000		4.000					
			08/15/40	1,400,000		4.000					
			08/15/41	1,400,000		4.000					
			08/16/41	1,400,000		4.000					
							\$ 16,820,000	\$ 22,191,000	\$ 1,580,000	\$ 37,431,000	

NEW PROVIDENCE SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF OBLIGATIONS UNDER FINANCE PURCHASES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate (%)	Balance, June 30, 2022	Issued	Retired	Balance, June 30, 2023
			Principal	Interest					
Copy Machine	06/01/22	1 year	\$ 28,839	\$ -	-	\$ 28,839	\$ -	\$ 28,839	\$ -
						<u>\$ 28,839</u>	<u>\$ -</u>	<u>\$ 28,839</u>	<u>\$ -</u>

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

EXHIBIT I-3

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
REVENUES:					
Local sources:					
Local tax levy	\$ 1,574,363	\$ -	\$ 1,574,363	\$ 1,574,363	\$ -
State sources:					
Debt service type II aid	542,150	-	542,150	542,150	-
Total revenues	<u>2,116,513</u>	<u>-</u>	<u>2,116,513</u>	<u>2,116,513</u>	<u>-</u>
EXPENDITURES:					
Regular debt service:					
Interest	536,513	-	536,513	536,513	-
Redemption of principal	1,580,000	-	1,580,000	1,580,000	-
Total regular debt service	<u>2,116,513</u>	<u>-</u>	<u>2,116,513</u>	<u>2,116,513</u>	<u>-</u>
Total expenditures	<u>2,116,513</u>	<u>-</u>	<u>2,116,513</u>	<u>2,116,513</u>	<u>-</u>
Excess of revenues over expenditures	-	-	-	-	-
Fund balances, July 1	-	-	-	-	-
Fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION
(Unaudited)

FINANCIAL TRENDS

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

EXHIBIT J-1

	2014	2015 ⁽¹⁾	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Invested in capital assets, net of related debt	\$ 6,493,378	\$ 6,585,446	\$ 6,501,130	\$ (6,858,943)	\$ 4,040,654	\$ 5,196,934	\$ 5,808,821	\$ 5,809,875	\$ 6,054,733	\$ (14,852,074)
Restricted	938,156	451,947	640,863	15,606,408	4,618,825	2,727,475	2,532,658	1,781,140	4,220,096	20,028,798
Unrestricted	1,057,581	(8,399,198)	(8,528,831)	(10,068,983)	(10,411,341)	(9,435,261)	(8,653,138)	(6,590,419)	(7,285,350)	(1,203,283)
Total governmental activities net position	\$ 8,489,115	\$ (1,361,805)	\$ (1,386,838)	\$ (1,321,518)	\$ (1,751,862)	\$ (1,510,852)	\$ (311,659)	\$ 1,000,596	\$ 2,989,479	\$ 3,973,441
Business-type activities										
Invested in capital assets, net of related debt	\$ 146,883	\$ 151,844	\$ 135,059	\$ 120,362	\$ 123,512	\$ 131,000	\$ 133,263	\$ 108,375	\$ 91,174	\$ 90,535
Unrestricted	171,378	137,929	138,100	151,441	166,107	168,068	62,171	14,936	78,074	137,621
Total business-type activities net position	\$ 318,261	\$ 289,773	\$ 273,159	\$ 271,803	\$ 289,619	\$ 299,068	\$ 195,434	\$ 123,311	\$ 169,248	\$ 228,156
Government-wide										
Invested in capital assets, net of related debt	\$ 6,640,261	\$ 6,737,290	\$ 6,636,189	\$ (6,738,581)	\$ 4,164,166	\$ 5,327,934	\$ 5,942,084	\$ 5,918,250	\$ 6,145,907	\$ (14,761,539)
Restricted	938,156	451,947	640,863	15,606,408	4,618,825	2,727,475	2,532,658	1,781,140	4,220,096	20,028,798
Unrestricted	1,228,959	(8,261,269)	(8,390,731)	(9,917,542)	(10,245,234)	(9,267,193)	(8,590,967)	(6,575,483)	(7,207,276)	(1,065,662)
Total district net position	\$ 8,807,376	\$ (1,072,032)	\$ (1,113,679)	\$ (1,049,715)	\$ (1,462,243)	\$ (1,211,784)	\$ (116,225)	\$ 1,123,907	\$ 3,158,727	\$ 4,201,597

Source: District Records

Note: (1) GASB Statement No. 68 was implemented during the 2015 fiscal year, which required the restatement of beginning net position in the amount of \$9,288,272. The amount is not reflected in the June 30, 2014 net position, above.

NEW PROVIDENCE SCHOOL DISTRICT
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (UNAUDITED)
 (accrual basis of accounting)

	2014	2015 ⁽¹⁾	2016	2017	2018 ⁽²⁾	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Regular	\$ 12,859,042	\$ 13,122,021	\$ 13,232,521	\$ 13,732,314	\$ 14,236,542	\$ 14,710,003	\$ 14,935,994	\$ 16,134,234	\$ 23,796,568	\$ 23,412,670
Special education	2,254,729	2,327,478	2,481,345	2,585,876	2,636,119	2,764,946	2,824,255	2,936,826	4,789,859	4,846,300
Other special instruction	331,131	293,590	292,636	339,473	297,663	347,426	317,658	325,899	689,973	697,517
Other instruction	845,087	973,365	861,353	932,935	983,825	1,061,011	1,090,089	1,004,264	1,708,099	1,681,418
Support Services:										
Tuition	2,505,200	2,466,291	2,638,139	2,566,033	2,477,479	2,612,032	2,656,322	2,538,261	2,807,801	3,243,520
Student & instruction related services	3,517,719	3,536,076	3,570,885	3,661,895	3,721,839	4,031,584	3,960,786	4,609,750	7,203,846	7,302,929
School administrative services	1,397,300	1,411,511	1,377,108	1,398,769	1,442,372	1,435,530	1,561,013	1,543,849	2,513,060	2,476,198
General and business administrative services	9,650,286	11,557,805	11,851,219	13,643,633	21,752,416	18,913,850	17,664,315	22,538,225	3,063,139	3,052,298
Plant operations and maintenance	2,139,359	2,189,103	2,223,541	2,195,207	2,350,526	2,594,141	2,228,700	2,170,897	3,675,913	3,791,622
Pupil transportation	999,670	910,256	1,058,768	1,335,666	1,301,539	1,414,324	1,209,101	1,185,926	1,918,298	2,419,760
Unallocated depreciation	481,537	395,516	353,610	974,257	1,642,856	1,666,661	1,728,131	973,491	-	-
Interest on long-term debt	1,145,407	1,118,929	1,064,016	304,240	833,031	744,053	698,913	647,231	593,232	536,513
Unallocated Depreciation	38,126,467	40,301,941	41,005,141	43,670,298	53,676,207	52,295,561	50,875,277	56,608,853	52,759,788	53,460,745
Total governmental activities expenses	796,956	761,197	772,120	779,985	808,649	766,627	658,714	163,043	749,156	877,766
Business-type activities:										
Food service	796,956	761,197	772,120	779,985	808,649	766,627	658,714	163,043	749,156	877,766
Total business-type activities expense	796,956	761,197	772,120	779,985	808,649	766,627	658,714	163,043	749,156	877,766
Total district expenses	\$ 38,923,423	\$ 41,063,138	\$ 41,777,261	\$ 44,450,283	\$ 54,484,856	\$ 53,062,188	\$ 51,533,991	\$ 56,771,896	\$ 53,508,944	\$ 54,338,511
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 239,857	\$ 143,328	\$ 104,632	\$ 86,506	\$ 78,982	\$ 71,532	\$ 130,865	\$ 335,685	\$ 424,257	\$ 648,307
Operating grants and contributions	629,969	616,777	721,265	764,226	714,170	721,714	689,498	980,274	12,725,517	10,940,505
Total governmental activities program revenues	869,826	760,105	825,897	850,732	793,152	793,246	820,363	1,315,959	13,149,774	11,588,812
Business-type activities:										
Charges for services:										
Food service	688,532	732,136	754,858	777,529	823,782	773,194	553,350	12,865	794,947	934,391
Operating grants and contributions	108,584	573	648	1,100	2,683	2,882	1,730	55	-	-
Total business type activities program revenues	797,116	732,709	755,506	778,629	826,465	776,076	555,080	12,920	794,947	934,391
Total district program revenues	\$ 1,666,942	\$ 1,492,814	\$ 1,581,403	\$ 1,629,361	\$ 1,619,617	\$ 1,569,322	\$ 1,375,443	\$ 1,328,879	\$ 13,944,721	\$ 12,523,203
Net (Expense)/Revenue										
Governmental activities	(37,256,641)	(39,542,016)	(40,179,244)	(42,819,566)	(52,883,055)	(51,502,315)	(50,054,914)	(55,292,894)	(39,610,014)	(41,871,933)
Business-type activities	160	(28,488)	(16,614)	(1,356)	17,816	9,449	(103,634)	(150,123)	45,791	56,625
Total government-wide net expense	\$ (37,256,481)	\$ (39,570,504)	\$ (40,195,858)	\$ (42,820,922)	\$ (52,865,239)	\$ (51,492,866)	\$ (50,158,548)	\$ (55,443,017)	\$ (39,564,223)	\$ (41,815,308)

NEW PROVIDENCE SCHOOL DISTRICT
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (UNAUDITED)
 (accrual basis of accounting)

	2014	2015 ⁽¹⁾	2016	2017	2018 ⁽²⁾	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 31,441,208	\$ 32,479,298	\$ 33,241,004	\$ 34,643,702	\$ 35,448,844	\$ 37,269,826	\$ 38,105,152	\$ 38,938,890	\$ 39,717,552	\$ 40,669,610
Taxes levied for debt service	1,194,140	1,197,638	1,324,897	1,012,409	1,498,204	1,525,788	1,536,809	1,546,721	1,228,689	1,574,363
Federal and State aid not restricted	4,484,398	4,910,899	5,430,312	6,217,067	15,227,360	12,539,696	11,110,016	15,914,045	-	-
Investment earnings	17,086	15,558	18,867	86,028	137,915	130,231	93,392	19,463	16,330	252,260
Special item- Appraisal of capital asset adjustment	40,742	107,272	15,602	144,039	-	-	-	-	-	-
Miscellaneous income	178,071	190,350	126,424	783,808	147,241	291,444	177,222	292,708	636,326	359,662
Special item-Loss on disposal of fixed assets	(19,905)	(1,647)	(2,895)	(2,167)	(6,853)	(13,660)	(1,332)	(28,678)	-	-
Special item- Series 2008 refunding bond cost	-	80,000	-	-	-	-	-	-	-	-
Total governmental activities	\$ 37,335,740	\$ 38,979,368	\$ 40,154,211	\$ 42,884,886	\$ 52,452,711	\$ 51,743,325	\$ 51,021,259	\$ 56,683,149	\$ 41,598,897	\$ 42,855,895
Business-type activities										
Miscellaneous income	534	524	272	171	-	-	-	-	146	2,283
Private sources	-	-	-	16,031	12,682	24,838	22,592	-	4,239	-
Adjustment to asset valuation	-	-	261,233	(307,675)	167,924	19,300	(66,654)	54,894	-	-
Transfers	-	-	112,741	-	-	-	-	-	-	-
Total business-type activities	\$ 534	\$ 524	\$ 374,246	\$ (291,473)	\$ 180,606	\$ 44,138	\$ (44,062)	\$ 59,133	\$ 146	\$ 2,283
Total government-wide	\$ 37,336,274	\$ 38,979,892	\$ 40,528,457	\$ 42,593,413	\$ 52,633,317	\$ 51,787,463	\$ 50,977,197	\$ 56,742,282	\$ 41,599,043	\$ 42,858,178
Change in Net Position										
Governmental activities	\$ 79,099	\$ (562,648)	\$ (25,033)	\$ 65,320	\$ (430,344)	\$ 241,010	\$ 966,345	\$ 1,390,255	\$ 1,988,883	\$ 983,962
Business-type activities	160	(28,488)	(16,614)	(1,356)	17,816	9,449	(103,634)	(150,123)	45,937	58,908
Total district	\$ 79,259	\$ (591,136)	\$ (41,647)	\$ 63,964	\$ (412,528)	\$ 250,459	\$ 862,711	\$ 1,240,132	\$ 2,034,820	\$ 1,042,870

Source: District records

Note: (1) GASB Statement No. 68 was implemented in the 2015 fiscal year where additional on-behalf TPAF pension expense and offsetting contribution is reported.

(2) GASB Statement No. 75 was implemented in the 2018 fiscal year, where additional on-behalf OPEB expense and offsetting contribution is reported.

NEW PROVIDENCE SCHOOL DISTRICT
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (UNAUDITED)
 (modified accrual basis of accounting)

EXHIBIT J-3

	2014	2015	2016	2017	2018	2019	2020	2021 ⁽¹⁾	2022	2023
General Fund										
Restricted	\$ 938,156	\$ 406,525	\$ 595,441	\$ 1,899,037	\$ 2,430,557	\$ 2,548,086	\$ 3,684,973	\$ 3,739,039	\$ 3,954,562	\$ 3,720,935
Committed	1,039,022	382,128	915,022	632,675	689,040	765,102	1,243,045	1,496,019	1,042,799	1,034,225
Assigned	276,424	562,513	481,055	288,597	327,459	442,077	69,938	127,682	393,812	1,323,304
Unassigned	581,535	607,799	591,702	629,375	626,665	642,438	626,924	1,461,398	1,929,137	948,211
Total general fund	\$ 2,835,137	\$ 1,958,965	\$ 2,583,220	\$ 3,449,684	\$ 4,073,721	\$ 4,397,703	\$ 5,624,880	\$ 6,824,138	\$ 7,320,310	\$ 7,026,675
All Other Governmental Funds										
Committed, Capital Projects Fund	\$ -	\$ -	\$ -	\$ 10,911,451	\$ 1,353,649	\$ 508,856	\$ 27,758	\$ -	\$ -	\$ 4,959,896
Student Activities	-	-	-	-	-	-	-	99,018	116,038	179,839
Scholarships	-	-	-	-	-	-	-	149,601	149,496	155,120
Unassigned reported in:										
Capital projects fund	-	-	-	2,750,497	834,618	628,456	349,989	-	-	15,972,904
Debt service fund	-	-	-	45,423	1	-	-	323,568	-	-
Total all other governmental funds	\$ -	\$ -	\$ -	\$ 13,707,371	\$ 2,188,268	\$ 1,137,312	\$ 377,747	\$ 572,187	\$ 265,534	\$ 21,267,759

Source: District records

Note: (1) In 2021 the District implemented GASB Statement 84 which required a restatement of the financial statements for the year ended June 30, 2021.

NEW PROVIDENCE SCHOOL DISTRICT
 CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS,
 LAST TEN FISCAL YEARS
 (UNAUDITED)
 (modified accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax levy	\$ 32,635,348	\$ 33,676,936	\$ 34,565,901	\$ 35,656,111	\$ 36,947,048	\$ 38,795,614	\$ 39,641,961	\$ 40,485,611	\$ 40,946,241	\$ 42,243,973
Tuition charges	239,857	143,328	104,632	86,506	78,982	71,532	130,865	129,180	52,794	70,950
Interest earnings	17,086	13,558	18,867	86,028	137,915	130,231	93,392	19,463	16,330	252,260
Miscellaneous	178,071	190,350	126,424	783,808	147,241	291,444	177,222	292,708	550,151	250,521
Private sources	-	-	-	-	-	-	-	206,505	457,638	686,498
Grants	3,864	(4,598)	(7,394)	(12,821)	(11,090)	(9,913)	(4,752)	11,783	-	-
State sources	4,578,724	4,988,395	5,507,598	6,292,618	7,252,409	8,324,147	9,016,718	10,800,911	13,659,244	13,968,025
Federal sources	531,779	543,879	651,373	701,496	646,045	650,887	630,791	898,769	816,608	1,243,646
Total revenue	38,184,729	39,553,848	40,967,401	43,593,746	45,198,550	48,253,942	49,686,197	52,844,930	56,499,006	58,715,873
Expenditures										
Current expense:										
Instruction	15,843,198	16,197,180	16,445,109	17,164,055	17,699,174	18,413,397	18,591,089	19,105,350	19,714,913	20,449,573
Undistributed expenditures	20,877,601	22,469,848	22,303,251	23,829,077	24,664,216	26,589,282	27,236,247	30,055,606	33,476,336	35,934,638
Capital Outlay	411,149	542,346	219,110	2,593,281	11,700,431	2,108,320	1,666,086	718,852	812,196	1,697,559
Debt service	1,486,537	1,445,516	1,448,610	1,449,240	2,078,031	2,049,053	2,063,913	2,077,231	2,088,232	2,116,513
Total Expenditures	38,618,485	40,654,890	40,416,080	45,035,653	56,141,852	49,160,052	49,557,335	51,957,039	56,091,677	60,198,283
Total Expenditures over (under) expenditures	(433,756)	(1,101,042)	551,321	(1,441,907)	(10,943,302)	(906,110)	128,862	887,891	407,329	(1,482,410)
Other Financing sources (uses)										
Transfer to Enterprise Service	-	-	-	-	-	-	-	(78,000)	-	-
Capital leases (non-budgeted)	103,071	270,292	72,934	85,320	48,236	179,136	338,750	104,310	28,839	-
Bond Proceeds	-	-	-	15,885,000	-	-	-	-	-	-
Total other financing sources (uses)	103,071	270,292	72,934	15,970,320	48,236	179,136	338,750	26,310	28,839	22,191,000
Net change in fund balances	\$ (330,685)	\$ (830,750)	\$ 624,255	\$ 14,528,413	\$ (10,895,066)	\$ (726,974)	\$ 467,612	\$ 914,201	\$ 436,168	\$ 20,708,590
Debt service as a percentage of noncapital expenditures	3.9%	3.6%	3.6%	3.4%	4.7%	4.4%	4.3%	4.1%	3.8%	3.6%

Source: District records (GAAP Basis)

Note: Noncapital expenditures are total expenditures less capital outlay.

**NEW PROVIDENCE SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE (NJ)
FOR THE LAST TEN FISCAL YEARS
(UNAUDITED)**

EXHIBIT J-5

<u>Fiscal Year Ending June 30,</u>	<u>Interest on Investments</u>	<u>Rentals</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Annual Totals</u>
2014	\$ 17,086	\$ 41,411	\$ 239,857	\$ 136,660	\$ 435,014
2015	15,558	30,430	143,328	159,920	349,236
2016	19,757	30,439	104,632	95,985	250,813
2017	28,375	29,656	86,506	754,087	898,624
2018	83,777	39,955	78,982	107,286	310,000
2019	114,448	43,612	71,532	247,832	477,424
2020	87,062	34,589	130,865	142,554	395,070
2021	19,463	25,404	134,814	261,670	441,351
2022	17,086	41,767	52,794	438,504	550,151
2023	123,261	64,024	70,950	250,521	508,756

Source: District records

REVENUE CAPACITY

NEW PROVIDENCE SCHOOL DISTRICT
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 FOR THE LAST TEN YEARS
 (UNAUDITED)

EXHIBIT J-6

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
District Property										
Vacant Land	\$ 11,987,300	\$ 11,011,900	\$ 10,671,200	\$ 10,003,600	\$ 9,928,600	\$ 10,030,700	\$ 9,801,600	\$ 9,277,800	\$ 8,985,400	\$ 8,731,700
Residential	1,057,175,800	1,066,460,900	1,072,696,100	1,083,203,100	1,096,855,000	1,107,685,000	1,115,402,500	1,124,249,600	1,133,845,300	1,144,913,700
Commercial	122,738,085	120,491,592	120,542,792	140,168,392	160,680,292	177,422,292	202,667,592	202,590,892	202,843,492	202,193,792
Industrial	59,432,300	57,157,500	57,710,000	57,382,400	50,212,900	51,783,300	49,830,400	49,830,400	52,190,400	52,250,600
Apartment	35,058,600	35,058,600	50,807,100	59,769,800	59,769,800	61,790,500	63,190,500	63,890,500	60,890,500	61,085,400
Total Assessed Value	1,286,392,085	1,290,180,492	1,312,427,192	1,350,527,292	1,377,446,592	1,408,711,792	1,440,892,592	1,449,839,192	1,461,755,092	1,469,175,192
Less: Tax Exempt Property	-	-	-	-	-	-	-	-	-	-
Business Personal Property	798,901	823,022	895,426	971,235	1,003,318	1,018,305	1,158,487	2,421,025	2,311,605	2,224,912
Net Valuation Taxable	921,396,581	1,291,003,514	1,313,322,618	1,351,498,527	1,378,449,910	1,409,730,097	1,442,051,079	1,452,260,217	1,464,066,697	1,471,400,104
Total Direct School Tax Rate	2.575	2.642	2.667	2.695	2.746	2.782	2.779	2.795	2.854	2.920

Source: Municipal Tax Assessor

NEW PROVIDENCE SCHOOL DISTRICT
 DIRECT AND OVERLAPPING PROPERTY TAXES
 PER \$100.00 OF ASSESSED VALUATION
 FOR THE LAST TEN YEARS
 (UNAUDITED)

Assessment Year	New Providence Board of Education			Overlapping Rate			Total Direct and Overlapping Tax Rate	
	Basic Rate	General Obligation Debt Service	Total Direct	Union County	Union County Open Space	Municipal Open Space		Municipal Library
2014	2.48	0.095	2.575	0.984	0.029	0.002	0.064	4.564
2015	2.542	0.099	2.642	0.973	0.028	0.003	0.062	4.634
2016	2.582	0.085	2.667	0.998	0.028	0.005	0.063	4.699
2017	2.591	0.104	2.695	1.023	0.029	0.006	0.063	4.766
2018	2.635	0.111	2.746	1.031	0.029	0.007	0.065	4.845
2019	2.671	0.111	2.782	1.013	0.03	0.008	0.066	4.870
2020	2.669	0.11	2.779	1.023	0.031	0.009	0.068	4.900
2021	2.708	0.087	2.795	0.978	0.031	0.01	0.069	4.902
2022	2.745	0.109	2.854	0.933	0.031	0.01	0.07	4.938
2023	2.814	0.106	2.920	0.91	0.034	0.01	0.076	5.007

Source: Certification Schedule of the General Tax Rate, Tax Assessor

**NEW PROVIDENCE SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
FOR THE CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

EXHIBIT J-8

Taxpayers	2023			2014		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
Redwood-ERC NP LLC / Altus Group	\$ 91,348,100	1	6.21%	\$ -	-	0.00%
Tower Spring Gardens One 2015, LLC	14,800,000	2	1.01%	-	-	0.00%
UB New Providence	14,272,800	3	1.01%	-	-	0.00%
Shelbourne Spring LLC	12,392,000	4	0.97%	-	-	0.00%
Redwood-ERC NP LLC / Altus Group	9,675,100	5	0.84%	-	-	0.00%
121 Chanlon LLC Signatutre Acq.	8,032,000	6	0.66%	-	-	0.00%
GH NP Central LLC	7,649,600	7	0.55%	-	-	0.00%
Murray Hill Gardens	7,162,800	8	0.52%	-	-	0.00%
Murray Hill Gardens	6,837,200	9	0.49%	-	-	0.00%
AP Haven TIC 1 LLC, ETAL	6,279,800	10	0.46%	-	-	0.00%
The B.O.C Group, Inc	-	-	-	19,955,900	1	1.55%
Martindale-Hubbell, Inc.	-	-	-	14,678,385	2	1.14%
N Providence, LLC	-	-	-	14,272,800	3	1.11%
41 Spring Street, LLC	-	-	-	13,886,100	4	1.08%
C.R Bard, Inc	-	-	-	11,500,000	5	0.89%
Murray Hill Apartments Company, LLC	-	-	-	8,380,800	6	0.65%
Tower Management Financing PTSP, LP	-	-	-	8,269,300	7	0.64%
Redwood-ERC New Providence LLC	-	-	-	7,500,000	8	0.58%
Lucent Technologies, Inc.	-	-	-	5,800,000	9	0.45%
Mack-Cali Realty Corp	-	-	-	5,097,000	10	0.40%
Total	\$ 178,449,400		12.72%	\$ 109,340,285		8.49%

**NEW PROVIDENCE SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
FOR THE LAST TEN YEARS
(UNAUDITED)**

EXHIBIT J-9

Fiscal Year Ending June 30,	Taxes Levied for the Fiscal Year	Amount	Percent of Tax Levy Collected
2014	\$ 32,635,348	\$ 32,635,348	100.00%
2015	33,676,936	33,676,936	100.00%
2016	34,565,901	34,565,901	100.00%
2017	35,656,111	35,656,111	100.00%
2018	36,947,048	36,947,048	100.00%
2019	38,795,614	38,795,614	100.00%
2020	39,641,961	39,641,961	100.00%
2021	40,485,611	40,485,611	100.00%
2022	40,946,241	40,946,241	100.00%
2023	42,243,973	42,243,973	100.00%

Source: District records including the Certificate Schedule of the General Tax Rate

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

DEBT CAPACITY

**NEW PROVIDENCE SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
FOR THE LAST TEN FISCAL YEARS
(UNAUDITED)**

EXHIBIT J-10

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Finance Leases			
2014	\$ 11,145,000	\$ 180,976	\$ 11,325,976	0.51%	\$ 57,306
2015	10,015,000	228,496	10,243,496	0.59%	60,089
2016	8,920,000	152,867	9,072,867	0.68%	61,808
2017	23,660,000	82,968	23,742,968	0.27%	65,130
2018	22,145,000	24,118	22,439,118	0.30%	68,313
2019	21,110,000	130,848	21,240,848	0.33%	70,865
2020	19,745,000	243,679	19,988,679	0.36%	72,543
2021	18,315,000	93,435	18,408,435	0.42%	77,007
2022	16,820,000	28,839	16,848,839	N/A	N/A
2023	37,431,000	-	37,431,000	N/A	N/A

Sources: Details regarding the District’s outstanding liabilities can be found in the notes to the basic financial statements.

Personal income and population data was provided by the U.S. Bureau of the Census, Population Division. These ratios are calculated using personal income and population for the prior calendar year.

N/A – Information was not available at time of the audit.

**NEW PROVIDENCE SCHOOL DISTRICT
 RATIO OF GENERAL BONDED DEBT OUTSTANDING
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

EXHIBIT J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2014	\$ 11,145,000	\$ -	\$ 11,145,000	0.86%	\$ 57,306
2015	10,095,000	-	10,095,000	0.78%	60,089
2016	8,920,000	-	8,920,000	0.68%	61,808
2017	23,660,000	-	23,660,000	1.80%	65,130
2018	22,415,000	-	22,415,000	1.62%	68,313
2019	21,110,000	-	21,110,000	1.50%	70,865
2020	19,745,000	-	19,745,000	1.37%	72,543
2021	18,315,000	-	18,315,000	1.26%	77,007
2022	16,820,000	-	16,820,000	1.15%	N/A
2023	37,431,000	-	37,431,000	2.54%	N/A

N/A – Information was not available at time of the audit.

**NEW PROVIDENCE SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

EXHIBIT J-12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
New Providence Borough	\$ 25,733,498	100.00%	\$ 25,733,498
Other debt			
Union County	535,791,918	3.64%	19,521,310
Subtotal, overlapping debt			45,254,808
New Providence School Direct Debt	37,431,000	100.00%	37,431,000
Total direct and overlapping debt			
Total Direct and Overlapping Debt			\$ 82,685,808

Source: Finance officer, Union County Finance office and utility authorities

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 New Providence. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

DEMOGRAPHIC AND ECONOMIC INFORMATION

**NEW PROVIDENCE SCHOOL DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN YEARS
 (UNAUDITED)**

EXHIBIT J-14

<u>Year Ended December 31,</u>	<u>Population</u>	<u>Personal Income</u>	<u>Total Per Capita Income</u>	<u>Unemployment Rate</u>
2014	12,421	\$ -	\$ 57,306	4.2%
2015	12,469	-	60,089	3.7%
2016	12,758	-	60,808	3.4%
2017	13,308	-	64,413	3.1%
2018	13,486	-	68,262	2.7%
2019	13,595	-	70,865	2.3%
2020	13,994	-	72,543	5.9%
2021	13,617	-	77,007	3.9%
2022	13,519	-	N/A	2.5%
2023	N/A	-	N/A	N/A

Source: Population and per capita information is provided by the American Community Survey data published by the US Bureau of Economic Analysis. Unemployment information provided by the NJ Department of Labor and Workforce Development. Personal income has been estimated based upon the municipal population and per capita personal income presented.

N/A - Information was not available at time of the audit.

NEW PROVIDENCE SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO
 (UNAUDITED)

EXHIBIT J-15

Employer	2023		2014	
	Employees	Rank (Optional)	Employees	Rank (Optional)
	Percentage of Total Municipal Employment		Percentage of Total Municipal Employment	
*				
*				
*				
*				
*				
*				
*				
*				
*				
*				

* Data not available from Borough of New Providence

OPERATING INFORMATION

NEW PROVIDENCE SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY
 FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction										
Regular	150.5	153.5	152	153.7	159	160	163	164.5	166.5	166.5
Supplemental (Special Education)	20	23	24	25	25	26	28	29	30	30
Vocational	1	1	1	1	1	1	1	1	1	1
Support Services:										
Certificated:										
Educational Support (Includes Special Ed)	31.3	28.3	30.3	30.5	30.9	31.3	32.3	32.3	33.3	33.3
General administrative services	2	2	2	2	2	2	2	2	2	2
Business administrative services	1	1	1	1	1	1	1	1	1	1
School administrative services	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5
Non-Certificated:										
Teacher Aides	18.5	20	21	23	23	24	20	20	20	20
Technicians	2	2	2	2	2	2	2	2	2	2
Clerical/ Secretarial	21.8	22	21	21	21	21	21	20	20	20
Service Workers (Includes Playground/Lunch/Aides)	24.3	23	22	20.5	20.5	20.8	20.8	19.8	19.8	19.8
Skilled Crafts (Includes Maintenance)	7	7	7	7	7	7	7	9	9	9
Total	289.9	293.3	293.8	297.2	302.9	306.6	308.6	311.1	315.1	315.1

Source: District personnel records

NEW PROVIDENCE SCHOOL DISTRICT
OPERATING STATISTICS
LAST NINE FISCAL YEARS
(UNAUDITED)

EXHIBIT J-17

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2014	2,369	\$ 36,090,830	\$ 15,235	-1.29%	202.8	1:12	1:12	1:11	2,335	2,247	2.89%	96.23%
2015	2,378	38,050,251	16,001	5.03%	205.8	1:12	1:12	1:11	2,342	2,254	0.32%	96.24%
2016	2,410	38,027,095	15,779	-1.39%	207.3	1:12	1:12	1:11	2,383	2,297	1.75%	96.39%
2017	2,403	40,228,906	16,741	6.10%	209.2	1:14	1:12	1:11	2,388	2,292	0.20%	95.98%
2018	2,421	41,649,220	17,203	2.76%	214.9	1:14	1:10	1:10	2,359	2,269	-1.20%	96.18%
2019	2,444	44,413,339	18,172	5.63%	218.7	1:13	1:10	1:10	2,384	2,302	1.05%	96.56%
2020	2,387	45,224,294	18,946	4.26%	223.7	1:13	1:10	1:10	2,385	2,327	0.05%	97.57%
2021	2,388	47,989,948	20,096	6.07%	226.8	1:13	1:11	1:10	2,340	2,266	-1.90%	96.84%
2022	2,368	51,891,759	21,914	9.05%	230.8	1:12	1:10	1:10	2,328	2,215	-0.50%	95.15%
2023	2,383	55,865,455	23,443	6.98%	230.8	1:12	1:10	1:09	2,317	2,218	-0.50%	95.73%

Sources: District records, school performance reports

Note: Enrollment based on annual October district count and includes Special Education placements.

- a) October ASSA enrollment count
- b) Operating expenditures equal total expenditures less special revenue, debt service and capital outlay; Exhibit B-2.
- c) Teaching staff includes full-time and part-time equivalents of certificated staff.
- d) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS)

NEW PROVIDENCE SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS
 (UNAUDITED)

EXHIBIT J-18

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
District Building										
Elementary										
Allen W. Roberts (1962)										
Square Feet	72,114	72,114	72,114	72,114	72,114	72,114	72,114	72,114	72,114	72,114
Capacity (students)	575	562	562	562	562	562	562	562	562	562
Enrollment	649	663	637	657	671	671	673	674	692	676
Salt Brook (1968)										
Square Feet	92,920	92,920	92,920	92,920	92,920	92,920	92,920	92,920	92,920	92,920
Capacity (students)	579	570	570	570	570	570	570	570	570	570
Enrollment	662	638	669	649	650	654	643	641	606	607
High School/Middle School										
New Providence HS/MS (1957)										
Square Feet	180,892	180,892	180,892	180,892	185,732	185,732	185,732	185,732	185,732	185,732
Functional Capacity (students)	1,041	1,039	1,039	1,039	1,032	1,032	1,032	1,052	1,052	1,052
Enrollment	971	1,040	1,025	1,019	1,034	1,037	1,040	1,040	1,020	1,048
Other										
Maintenance Garage										
Square Feet	5,467	5,467	5,467	5,467	5,467	5,467	5,467	5,467	5,467	5,467

Number of Schools at June 30, 2023
 Elementary = 2
 High School/Middle School = 1
 Other = 1

Source: District records, October Enrollment Reports not including Special Education Placements. Functional Capacity based on LRFP.

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions.

NEW PROVIDENCE SCHOOL DISTRICT
 SCHEDULE OF ALLOWABLE MAINTENANCE EXPENDITURES BY SCHOOL FACILITY (NJ)
 FOR THE LAST TEN FISCAL YEARS
 (UNAUDITED)

EXHIBIT J-19

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
UNDISTRIBUTED EXPENDITURES - REQUIRED										
MAINTENANCE FOR SCHOOL FACILITIES										
* <u>School Facilities</u>										
Allen W. Roberts School	\$ 120,387	\$ 124,507	\$ 120,520	\$ 129,474	\$ 120,594	\$ 140,366	\$ 129,925	\$ 134,360	\$ 128,851	\$ 139,900
Salt Brook School	155,118	158,967	176,026	152,981	162,624	334,423	142,011	160,382	155,617	160,402
Middle High School	302,023	301,017	314,727	303,332	323,310	172,174	310,424	338,996	341,170	366,078
Total School Facilities	577,528	584,491	611,273	585,787	606,528	646,963	582,360	633,738	625,638	666,380
Other Facilities	9,152	7,643	8,006	7,946	7,630	7,897	7,395	7,821	7,537	8,466
Grand Total	\$ 586,680	\$ 592,134	\$ 619,279	\$ 593,733	\$ 614,158	\$ 654,860	\$ 589,755	\$ 641,559	\$ 633,175	\$ 674,846

Source: School District Annual Maintenance Budget Amount Worksheet (Form M-1)

Note: * School Facilities are defined under EFCFA, (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

**NEW PROVIDENCE SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2023
(UNAUDITED)**

EXHIBIT J-20

	<u>Coverage</u>	<u>Deductible</u>
Multi-Peril Policy - Utica National Insurance Group		
Property, Blanket Building & Contents, replacement costs Boiler & Machinery (Actual values 96,199,281)	\$ 98,940,298	\$ 1,000
Comprehensive General Liability (includes B.O.E liability)	1,000,000	7,500
Automobile Liability - Utica Mutual	1,000,000	500/1000
Umbrella Liability Policy - Utica National Ins. Group.	15,000,000	10,000
Public Employee Blanket Bond - Selective Insurance Co.	250,000	2,500
Public Official Bond - Selective Insurance Co.	300,000	-
Workers Compensation - New Jersey School Insurance Group	In Accordance with statutory requirements	
Athletic - Accident - Zurich American Insurance Company	5,000,000	Full Excess
Foreign Liability - Chubb & Son	1,000,000	-
Foreign Worker's Compensation - Chubb & Son	Statutory	-
Cap Excess Umbrella Liability - Hudson Insurance Co.	30,000,000	-
Cyber Liability -Loyds of London Insurance Company	1,000,000	25,000

Source: District Records

SINGLE AUDIT SECTION

EXHIBIT K-1

**INDEPENDENT AUDITOR’S 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***

The Honorable President and
Members of the Board of Education
New Providence School District
County of Union
New Providence, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of governmental activities, the business-type activities, and each major fund, of the Board of Education of the New Providence School District, in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise of the Board of Education of the New Providence School District’s basic financial statements, and have issued our report thereon dated November 28, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education of the New Providence School District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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



DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants



MAURICIO CANTO
Certified Public Accountant
Licensed Public School Accountant
No. 2541

Secaucus, New Jersey
November 28, 2023

EXHIBIT K-2

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

The Honorable President and
Members of the Board of Education
New Providence School District
County of Union
New Providence, New Jersey

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Board of Education of the New Providence School District, in the County of Union, State of New Jersey compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the New Providence School District’s major federal and state programs for the year ended June 30, 2023. The Board of Education of the New Providence School District’s major federal and state programs are identified in the Summary of Auditor’s Results Section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; 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 OMB’s 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 Board of Education of the New Providence School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Board of Education of the New Providence School District’s compliance with the compliance requirements referred to above

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Board of Education of the New Providence School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *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 Board of Education of the New Providence School District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and New Jersey'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 Board of Education of the New Providence School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Board of Education of the New Providence School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Board of Education of the New Providence School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 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 program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Donohue, Gironde, Doria & Tomkins LLC

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants



MAURICIO CANTO
Certified Public Accountant
Licensed Public School Accountant
No. 2541

Secaucus, New Jersey
November 28, 2023

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

EXHIBIT K-3
 SCHEDULE A

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL AWARD NUMBER	FEDERAL FAIN NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2022	CASH RECEIVED	BUDGETARY EXPENDITURES	BALANCE AT JUNE 30, 2023		MEMO TOTAL EXPENDITURES
				FROM	TO				(ACCOUNTS RECEIVABLE)	DUE TO GRANTOR	
U.S. DEPARTMENT OF EDUCATION											
PASSED-THROUGH STATE											
DEPARTMENT OF EDUCATION:											
Elementary and Secondary Education Act:											
Title I - Part A Basic											
84.010	84.010	S010A210030	\$ 4,848	07/01/21	09/30/22	\$ (4,848)	\$ 4,848	\$ -	\$ -	\$ -	\$ (4,848)
		S010A200030	31,354	07/01/20	09/30/21	(4,139)	-	(709)	-	-	(31,354)
			4,848				4,848	(709)			
Title II - Part A Teacher & Principal Training											
84.367A	84.367A	S367A210029	36,275	07/01/22	09/30/23	-	20,918	(36,275)	-	(15,357)	(36,275)
		S367A200029	34,859	07/01/21	09/30/22	(6,290)	6,290	-	-	(15,357)	(34,859)
			36,275				27,208	(36,275)			
Title III - Part A English Language Acquisition											
84.365A	84.365A	S365A210030	9,324	07/01/22	09/30/23	-	3,847	(9,324)	-	(5,477)	(9,324)
		S365A200030	5,580	07/01/21	09/30/22	(2,288)	2,288	-	-	-	(5,580)
		S365A200030	6,477	07/01/22	09/30/23	-	4,996	(6,477)	-	(1,481)	(6,477)
			9,324				11,131	(15,801)			
Title IV - Part A											
84.424A	84.424A	S424A210031	2,219	07/01/21	09/30/22	(1,000)	1,000	-	-	-	(2,219)
IDEA Basic											
84.027A	84.027A	H027A210100	529,503	07/01/22	09/30/23	-	385,332	(529,503)	(144,171)	-	(529,503)
		H027A200100	505,121	07/01/21	09/30/22	(139,956)	139,956	-	-	-	(505,121)
		H173A210114	19,824	07/01/22	09/30/23	-	12,677	(19,824)	(7,147)	-	(19,824)
		H173A210115	16,657	07/01/21	09/30/22	(12,369)	12,369	-	-	-	(16,657)
		H027X210100	94,115	07/01/22	09/30/23	-	57,888	(94,115)	(36,227)	-	(94,115)
		H027X210101	15,621	07/01/21	09/30/22	(4,506)	-	-	(4,506)	-	(15,621)
		H173A190114	9,394	07/01/22	09/30/23	(156,831)	61,716	(652,836)	(192,051)	-	(9,394)
IDEA Cluster											
84.425U	84.425U	S425U210027	321,975	07/01/21	09/30/24	(850)	162,434	(321,975)	(160,391)	-	(321,975)
		S425U210027	3,080	07/01/21	09/30/24	(18)	18	(3,080)	(3,080)	-	(3,080)
		S425U210027	15,258	07/01/21	09/30/24	(3,041)	11,349	(15,258)	(6,950)	-	(15,258)
		S425U210028	137,268	07/01/21	09/30/24	-	69,759	(137,268)	(67,509)	-	(137,268)
		S425U210028	11,181	07/01/21	09/30/24	-	5,056	(11,181)	(6,125)	-	(11,181)
		S377A130031	234,233	07/01/21	09/30/24	(14,644)	12,214	(36,888)	(39,318)	-	(36,888)
		S425D210027	38,402	07/01/21	09/30/24	(4,948)	2,646	(12,375)	(14,677)	-	(12,375)
			38,402			(23,501)	263,476	(538,025)	(298,050)	-	
TOTAL U.S. DEPARTMENT OF EDUCATION											
			925,279			(194,049)	925,279	(1,243,646)	(512,416)	-	
TOTAL SPECIAL REVENUE FUND											
			925,279			(194,049)	925,279	(1,243,646)	(512,416)	-	
TOTAL FEDERAL FINANCIAL AWARDS											
			\$ 925,279			\$ (194,049)	\$ 925,279	\$ (1,243,646)	\$ (512,416)	\$ -	\$ -

NEW PROVIDENCE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

EXHIBIT K-4
SCHEDULE B

STATE DEPARTMENT OF EDUCATION GENERAL FUND	GRANT OR STATE PROGRAM NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2022		CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2023		MEMO CUMULATIVE TOTAL	
			FROM	TO	UNEARNED REVENUE/ (ACCOUNTS RECEIVABLE)	DUE TO GRANTOR				(ACCOUNTS RECEIVABLE)	DUE TO GRANTOR	BUDGETARY RECEIVABLE	EXPENDITURES
Special Education Categorical Aid	23-495-034-5120-089	\$ 2,066,786	07/01/22	06/30/23	\$ -	\$ -	\$ 2,066,786	\$ (2,066,786)	\$ -	\$ -	\$ (2,066,786)	\$ 2,066,786	
Security Aid	23-495-034-5120-084	186,941	07/01/22	06/30/23	-	-	186,941	(186,941)	-	-	(186,941)	186,941	
State Aid Cluster					-	-	2,253,727	(2,253,727)	-	-	(2,253,727)		
Transportation Aid	23-495-034-5120-014	250,347	07/01/22	06/30/23	-	-	250,347	(250,347)	-	-	(250,347)	250,347	
Extraordinary Aid	23-495-034-5120-044	606,851	07/01/22	06/30/23	-	-	-	(606,851)	-	-	-	606,851	
Extraordinary Aid	22-495-034-5120-044	735,929	07/01/21	06/30/22	(735,929)	-	-	-	-	-	-	735,929	
One-behalf TPAF Post Retirement Medical Contributions	23-495-034-5094-001	1,826,691	07/01/22	06/30/23	-	-	1,826,691	(1,826,691)	-	-	-	1,826,691	
One-behalf TPAF Pension Contribution	23-495-034-5094-002	6,953,590	07/01/22	06/30/23	-	-	6,953,590	(6,953,590)	-	-	-	6,953,590	
One-behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	3,128	07/01/22	06/30/23	-	-	3,128	(3,128)	-	-	-	3,128	
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	1,453,675	07/01/22	06/30/23	-	-	1,453,675	(1,453,675)	-	-	-	1,453,675	
TOTAL GENERAL FUND					(735,929)	-	13,477,087	(13,348,009)	-	-	(606,851)	-	9,917,032
SPECIAL REVENUE FUND													
SDA Emergent Needs	N/A	56,487	07/01/22	06/30/23	-	-	56,487	(56,487)	-	-	-	-	56,487
NJ Nonpublic Aid													
Nonpublic Textbook Aid	23-100-034-5120-064	8,514	07/01/22	06/30/23	-	-	8,514	(7,909)	(888)	605	-	8,514	
Nonpublic Textbook Aid	22-100-034-5120-064	9,423	07/01/21	06/30/22	-	588	-	-	-	-	-	9,423	
Nonpublic Nursing Services	23-100-034-5120-070	14,448	07/01/22	06/30/23	-	-	14,448	(14,006)	-	442	-	14,448	
Nonpublic Nursing Services	22-100-034-5120-070	17,584	07/01/21	06/30/22	-	2,628	-	-	(2,628)	-	-	17,584	
Nonpublic Auxiliary Services Aid Ch. 192													
Compensation Education	23-100-034-5120-067	38,446	07/01/22	06/30/23	-	-	38,446	(38,446)	-	-	-	38,446	
Compensation Education	22-100-034-5120-067	26,964	07/01/21	06/30/22	-	180	-	-	(180)	-	-	26,964	
English as a Second Language	22-100-034-5120-067	401	07/01/22	06/30/23	-	-	401	(301)	-	100	-	401	
Total Nonpublic Auxiliary Services Aid Ch. 192							38,847	(38,747)	(180)	100	-	-	
Nonpublic Handicapped Services Aid Ch. 193													
Examination and Classification	23-100-034-5120-066	19,148	07/01/22	06/30/23	-	-	19,148	(6,832)	-	12,316	-	19,148	
Examination and Classification	22-100-034-5120-066	15,550	07/01/21	06/30/22	-	3,706	-	-	(3,706)	-	-	15,550	
Speech Instruction	23-100-034-5120-066	6,324	07/01/22	06/30/23	-	-	6,324	(6,045)	-	279	-	6,324	
Speech Instruction	22-100-034-5120-066	8,370	07/01/21	06/30/22	-	5,115	-	-	(5,115)	-	-	8,370	
Supplementary Instruction	23-100-034-5120-066	13,216	07/01/22	06/30/23	-	-	13,216	(10,325)	-	2,891	-	13,216	
Supplementary Instruction	22-100-034-5120-066	8,756	07/01/21	06/30/22	-	661	-	-	(661)	-	-	8,756	
Total Nonpublic Handicapped Services Aid Ch. 193							38,688	(23,202)	(9,482)	15,486	-	-	
Nonpublic Technology Initiative	23-100-034-5120-373	5,922	07/01/22	06/30/23	-	-	5,922	(5,346)	-	576	-	5,922	
Nonpublic Technology Initiative	22-100-034-5120-373	6,594	07/01/21	06/30/22	-	846	-	-	(846)	-	-	6,594	
Nonpublic Security Aid	23-100-034-5120-509	28,905	07/01/22	06/30/23	-	-	28,905	(24,812)	-	4,093	-	28,905	
Nonpublic Security Aid	22-100-034-5120-509	27,475	07/01/21	06/30/22	-	5,134	-	-	(5,134)	-	-	27,475	
TOTAL SPECIAL REVENUE FUND							191,811	(170,509)	(18,858)	21,302	-	-	542,150
DEBT SERVICE FUND													
Debt Service Aid	23-100-034-5120-017	542,150	07/01/22	06/30/23	-	-	542,150	(542,150)	-	-	-	-	542,150
TOTAL STATE DEPARTMENT OF EDUCATION					(735,929)	18,858	14,402,859	(14,231,177)	(18,858)	21,302	(606,851)	-	(248,208)
GRAND TOTAL					\$ (735,929)	\$ 18,858	\$ 14,402,859	\$ (14,231,177)	\$ (18,858)	\$ 21,302	\$ (606,851)	\$ (248,208)	
LESS:													
One-behalf TPAF Post Retirement Medical Contributions							1,826,691						
One-behalf TPAF Pension Contribution							6,953,590						
One-behalf TPAF Long-Term Disability Insurance							3,128						
TOTAL STATE ASSISTANCE SUBJECT TO SINGLE AUDIT							\$ (6,447,768)						

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state award activity of the Board of Education of the New Providence School District. The Board of Education is defined in Note 1 to the Board’s basic financial statements. All federal awards and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Awards and Financial Assistance are presented on the budgetary basis of accounting. These bases of accounting are described in Note 1 to the Board’s basic financial statements. The information in this schedule is presented in accordance with the 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 OMB’s Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. INDIRECT COST RATE

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

NOTE 4. EXPENDITURES PASSED THROUGH TO SUBRECIPIENTS

The District did not pass through any expenditures of federal awards to subrecipients.

NOTE 5. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$40,503) for the General Fund and (\$52,140) for the Special Revenue Fund. See *Note 1* (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board’s basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Private</u>	<u>Total</u>
General Fund	\$ -	\$ 13,307,506	\$ -	\$ 13,307,506
Special Revenue Fund	<u>1,243,646</u>	<u>118,369</u>	<u>686,498</u>	<u>2,048,513</u>
Total Awards and Financial Assistance	<u>\$ 1,243,646</u>	<u>\$ 13,425,875</u>	<u>\$ 686,498</u>	<u>\$ 15,356,019</u>

NOTE 6. 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 7. OTHER

The amount of \$6,953,590 reported as TPAF Pension Contributions, \$3,128 reported as TPAF Long-Term Disability Insurance, and \$1,826,691 reported as TPAF Post-Retirement Medical Contributions represent the amounts paid by the State on behalf of the District for the year ended June 30, 2023. TPAF Social Security Contributions in the amount of \$1,453,675 represent the amount reimbursed by the State for the employer's share of Social Security Contributions for TPAF members for the year ended June 30, 2023.

NOTE 8. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf expenditures for the District by the State are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to the State single audit and major program determination.

Section I - Summary of Auditors' Results

FINANCIAL STATEMENT SECTION

- A) Type of Auditors Report Issued: Unmodified
- B) Internal Control over Financial Reporting:
- 1) Material weakness(es) identified? Yes ✓ No
- 2) Significant deficiency(ies) identified? Yes ✓ None reported
- C) Noncompliance material to basic financial statements noted? Yes ✓ No

FEDERAL AWARDS SECTION

- D) Internal Control over major programs:
- 1) Material weakness(es) identified? Yes ✓ No
- 2) Significant deficiency(ies) identified? Yes ✓ None reported
- E) Type of auditor's report on compliance for major program Unmodified
- F) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of ? Yes ✓ No
- G) Identification of major programs:

<u>Federal AL Number</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425U	S425U210027	ARP ESSER
84.425U	S425U210027	ARP Summer Learning
84.425U	S425U210027	ARP Beyond the School Day
84.425U	S425U210028	ARP Accelerated Learning
84.425U	S425U210028	ARP Mental Health Support
84.425D	S377A130031	ESSER II
84.425D	S425D210027	CRRSA-ESSER II - Mental Health

- H) Dollar threshold used to distinguish between Type A and Type B Programs. \$750,000
- I) Auditee qualified as low-risk auditee? ✓ Yes No

Section II - Financial Statement Findings

(This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provision of contracts and grants agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting.)

No matters were reported

Section III - Federal Awards and State Financial Assistance Findings

(This section identifies audit findings required to be reported by 2 CFR 200 Section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB Circular Letter 15-08, as applicable.)

FEDERAL AWARDS

No matters were reported.

STATE FINANCIAL ASSISTANCE

No matters were reported.

**NEW PROVIDENCE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT K-7

(This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. (§.511 (a)(b)) and New Jersey OMB Circular 15-08, as applicable.)

STATUS OF PRIOR YEAR FINDINGS

FINANCIAL STATEMENT

No matters were reported in prior year

FEDERAL AWARDS

No matters were reported in prior year

STATE FINANCIAL ASSISTANCE

No matters were reported in prior year

School District of the Chathams

School District of the Chathams
Board of Education
Chatham Township
County of Morris
New Jersey

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

School District of the Chathams

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School District of the Chathams

Chatham, New Jersey

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

Prepared by

Business Office

INTRODUCTORY SECTION



School District of the Chathams

259 Lafayette Avenue
Chatham, NJ 07928
973-457-2526
973-457-2481 FAX

Peter Daquila
Business Administrator/
Board Secretary

December 4, 2023

The Honorable President and
Members of the Board of Education
The School District of the Chathams
County of Morris, New Jersey

Dear Board Members:

The Annual Comprehensive Financial Report (“ACFR”) of the School District of the Chathams (the "District") as of and for the year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and the 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 (as noted in the Table of Contents) and the results of operations and cash flows, where applicable, of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The ACFR is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter (designed to complement Management’s Discussion and Analysis and should be read in conjunction with it), the District's organizational chart, consultants, independent auditor and advisors and a roster of officials. The financial section includes the Independent Auditors’ Report, Management’s Discussion and Analysis (immediately following the Independent Auditor’s Report), 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 and is unaudited. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Treasury Circular Letter NJ OMB 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 internal control and compliance with applicable laws, regulations, contracts and grants along with any findings and questioned costs, is included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The School District of the Chathams is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (“GASB”). All funds and the Government-wide financial statements of the District are included in this report. The School District of the Chathams and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate for grade levels pre-K through 12. These services include general and vocational as well as special education for students with disabilities. The District completed the 2022/2023 fiscal year with an average daily enrollment of 3,549 students, which is a decrease of 215 students from the previous year's average daily enrollment. The changes in average daily enrollment over the past five years are as follows:

Average Daily Enrollment

<u>Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2022/2023	3,549	(5.7)%
2021/2022	3,764	(3.2)%
2020/2021	3,891	(3.6)%
2019/2020	4,041	(1.7)%
2018/2019	4,112	(1.3)%

2. ECONOMIC CONDITION AND OUTLOOK:

Both Chatham Borough and Chatham Township are situated approximately 35 minutes west of New York City by train, bus or car and are close to major airports and highways. Both communities are characterized by well-educated, well-resourced and highly supportive residents. The two communities reflect a blend of metropolitan, historic and bucolic elements that make the area highly attractive from a quality of life perspective.

Chatham Borough is primarily a residential community with a small retail center and limited commercial activities. This trend is not expected to change at any time in the near future. Chatham Borough continues to maintain its high property values and at the same time, the commercial property values have remained relatively constant.

Chatham Township is a stable, affluent, suburban municipality. Its predominately residential property tax base (90%) makes it virtually immune to individual corporate activities. A large percentage of the community’s land area is wooded county park land and federal wildlife refuge. These undeveloped tracts give the community a distinctively natural, rural character, which both protect it from the higher density development more characteristic of surrounding communities and help maintain its residential property values.

The District has an approximate \$5,453,541,200 tax base, which has grown over 100% since 2000; however, both municipalities conducted a revaluation program in 2004 which affected this comparison. The tax rate is expected to continue to grow at a modest rate as a result of market

appreciation. The District exhibits wealth and income levels that are well above state medians. The District has a low debt burden as a percentage of equalized valuation.

3. MAJOR INITIATIVES AND INSTRUCTIONAL PROGRAMS: CURRICULUM

The School District of the Chathams offers a diverse and challenging curriculum that extends beyond the New Jersey Student Learning Standards. Students perform at a superior level on statewide standardized tests. For each of the past three years, over 97% of Chatham High School graduates have gone on to further their education, with over 90% of these graduates attending four-year colleges or universities. *U.S. News and World Report* has placed Chatham High School among the top 1% of public high schools in the United States for student achievement and for learning in Science, Technology, Engineering, and Mathematics (S.T.E.M.) education. *New Jersey Monthly* has twice ranked Chatham High School as the # 1 school in the state.

Enhancing the educational experience of students is a broad set of extracurricular offerings in the arts, athletics, service organizations, and special-interest activities. Our choral and music groups have performed in venues including Carnegie Hall and Lincoln Center, multiple athletic teams have won New Jersey state championships in recent years, and other extracurricular groups—such as the Applied Physics and Engineering Club, the Academic Team, and the Model Congress/United Nations Club—have garnered recognitions and awards.

Members of this school community recognize that academic achievement is important, but not supreme. The school district is committed to developing learners in a manner that emphasizes socio-emotional needs, character, and respectfulness. Each of the district's six schools seeks to foster school environments free from bullying and rich with experiences that nurture the whole child. Similarly, the district is committed to offering programming that is based on the individual needs of students, be they academic, behavioral, or developmental in nature.

4. INTERNAL CONTROL:

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 are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The internal control 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 awards and state financial assistance, 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 awards 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 controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board and New Jersey Department of Education. Annual appropriated budgets are adopted for the general, special revenue and debt service funds. The legal level of budgetary control is at the line-item level in each 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 assigned fund balance at June 30, 2023.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. DEBT ADMINISTRATION:

Under provisions of New Jersey statutes, school districts may not incur indebtedness greater than 4% of the average equalized valuation of taxable property. At June 30, 2023, the District's outstanding debt issues are well below the legal debt margin. The District continues to be committed to providing the debt rating agencies and all other interested parties with annual audited financial statements and other pertinent credit information relevant to our outstanding securities.

8. FINANCIAL STATUS:

The business administrator and the finance committee continue to guide the district with fiscal prudence while working within the limitations imposed by the state's 2% cap on the annual increase of the tax revenue collected from Chatham Borough and Chatham Township. The business office utilizes purchasing co-operatives, state contracts and bids to purchase the materials needed to operate the District at the lowest possible price. The District has utilized the capital reserve balance to fund capital improvements at all of the schools instead of incurring additional debt. The taxpayers approved a \$15,864,300 referendum in September 2016. The referendum was for six (6) projects which include renovating the Chatham High School auditorium, renovating the Chatham Middle School auditorium, a STEM classroom addition at the Chatham Middle School, a four (4) classroom addition at the Milton Avenue School, various improvements at the Cougar Field complex and partial roof replacements at three (3) schools.

9. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of PKF O'Connor Davies LLP has been selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Federal Uniform Guidance and State Treasury Circular Letter NJ OMB 15-08. The auditors' report on the basic financial statements, required supplementary information and other supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGMENTS:

We would like to express our appreciation to the staff members of the School District of the Chathams 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. We also would like to thank the members of the Board of Education for their support of the school system, the countless hours they spend working to guide the district and their efforts to ensure that the district continues to improve and that it remains as one of the top school districts in the state.

Respectfully submitted,



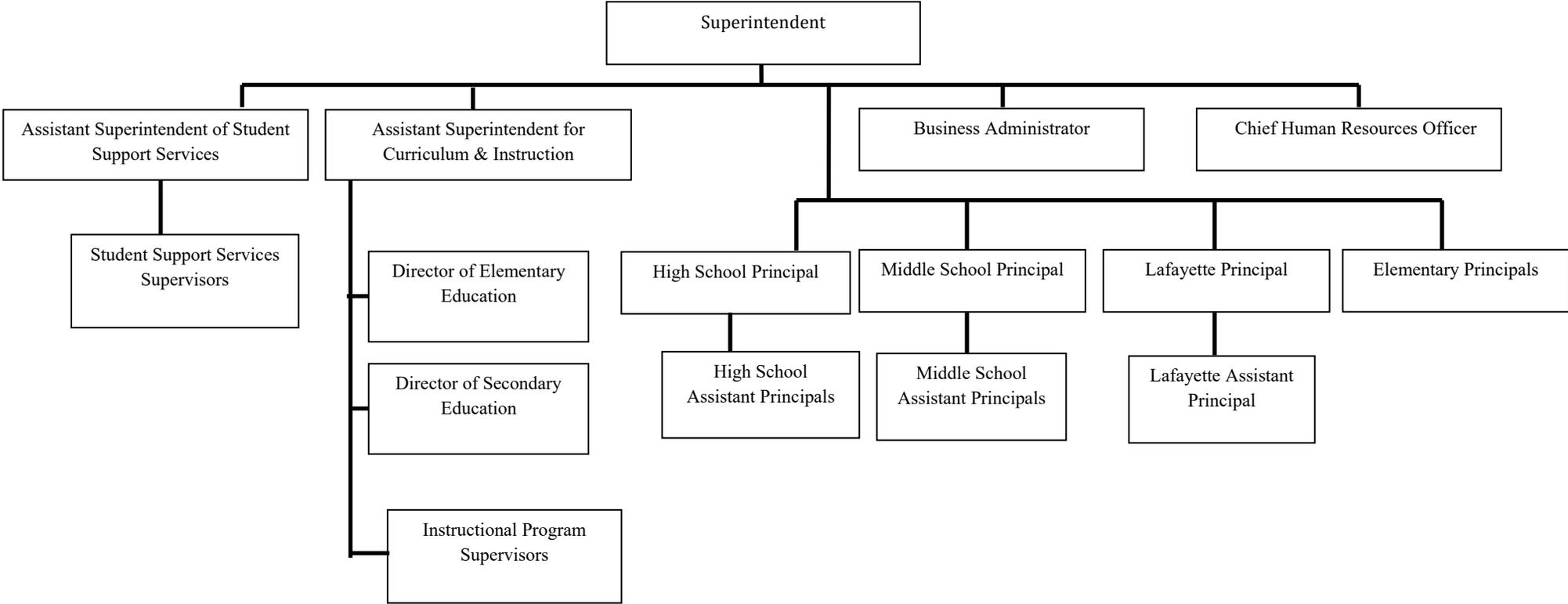
Dr. Michael LaSusa
Superintendent



Peter Daquila
Business Administrator/Board Secretary

SCHOOL DISTRICT
OF THE CHATHAMS

Organization Chart



**School District of the Chathams
Chatham, New Jersey**

Roster of Officials

June 30, 2023

Members of the Board of Education

Expires

Jill Critchley Weber, President	2023
Ann Ciccarelli, Vice President	2024
Michelle Clark	2024
Christopher Delsandro	2025
Lata Kenney	2024
Michael Ryan	2023
Susan Ross	2025
Bradley Smith	2023
Yinglu Zhang	2025

Other Officers

Dr. Michael LaSusa, Superintendent of Schools

Peter Daquila, RSBA, Business Administrator/Board Secretary

Patricia Sewak, Assistant Business Administrator/Assistant Board Secretary

John Csatlos, Treasurer of School Monies

**School District of the Chathams
Chatham, New Jersey**

Consultants, Independent Auditor and Advisors

June 30, 2023

Architects

Parette Somjen Architects
439 Route 46 East
Rockaway, NJ 07866

Independent Auditors

PKF O'Connor Davies, LLP
20 Commerce Drive
Cranford, NJ 07016

Attorney

Cleary, Gaicobbe, Alfieri & Jacobs, LLC
169 Ramapo Valley Road
Upper Level – Suite 105
Oakland, NJ 07436

Legal Services – Bond Counsel

McManimon, Scotland and Baumann, LLC
75 Livingston Avenue
Roseland, NJ 07068

Financial Advisor

Phoenix Advisors, LLC
625 Farnsworth Avenue
Bordentown, New Jersey 08620

Official Depository

Citizens Bank
101 JFK Parkway
Short Hills, NJ 07078

FINANCIAL SECTION



Independent Auditors' Report

**Honorable President and Members
of the Board of Education
School District of the Chathams
Chatham, 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 and each major fund of the School District of the Chathams (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards and requirements 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.

PKF O'CONNOR DAVIES, LLP
20 Commerce Drive, Suite 301, Cranford, NJ 07016 | Tel: 908.272.6200 | Fax: 908.272.2416 | www.pkfod.com

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**Honorable President and Members
of the Board of Education
School District of the Chathams
Chatham, New Jersey**

Page 2

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.

Auditors' 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 auditors' 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, audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards* 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, the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards*, we:

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

**Honorable President and Members
of the Board of Education
School District of the Chathams
Chatham, New Jersey**

Page 3

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 combining and individual fund financial statements, long-term debt schedules, and the schedules of expenditures of federal awards and state financial assistance, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for 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 GAAS. In our opinion, the combining and individual fund financial statements, long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Annual Financial Report for the year ended June 30, 2023. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' 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.

**Honorable President and Members
of the Board of Education
School District of the Chathams
Chatham, New Jersey**

Page 4

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 December 4, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Cranford, New Jersey
December 4, 2023

Scott A Clelland

Scott A. Clelland, CPA
Licensed Public School Accountant, No. 1049

Required Supplementary Information - Part I

Management's Discussion and Analysis

**Board of Education
School District of the Chathams**

Management's Discussion and Analysis

Year Ended June 30, 2023

This section of the School District of the Chatham's (the "District") annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Management's Discussion and Analysis ("MD&A") is Required Supplementary Information specified in the Governmental Accounting Standard Board's ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain comparative information between the current fiscal year and the prior fiscal year is presented in the MD&A.

Overview of the Financial Statements

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

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

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

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

The Government-wide financial statements can be found on Schedules A-1 and A-2 of this report.

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

Governmental funds Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

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

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

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

The basic governmental fund financial statements can be found on Schedules B-1, B-2 and B-3 of this report.

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

The basic proprietary fund financial statements can be found on Schedules B-4, B-5, and B-6 of this report.

Notes to the basic financial statements - The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the basic financial statements of this report.

Other information - The combining statements referred to earlier in connection with governmental funds and enterprise funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found immediately following the notes to the basic financial statements of this report.

Financial Highlights

Key financial highlights for the 2022-2023 fiscal year include the following:

- The State withheld the June fiscal year state aid payments until July 2023.
- The District made a deposit to its capital reserve in the amount of \$3,190,000.
- The final approved extraordinary aid awarded to the District for 2022-2023 exceeded the amount budgeted for by the District by \$774,678.

- The District recorded the net pension liability as required by GASB Nos. 68 and 71. The liability recorded at June 30, 2023 and 2022 was \$10,824,772 and \$8,586,089, respectively. This resulted in the unrestricted net position being increased during the year resulting in an unrestricted deficit in the government-wide financial statements of \$9,355,209 and \$10,502,278 as of June 30, 2023 and 2022, respectively.
- The District followed the requirements of GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. In the current year, this resulted in the District recording of revenue and expense in the amount of \$5,012,940 relating to post-employment health benefits paid for by the State on behalf of the District.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$48,008,977 as of June 30, 2023. The following table provides a summary of net position as of June 30, 2023 and 2022 relating to the District's governmental and business-type activities:

	Governmental Activities		Business-Type Activities		Total School District	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Current and other assets	\$ 14,157,095	\$ 13,289,574	\$ 251,953	\$ 54,110	\$ 14,409,048	\$ 13,343,684
Capital Assets, net	83,266,124	83,980,595	555,596	483,092	83,821,720	84,463,687
Total Assets	97,423,219	97,270,169	807,549	537,202	98,230,768	97,807,371
Deferred outflows of resources	2,549,494	2,255,312			2,549,494	2,255,312
Current and other liabilities	6,338,884	6,377,259	591,914	203,400	6,930,798	6,580,659
Net pension liability	10,824,772	8,586,089			10,824,772	8,586,089
Long-term liabilities	33,000,515	35,988,942			33,000,515	35,988,942
Total Liabilities	50,164,171	50,952,290	591,914	203,400	50,756,085	51,155,690
Deferred inflow of resources	2,015,200	5,710,546			2,015,200	5,710,546
Net Position:						
Net investment in capital assets	48,666,434	46,525,707	555,596	483,092	49,222,030	47,008,799
Restricted	8,142,156	6,689,926			8,142,156	6,689,926
Unrestricted (deficit)	(9,015,248)	(10,352,988)	(339,961)	(149,290)	(9,355,209)	(10,502,278)
Total Net Position	\$ 47,793,342	\$ 42,862,645	\$ 215,635	\$ 333,802	\$ 48,008,977	\$ 43,196,447

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

An additional portion of the District's net position represents resources that are subject to restrictions on how they may be used. The remaining balance represents unrestricted net position.

The total net position of the District increased \$4,812,530 during the current fiscal year, due to decrease in deferred inflows of resources which are allocated to the District by the State, and by current year operational performance.

Current and other assets increased mainly due to the results of current year operations.

Capital assets, net, decreased due to depreciation expense exceeding capital asset additions during the current year.

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

The change in the net pension liability and related deferred inflows and outflows is the result of performance of the Public Employee's Retirement System pension plan as well as changes in allocations as measured by the State of New Jersey, Division of Pension and Benefits.

District Activities The key elements of the District's changes in net position for the years ended June 30, 2023 and 2022, are as follows:

	Governmental Activities		Business-Type Activities		Total School District	
	June 30,		June 30,		June 30,	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,499,591	\$ 1,338,799	\$ 1,301,052	\$ 692,338	\$ 2,800,643	\$ 2,031,137
Operating Grants and Contributions	1,766,318	2,042,800	211,336	761,744	1,977,654	2,804,544
Capital Grants and Contributions	416,569	191,351	100,193	95,544	516,762	286,895
General Revenue:						
Property Taxes	72,619,108	71,239,021			72,619,108	71,239,021
Federal and State Aid	17,580,541	20,269,090			17,580,541	20,269,090
Earnings on Investments	163,292	38,796			163,292	38,796
Miscellaneous	586,424	483,531			586,424	483,531
Total Revenue	<u>94,631,843</u>	<u>95,603,388</u>	<u>1,612,581</u>	<u>1,549,626</u>	<u>96,244,424</u>	<u>97,153,014</u>
Expenses:						
Instruction	54,089,978	55,397,080			54,089,978	55,397,080
Support Services	13,543,916	13,903,874			13,543,916	13,903,874
Administration and Business	8,407,716	8,786,185			8,407,716	8,786,185
Maintenance and Operations	8,105,642	8,590,334			8,105,642	8,590,334
Transportation	4,086,402	3,687,711			4,086,402	3,687,711
Special Schools	266,218	401,287			266,218	401,287
Charter Schools	78,168	31,574			78,168	31,574
Interest on long-term liabilities	1,123,106	1,140,271			1,123,106	1,140,271
Business Type Activities			1,730,748	1,530,093	1,730,748	1,530,093
Total Expenses	<u>89,701,146</u>	<u>91,938,316</u>	<u>1,730,748</u>	<u>1,530,093</u>	<u>91,431,894</u>	<u>93,468,409</u>
Change in Net Position	4,930,697	3,665,072	(118,167)	19,533	4,812,530	3,684,605
Net position - beginning	42,862,645	39,197,573	333,802	314,269	43,196,447	39,511,842
Net position - ending	<u>\$ 47,793,342</u>	<u>\$ 42,862,645</u>	<u>\$ 215,635</u>	<u>\$ 333,802</u>	<u>\$ 48,008,977</u>	<u>\$ 43,196,447</u>

Revenue Sources. The District's total revenue for the 2022-2023 school year was \$96,244,424. Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$72,619,108 of the total, or 75.45 percent. Another 18.27 percent came from federal and state aid not restricted for specific programs, 2.59 percent from operating and capital grants and

contributions, 3.69 percent came from charges for services and the remainder from other miscellaneous sources.

Included in the State Aid revenue is the TPAF, Pension and Social Security Employer Share, and retirees' post-employment benefits paid by the State. The change from 2021-2022 to 2022-2023 can be attributed to a decrease in actuarial determined pension liability offset by an increase in the post-retirement benefits liability.

The District primarily conducts its operations from the revenue it receives from its local taxpayers.

Under the New Jersey reporting guidelines, many programs that could be considered instructional programs are categorized under support services such as tuition paid for special education students placed in private or regional day schools and library/media services. Health benefits, at the option of the District, paid on behalf of employees, including instructional, may be charged under the support services category and not by program and function code.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unrestricted fund balance is divided between assigned to and unassigned balances. The District has assigned portions of the unrestricted fund balance to earmark resources for the payment of certain government-wide liabilities that are not recognized in the governmental funds.

General Fund - The general fund is the main operating fund of the District. At the end of the current fiscal year, unassigned fund balance was \$1,976,927, while the total fund balance was \$11,909,478. The net change in total fund balance for the General Fund was an increase of \$1,109,676, which can be attributed to continued fiscally conservative operations.

Special Revenue Fund - The special revenue fund is used to track the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes, other than debt service or capital projects. Revenues and expenditures for the current fiscal year increased from the prior fiscal year. There were also increases in federal grant revenue due to the District receiving COVID-19 related grants.

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other assets (other than those financed by proprietary funds). The District's capital projects fund was inactive in the current year.

Debt Service Fund. The debt service fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund, Special Revenue Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2023, and the variances in relation to the prior year.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/(Decrease) from 2022</u>	<u>Percent of Increase/(Decrease)</u>
Local Sources	\$ 75,100,433	74.44%	\$ 1,739,254	2.37%
State Sources	24,149,720	23.94%	1,201,707	5.24%
Federal Sources	1,638,315	1.62%	(267,554)	-14.04%
	<u>\$ 100,888,468</u>	<u>100.00%</u>	<u>\$ 2,673,407</u>	<u>2.72%</u>

The increase in local sources is mainly attributable to increases in the tax levy of \$1,380,087, and increased miscellaneous revenue of \$186,481.

The increase of \$1,201,707 or 5.24% of State sources in 2022-2023 is mainly the result of a \$128,142 increase in the TPAF Pension benefits paid for by the State of New Jersey on behalf of the District, a \$531,187 increase in categorical special education aid, an increase in Lead Testing for Schools Aid of \$7,121, and a \$392,462 increase in extraordinary aid offset by the decrease related to the additional Non-Public Transportation Aid grant received in the prior year.

The decrease of \$267,554 or 14.04% of Federal sources in 2022-2023 can be primarily attributed to the decrease in FEMA revenue in the amount of \$111,033, the decrease in ARP IDEA grant revenue in the amount of \$199,030, and CRRSA Act Non-Title I grant revenue of \$271,052, offset by the increase of Additional Compensatory Related Services grant revenue of \$168,945 and ESSER III Coach and Educator Support grant revenue of \$106,203.

The following schedule presents a summary of Governmental Fund expenditures for the fiscal year ended June 30, 2023 and the increases and decreases in relation to the prior year.

	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2022</u>	<u>Percent of Increase (Decrease)</u>
Current Expenditures				
Instruction	\$ 34,604,872	34.67%	\$ 326,444	0.95%
Undistributed	58,113,691	58.24%	1,343,805	2.37%
Special Schools	182,704	0.18%	(80,329)	-30.54%
Capital Outlay	2,889,208	2.90%	(450,081)	-13.48%
Contribution to Charter Schools	78,168	0.08%	46,594	147.57%
Debt Service				
Principal	2,632,651	2.64%	352,651	15.47%
Interest	1,283,054	1.29%	(13,221)	-1.02%
	<u>\$ 99,784,348</u>	<u>100.00%</u>	<u>\$ 1,525,863</u>	<u>1.55%</u>

The increase in undistributed expenditures is attributable mostly to an increase in tuition of \$627,613, an increase in pupil transportation services of \$400,246, an increase in on-behalf contributions of approximately \$350,140 expenditures paid for by the State of New Jersey on-behalf of the District.

The decrease in Special schools is attributable mostly to the decrease of approximately \$68,269 of related salaries.

The decrease in capital outlay of \$450,081 is attributable mostly to the completion of the majority of prior year improvement projects throughout the district such as the CHS/LAF roof replacement and no new projects in the current year.

All other fluctuations are deemed immaterial and no further explanations are deemed necessary.

Business-Type Activities

The net position from the District's business-type activity decreased in the 2022-2023 year by \$118,167 due to a decrease in District's revenues from the National school lunch program.

General Fund Budgetary Highlights

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

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

Original Budget vs. Modified Budget - Revenues

- No material revenue variations required explanation in the current year.

Original Budget vs. Modified Budget - Expenditures

- The modified budget for pupil transportation increased by \$382,144 or 10% due to a increased special education enrollment.
- The modified budget for regular programs- instruction decreased by \$529,451 or 2% due to the district budgeting conservatively. Actual expenses were less than amounts originally budgeted.
- The modified budget for special education- instruction decreased by \$248,479 or 3% due to the decrease in student needs in the related categories.

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

Budget vs. Actual Revenues

- The actual amounts for interest earned on investments was \$118,292 higher than budgeted due to interest rates increased during the year, leading to greater interest income. Also, the District budgets conservatively for interest income.
- The actual amounts for miscellaneous revenues were \$306,424 higher than budgeted due to conservative budgeting.
- The actual amounts for Extraordinary Aid was \$774,678 higher than budgeted due to a combination of conservative budgeting and a concentration focus by the district on obtaining all eligible revenues.
- The actual amounts for TPAF Pension Contribution (On-Behalf - Non-Budgeted), TPAF Post-Retirement Medical (On-Behalf - Non-Budgeted), and TPAF Social Security (Reimbursed - Non-Budgeted) were \$12,186,169, \$3,201,277, and \$2,484,140 higher than budgeted respectively, due to the amounts paid on-behalf are determined by the state and are not budgeted amounts.
- The actual amounts for Additional Non-Public Transportation Aid was \$105,322. The District does not budget for this revenue.

Budget vs. Actual - Expenditures

- The actual amounts expended for School Sponsored Athletics were \$166,092 lower than budgeted was mainly attributable due to the purchasing of uniforms for athletic teams being rotated in the current year.
- The actual amounts expended for Undistributed expenditures Improvement for Instructional Services were \$109,795 lower than budgeted due to timing of staff hiring and reallocation of staff.
- The actual amounts expended for Undistributed expenditures Instructional Staff training Services were \$274,954 lower than budgeted due to timing of staff hiring and reallocation of staff.
- The actual amounts expended for Undistributed expenditures Support Services General Administration were \$191,053 lower than budgeted due to the District conservatively budgeting for Legal Fees.

Capital Assets

As of June 30, 2023 and 2022, the District had capital assets, net of accumulated depreciation, of \$83,603,916 and \$84,132,065, respectively, including land, construction in progress, building and building improvements, land improvements and machinery and equipment noted as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>	
	<u>2022-23</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2021-22</u>
Land	\$11,616,511	\$ 11,616,511			\$11,616,511	\$ 11,616,511
Construction in Progress	8,556	1,893,860		\$ 95,544	8,556	1,989,404
Buildings and Building Improvements	66,581,480	65,606,069	\$ 331,352	262,590	66,912,832	65,868,659
Land Improvements	3,219,833	2,879,937			3,219,833	2,879,937
Right to Use - Equipment	217,804	331,622				
Machinery and Equipment	1,621,940	1,652,596	224,244	124,958	1,846,184	1,777,554
Total Capital Assets						
Net of Depreciation	<u>\$83,266,124</u>	<u>\$ 83,980,595</u>	<u>\$ 555,596</u>	<u>\$ 483,092</u>	<u>\$83,603,916</u>	<u>\$ 84,132,065</u>

More detailed information about the District's capital assets is presented in Note 6 to the District's basic financial statements.

Debt Administration and Long-Term Liabilities

The District's long-term liabilities at June 30, 2023 and 2022 are as follows for the governmental activities:

	June 30,	
	<u>2023</u>	<u>2022</u>
General Obligation Bonds	\$ 30,260,000	\$ 32,635,000
Premium on Bonds	1,896,653	2,164,452
Financed Purchases Payable	3,035,264	3,292,915
Leases Payable	255,581	364,869
Compensated Absences	718,672	599,344
Sub-total	36,166,170	39,056,580
Net Pension Liability	10,824,772	8,586,089
	<u>\$ 46,990,942</u>	<u>\$ 47,642,669</u>

More detailed information about the District's long-term liabilities is presented in Note 7 to the District's basic financial statements.

Factors Bearing on the District's Future

In preparing the 2023-2024 budget, the primary goal of the Board was to develop a budget that would meet the needs of the school district and comply with the stringent restrictions placed on school district budgets by legislation. This legislation put a "2% cap" on the local tax levy; therefore, limiting the amount of funds a district can raise to support its budget.

The Board has opted to continue zero based budgeting to ensure only effective programs/services are funded in the future. The 2023-2024 unrestricted fund balance will be limited to 2% of our budget as per the New Jersey Department of Education regulations. Thus, it will be more important than ever to develop a budget that will closely reflect actual expenditures since the small unrestricted fund balance will not permit much flexibility.

Looking ahead to the development of the 2024-2025 budget, there will be increased demands for more teaching staff, supplies and equipment due to changing needs of the District.

This will be made more difficult because of the New Jersey Department of Education's new funding law. This law goes beyond the capping of revenues for the budget but it also authorizes the Executive County Superintendent to review the budget and challenge the District in their expenditure decisions. Further the State has made it clear that they are moving to reduce the number of school districts in the state by consolidating neighboring districts or at a minimum to see an expansion of shared services.

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, 259 Lafayette Avenue, Chatham, New Jersey 07928.

Basic Financial Statements

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Statement of Net Position
June 30, 2023**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 8,223,772	\$ 197,696	\$ 8,421,468
Accounts receivable	5,553,320	43,483	5,596,803
Internal balances	380,003	(380,003)	
Inventories		10,774	10,774
Capital assets, non-depreciable	11,625,067		11,625,067
Capital assets, depreciable, net	<u>71,641,057</u>	<u>555,596</u>	<u>72,196,653</u>
Total Assets	<u>97,423,219</u>	<u>427,546</u>	<u>97,850,765</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding of debt	847,808		847,808
Pension deferrals	<u>1,701,686</u>		<u>1,701,686</u>
Total Deferred Outflows of Resources	<u>2,549,494</u>		<u>2,549,494</u>
LIABILITIES			
Accounts payable	1,621,863	144,049	1,765,912
Unemployment claims payable	200,677		200,677
Payroll withholding payable	132,355		132,355
Accrued interest payable	543,833		543,833
Payable to state government	32,073		32,073
Unearned revenue	642,428	67,862	710,290
Noncurrent liabilities:			
Net pension liability	10,824,772		10,824,772
Due within one year	3,165,655		3,165,655
Due beyond one year	<u>33,000,515</u>		<u>33,000,515</u>
Total Liabilities	<u>50,164,171</u>	<u>211,911</u>	<u>50,376,082</u>
DEFERRED INFLOW OF RESOURCES			
Pension deferrals	<u>2,015,200</u>		<u>2,015,200</u>
NET POSITION			
Net investment in capital assets	48,666,434	555,596	49,222,030
Restricted for:			
Excess surplus	264,831		264,831
Capital reserve	6,755,000		6,755,000
Emergency reserve	165,005		165,005
Unemployment compensation	336,203		336,203
Student Activities	578,825		578,825
Scholarships	42,292		42,292
Unrestricted (deficit)	<u>(9,015,248)</u>	<u>(339,961)</u>	<u>(9,355,209)</u>
Total Net Position	<u>\$ 47,793,342</u>	<u>\$ 215,635</u>	<u>\$ 48,008,977</u>

See accompanying notes to the basic financial statements.

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Statement of Activities
Year Ended June 30, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental activities:							
Instruction:							
Regular	\$ 36,322,370	\$ 777,192	\$ 748,805	\$ 416,569	\$ (34,379,804)		\$ (34,379,804)
Special education	14,449,786		836,978		(13,612,808)		(13,612,808)
Other instruction	3,317,822				(3,317,822)		(3,317,822)
Support services:							
Student and instruction related services	13,543,916	553,253	180,535		(12,810,128)		(12,810,128)
School administration services	2,512,696				(2,512,696)		(2,512,696)
General and business administration services	5,895,020				(5,895,020)		(5,895,020)
Operation and maintenance of plant services	8,105,642				(8,105,642)		(8,105,642)
Pupil transportation	4,086,402	169,146			(3,917,256)		(3,917,256)
Special schools	266,218				(266,218)		(266,218)
Charter Schools	78,168				(78,168)		(78,168)
Interest and other costs on long-term debt	1,123,106				(1,123,106)		(1,123,106)
Total governmental activities	<u>89,701,146</u>	<u>1,499,591</u>	<u>1,766,318</u>	<u>416,569</u>	<u>(86,018,668)</u>		<u>(86,018,668)</u>
Business-type activities:							
Food Service	<u>1,730,748</u>	<u>1,301,052</u>	<u>211,336</u>	<u>100,193</u>		\$ (118,167)	<u>(118,167)</u>
Total business-type activities	<u>1,730,748</u>	<u>1,301,052</u>	<u>211,336</u>	<u>100,193</u>	-	<u>(118,167)</u>	<u>(118,167)</u>
Total primary government	<u>\$ 91,431,894</u>	<u>\$ 2,800,643</u>	<u>\$ 1,977,654</u>	<u>\$ 516,762</u>	<u>(86,018,668)</u>	<u>(118,167)</u>	<u>(86,136,835)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					69,271,996		69,271,996
Property taxes, levied for debt service					3,347,112		3,347,112
State aid not restricted					17,580,541		17,580,541
Investment Earnings					163,292		163,292
Miscellaneous Income					586,424		586,424
Total general revenues					<u>90,949,365</u>	-	<u>90,949,365</u>
Change in Net Position					4,930,697	(118,167)	4,812,530
Net Position—beginning					<u>42,862,645</u>	<u>333,802</u>	<u>43,196,447</u>
Net Position—ending					<u>\$ 47,793,342</u>	<u>\$ 215,635</u>	<u>\$ 48,008,977</u>

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS**

Balance Sheet
Governmental Funds
June 30, 2023

	Major Funds		
	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 7,602,655	\$ 621,117	\$ 8,223,772
Intergovernmental Accounts Receivable			
State	1,603,096	1,348	1,604,444
Federal		489,147	489,147
Local	3,414,532		3,414,532
Interfund	694,616		694,616
Other accounts receivable	15,055	30,142	45,197
Total Assets	\$ 13,329,954	\$ 1,141,754	\$ 14,471,708
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 541,372	\$ 77,595	\$ 618,967
Unemployment claims payable	200,677		200,677
Interfunds payable		314,613	314,613
Payable to state government		32,073	32,073
Payroll withholding payable	132,355		132,355
Unearned revenue	546,072	96,356	642,428
Total Liabilities	1,420,476	520,637	1,941,113
Fund Balances:			
Restricted for:			
Excess surplus - current year	264,831		264,831
Capital reserve	6,755,000		6,755,000
Emergency reserve	165,005		165,005
Unemployment compensation reserve	336,203		336,203
Student Activities		578,825	578,825
Scholarships		42,292	42,292
Assigned to:			
Other Purposes	261,395		261,395
Designated for Subsequent Year's Expenditures	2,150,117		2,150,117
Unassigned	1,976,927		1,976,927
Total Fund Balances	11,909,478	621,117	12,530,595
Total Liabilities and Fund Balances	\$ 13,329,954	\$ 1,141,754	14,471,708

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$136,971,547 and the accumulated depreciation is \$53,705,423. See Note 6.	83,266,124
Long-term liabilities, including bonds payable, financed purchases, obligations under leases and compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds. See Note 7.	(36,166,170)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(543,833)
Losses arising from the issuance of refunding bonds that are a result of the difference in the carrying value of the refunded bonds and the bonds are deferred and amortized over the life of the bonds.	847,808
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	(313,514)
Accrued pension contributions for the June 30, 2023 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(1,002,896)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	(10,824,772)
Net position of governmental activities	\$ 47,793,342

BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	
REVENUES				
Local sources:				
Local tax levy	\$ 69,271,996		\$ 3,347,112	\$ 72,619,108
Tuition charges	777,192			777,192
Transportation fees	169,146			169,146
Interest earned on investments	163,292			163,292
Miscellaneous	586,424	\$ 785,271		1,371,695
Total - Local Sources	<u>70,968,050</u>	<u>785,271</u>	<u>3,347,112</u>	<u>75,100,433</u>
State sources	23,605,403	312,554	231,763	24,149,720
Federal sources		1,638,315		1,638,315
Total Revenues	<u>94,573,453</u>	<u>2,736,140</u>	<u>3,578,875</u>	<u>100,888,468</u>
EXPENDITURES				
Current:				
Regular instruction	23,704,010	748,805		24,452,815
Special education instruction	6,991,379	836,978		7,828,357
Other instruction	2,323,700			2,323,700
Support services and undistributed costs:				
Tuition	2,970,957			2,970,957
Attendance/social work	74,455			74,455
Health services	631,680			631,680
Other support services	5,988,724	737,594		6,726,318
Improvement of instruction	784,410			784,410
School library	760,251			760,251
Instructional staff training	540,568			540,568
General administration services	1,058,071			1,058,071
School administration services	3,027,607			3,027,607
Central services	997,539			997,539
Administrative information technology	850,633			850,633
Required maintenance of school facilities	1,455,818			1,455,818
Custodial services	4,308,712			4,308,712
Care and upkeep of grounds	227,420			227,420
Security	434,152			434,152
Pupil transportation services	4,072,519			4,072,519
Unallocated benefits	11,315,884			11,315,884
On-behalf TPAF social security, medical, disability and pension contributions	17,876,697			17,876,697
Debt service:				
Principal	257,651		2,375,000	2,632,651
Interest	77,429		1,205,625	1,283,054
Special schools	182,704			182,704
Contribution to charter school	78,168			78,168
Capital outlay	2,472,639	416,569		2,889,208
Total Expenditures	<u>93,463,777</u>	<u>2,739,946</u>	<u>3,580,625</u>	<u>99,784,348</u>
Net change in fund balances	1,109,676	(3,806)	(1,750)	1,104,120
Fund Balance—July 1	<u>10,799,802</u>	<u>624,923</u>	<u>1,750</u>	<u>11,426,475</u>
Fund Balance—June 30	<u>\$ 11,909,478</u>	<u>\$ 621,117</u>	<u>\$ -</u>	<u>\$ 12,530,595</u>

The reconciliation of the fund balances of governmental funds to the net position of governmental activities in the statement of activities is presented in an accompanying schedule (B-3).

BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 Year Ended June 30, 2023

Total net change in fund balances - governmental funds (from B-2)	\$	1,104,120								
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>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 depreciation/amortization expense exceeded capital asset (capital outlay) additions in the period.</p> <table style="width: 100%; margin-left: 40px;"> <tr> <td style="width: 60%;">Depreciation/amortization expense</td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 10%; text-align: right;">(3,523,131)</td> <td style="width: 10%;"></td> </tr> <tr> <td>Capital additions</td> <td></td> <td style="text-align: right;"><u>2,808,660</u></td> <td style="text-align: right;">(714,471)</td> </tr> </table>			Depreciation/amortization expense	\$	(3,523,131)		Capital additions		<u>2,808,660</u>	(714,471)
Depreciation/amortization expense	\$	(3,523,131)								
Capital additions		<u>2,808,660</u>	(714,471)							
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.		2,375,000								
Repayment of financed purchases and leases are 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.		366,939								
Governmental funds report the effect of premiums and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the following related to the premiums on bonds.										
Amortization of premium		267,799								
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations and unused sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition in the reconciliation.		(119,328)								
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The difference in accrued interest is an increase in the reconciliation.		46,689								
Governmental funds report the effect of defeasances and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the following related to the deferred loss of refunding.										
Amortization of deferred loss		(154,540)								
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.										
Pension expense		<u>1,758,489</u>								
Change in net position of governmental activities (A-2)	\$	<u>4,930,697</u>								

PROPRIETARY FUND

BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended June 30, 2023

	Major Enterprise Fund
	Food Service
Operating Revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 1,301,052
Total Operating Revenues	1,301,052
Operating Expenses:	
Cost of sales - reimbursable programs	694,008
Salaries	638,371
Employee benefits	93,764
Other purchased services	75,357
Management fee	98,740
Supplies and materials	74,104
Miscellaneous	4,026
Depreciation	52,378
Total Operating Expenses	1,730,748
Operating (loss)	(429,696)
Nonoperating Revenues:	
State sources:	
State school lunch program	6,815
Federal sources:	
National school lunch program	103,901
Food donation program	28,387
COVID 19 Supply Chain	72,233
Total Nonoperating Revenues	211,336
(Loss) before capital contributions	(218,360)
Capital contributions	100,193
Change in Net Position	(118,167)
Total Net Position—Beginning	333,802
Total Net Position—Ending	\$ 215,635

See accompanying notes to the basic financial statements.

BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Proprietary Fund
Statement of Cash Flows
Year Ended June 30, 2023

	Major Enterprise Fund Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 1,270,249
Payments to employees	(638,371)
Payments for employee benefits	(93,764)
Payments to suppliers	(573,245)
Net cash (used for) operating activities	(35,131)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State sources	7,705
Federal sources	221,424
Food donation program	28,387
Net cash provided by noncapital financing activities	257,516
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(124,882)
Food Service Management Company Contribution	100,193
Net cash (used for) capital and related financing activities	(24,689)
Net (increase) in cash and cash equivalents	197,696
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	\$ 197,696
Reconciliation of operating (loss) to net cash (used for) operating activities:	
Operating (loss)	\$ (429,696)
Adjustments to reconcile operating (loss) to net cash (used for) operating activities:	
Depreciation	52,378
Changes in assets and liabilities:	
Decrease in inventories	3,362
Increase in other accounts receivable- students	(7,575)
Increase in other accounts receivable- other	(17,111)
Decrease in unearned revenue	(6,117)
Increase in interfund payable	355,000
Increase in accounts payable	14,628
Total adjustments	394,565
Net cash (used for) operating activities	\$ (35,131)

Noncash noncapital financing activities:

The District received \$23,997 of food commodities from the U.S. Department of Agriculture and \$101,193 of contributions from its food services management company during the year ended June 30, 2023.

See accompanying notes to the basic financial statements.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has oversight responsibility and control over all activities related to the School District of the Chathams in Chatham, New Jersey. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

B. Government-Wide and Fund Financial Statements

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

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major individual proprietary fund are reported as separate columns in the fund financial statements. Except for the interfund service funds, the New Jersey Department of Education requires all funds to be reported as major to promote consistency among the school districts in the State of New Jersey.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension, financed purchases and leases are recorded only when payment is due.

Property taxes, interest, and state aid associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when the District receives cash.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

The District has reported the following major governmental funds:

General Fund: The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and moveable instructional or non-instructional equipment, which are classified in the capital outlay subfund.

Special Revenue Fund: The District maintains one combined special revenue fund which includes the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes, other than debt service or capital projects.

Capital Projects Fund: The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other assets (other than those financed by proprietary funds).

Debt Service Fund: The debt service fund accounts for and reports the financial resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary fund:

Food Service Enterprise Fund: The food service enterprise fund accounts for all revenues and expenses pertaining to cafeteria operations. The food service enterprise 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.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

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

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

The enterprise fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges for sales of food. Operating expenses for the enterprise fund include the cost of sales, salary expenses, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District reports unearned revenue on its balance sheets and statements of net position. Unearned revenue arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheets and statements of net position and revenue is recognized.

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

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

The County Board of Taxation is responsible for the assessment of properties and the Borough and Township Tax Collectors are responsible for collection of taxes. Assessments are certified and taxes are levied on January 1; taxes are due February 1, May 1, August 1 and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). 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 referred in N.J.A.C. 6A:23. The District must approve all budget amendments and certain transfers must be approved by the County Superintendent of Schools. The District did make transfers during the year, which are identified on schedules C-1 and C-2. Some of the transfers made were in significant amounts, but all were in the normal course of operations, properly approved and in compliance with State requirements.

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States with the exception of the legally mandated revenue recognition of the last two state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Open encumbrances at year-end are reappropriated in the subsequent year's budget. Unencumbered appropriations lapse at fiscal year-end.

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

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

E. Interfund Receivables/Payables

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.

F. Inventories

Inventories, 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 and the District uses the consumption method for expensing inventory. At June 30, 2023, the District had inventories in the Food Service Enterprise Fund in the amount of \$10,774.

G. Capital Assets

Capital assets, which include land, property, plant and equipment and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years.

Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their acquisition value on the date of acquisition. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Property, plant and equipment of the District is depreciated using the straight line method. The following estimated useful lives are used to compute depreciation:

	<u>Years</u>
Machinery and equipment	2-20
Right to use - equipment	3-5
Buildings	50
Building improvements	20
Vehicles	5-10

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category, including deferred amounts from the refunding of debt and deferred amounts related to pensions. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

I. Compensated Absences

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the District is recorded in the government-wide financial statements and includes salary related payments. The liability for vested compensated absences of the proprietary fund type is recorded within that fund as the benefits accrue to employees. As of June 30, 2023, a liability existed for compensated absences in the government-wide financial statements in the amount of \$718,672 and no liability existed for compensated absences in the proprietary fund.

J. Deferred Loss on Refunding of Debt

Deferred loss on refunding arising from the issuance of refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense. The amortization expense for the year ended June 30, 2023 amounted to \$154,540. As of June 30, 2023, the District has an unamortized balance of \$847,808 recorded as a deferred outflow of resources.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

K. Unearned Revenue

Unearned revenue in the special revenue fund represents cash received from grants, which has been received but not yet earned. Unearned revenue in the general fund represents cash received for 2023-24 tuition for the District's Inclusion Preschool. Unearned revenue in the enterprise fund consists of unused donated food commodities and student deposits for future food purchases.

L. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. 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.

M. Fund Balances

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

- 1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 3) Committed - includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

Once committed, amounts cannot be used for other purposes unless the Board revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.

- 4) Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
- 5) Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

Of the \$11,909,478 of fund balances in the General Fund, \$264,831 has been restricted for current year excess surplus, \$261,395 of encumbrances is assigned to other purposes, \$2,150,117 has been assigned as designated for subsequent year's expenditures, \$6,755,000 has been restricted for the capital reserve, \$165,005 has been restricted for emergency reserve, \$336,203 is restricted for unemployment claims and \$1,976,927 is classified as unassigned. Of the \$621,117 fund balance in the Special Revenue Fund, \$578,825 and \$42,292 are restricted for Student Activities and Scholarships, respectively.

N. Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources and liabilities in the Government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net positions are reported as restricted in the Government-wide and fund financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

O. Management Estimates

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

P. On-Behalf Payments

Revenues and expenditures of the general fund include payments made or reimbursed by the State of New Jersey for social security and post-retirement pension and medical contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been decreased by \$8,068,288 to adjust for the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

Q. Calculation of Excess Surplus

The designation for restricted fund balance - excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve fund balance of the general fund at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess surplus at June 30, 2023 was \$264,831.

R. Leases

The District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset ("lease asset") in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$100,000 or more.

At commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease is amortized on a straight-line basis over its useful life. Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the District is reasonably certain to exercise. The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the Statement of Net Position.

S. GASB Pronouncements

Recently Issued

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has reviewed the requirements of the statement and the impact on the financial statements was deemed not material.

The GASB issued Statement No. 99, *Omnibus 2022* in April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has reviewed the requirements of the statement and the impact on the financial statements was deemed not material.

The GASB issued Statement No. 101, *Compensated Absences* in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

S. GASB Pronouncements (continued)

The requirements of this Statement are effective for periods beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has not determined the impact of the Statement on the financial statements.

T. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2023 and December 5, 2023, the date that the financial statements were available for issuance. The effect of those events and transactions that provide additional pertinent information about conditions that existed at the balance sheet and statement of net position date, have been recognized in the accompanying financial statements.

2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable and related unamortized premiums, obligations under financed purchases and leases payable, and compensated absences payable are not due and payable in the current period and therefore are not reported in the funds. The details of this \$36,166,170 difference are as follows:

Bonds payable	\$	30,260,000
Premium on bonds		1,896,653
Financed purchases payable		3,035,264
Leases payable		255,581
Compensated absences payable		<u>718,672</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	\$	<u><u>36,166,170</u></u>

3. Deposits and Investments

Cash and cash equivalents include petty cash, change funds, amounts on deposit and short-term investments with original maturities of three months or less. Investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and Statement No. 72, *Fair Value Measurement and Application*. 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 and are stated at cost. All other investments are stated at fair value.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

3. Deposits and Investments (continued)

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

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act.

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

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, 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 and the New Jersey Asset and Rebate Management Fund.

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

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

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

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

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

3. Deposits and Investments (continued)

Operating cash accounts are held in the District's name by several commercial banking institutions. At June 30, 2023, the carrying amount of the District's deposits was \$8,421,468 and the bank balance was \$11,171,002.

Of the bank balance, \$250,000 of the District's cash deposits on June 30, 2023 was secured by federal depository insurance company. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$10,616,324. \$304,678 held in the District agency accounts and the funds held with fiscal agents are not covered by GUDPA.

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures* ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Investments

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

- a. Bonds and other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank, which have a maturity date not greater than twelve months from the date of purchase.
- c. New Jersey Cash Management Fund and New Jersey Asset and Rebate Management Fund.

Custodial Credit Risk: Pursuant to GASB 40, the District did not have any investments that were exposed to custodial credit risk. The District does not have a policy for custodial credit risk.

Credit Risk: The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The District did not have any investments at June 30, 2023.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

3. Deposits and Investments (continued)

Interest Rate Risk: The District does not have a policy to limit interest rate risk.

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer.

4. Capital Reserve Account

A capital reserve account was established by the Board 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 (June 1 to June 30) 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. 6A:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning balance, July 1, 2022	\$ 5,565,000
Deposits:	
Approved by Board Resolution at the June 2023 Board of Education Meeting	3,190,000
Withdrawal:	
Budgeted Withdrawal	(2,000,000)
Ending balance, June 30, 2023	<u>\$ 6,755,000</u>

\$2,400,000 of this amount was appropriated in the 2023-24 approved budget. The balance is available for use in a DOE approved facilities project, consistent with the District's Long-Range Facilities Plan (LRFP). The June 30, 2023 balance of local support costs of uncompleted projects was in excess of the amount held in the capital reserve account.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

5. Emergency Reserve Account

In the 2019-20 fiscal year, the District established a reserve to be used to accumulate funds for the current expense emergency reserve, and in accordance with N.J.S.A. 18A:7F-41 and N.J.A.C. 6A:23A-14.4(a)(1), passed a board resolution authorizing the establishment of an emergency reserve account in the District's General Fund. The emergency reserve balance is \$165,005 as of June 30, 2023.

6. Capital Assets

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

	Beginning Balance	Increases	Reallocation/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 11,616,511			\$ 11,616,511
Construction in progress	1,893,860		\$ (1,885,304)	8,556
Total capital assets, not being depreciated/amortized	13,510,371		(1,885,304)	11,625,067
Capital assets, being depreciated/amortized:				
Buildings and building improvements	104,097,667	\$ 2,027,933	1,871,804	107,997,404
Land improvements	9,070,180	640,705	13,500	9,724,385
Right to use assets - equipment	466,138			466,138
Machinery, equipment and vehicles	7,018,531	140,022		7,158,553
Total capital assets being depreciated/amortized	120,652,516	2,808,660	1,885,304	125,346,480
Less accumulated depreciation/amortization for:				
Buildings and building improvements	(38,491,598)	(2,924,326)		(41,415,924)
Land improvements	(6,190,243)	(314,309)		(6,504,552)
Machinery, equipment and vehicles	(5,365,935)	(170,678)		(5,536,613)
Right to use assets - equipment	(134,516)	(113,818)		(248,334)
Total accumulated depreciation/amortization	(50,182,292)	(3,523,131)	-	(53,705,423)
Total capital assets, being depreciated/amortized, net	70,470,224	(714,471)	1,885,304	71,641,057
Governmental activities capital assets, net	\$ 83,980,595	\$ (714,471)	\$ -	\$ 83,266,124

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

6. Capital Assets (continued)

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

Instruction:	
Regular	\$ 1,525,259
Special education	488,299
Other	144,942
Support services:	
Student and instruction related services	593,671
School administration services	65,998
General and business administration services	304,130
Operation and maintenance of plant services	400,832
Total depreciation expense – governmental activities	<u>\$ 3,523,131</u>

The following schedule is a summarization of business-type activity changes in capital assets for the year ended June 30, 2023:

	<u>Beginning</u>		<u>Reallocation/</u>		<u>Ending</u>
	<u>Balance</u>	<u>Increases</u>	<u>Transfers</u>		<u>Balance</u>
Business-type activities:					
Capital assets, not subject to depreciation:					
Construction in progress	\$ 95,544		\$ (95,544)		
Total capital assets not subject to depreciation	95,544		(95,544)		
Capital assets, being depreciated:					
Buildings and building improvements	321,497	\$ 35,733	52,242	\$	409,472
Machinery, equipment and vehicles	511,466	89,149	43,302		643,917
Total capital assets being depreciated	832,963	124,882	95,544		1,053,389
Less accumulated depreciation for:					
Buildings and building improvements					
Machinery, equipment and vehicles	(58,907)	(19,213)			(78,120)
	(386,508)	(33,165)			(419,673)
Total accumulated depreciation	(445,415)	(52,378)	-		(497,793)
Business-type activities capital assets, net	<u>\$ 483,092</u>	<u>\$ 72,504</u>	<u>\$ -</u>		<u>\$ 555,596</u>

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

7. Long-Term Liabilities

During the year ended June 30, 2023, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities:					
Bonds payable	\$ 32,635,000		\$(2,375,000)	\$ 30,260,000	\$ 2,465,000
Premiums on bonds	2,164,452		(267,799)	1,896,653	267,799
Compensated absences payable	599,344	\$ 149,328	(30,000)	718,672	47,341
Leases and financed purchases	3,657,784		(366,939)	3,290,845	385,515
Subtotal	39,056,580	149,328	(3,039,738)	36,166,170	3,165,655
Net pension liability	8,586,089	2,238,683		10,824,772	
Total governmental activities long-term liabilities	<u>\$ 47,642,669</u>	<u>\$ 2,388,011</u>	<u>\$(3,039,738)</u>	<u>\$ 46,990,942</u>	<u>\$ 3,165,655</u>

The compensated absences payable, net pension liability and obligations under leases and financed purchases are expected to be paid from general fund appropriations. Bonds payable are expected to be paid from debt service fund appropriations.

Bonds Payable

Bonds are authorized in accordance with State law or by the voters of the municipalities through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

Bonds payable at June 30, 2023 are comprised of the following issues:

\$16,275,000, Series 2014A refunding bonds, due in annual installments ranging from \$410,000 to \$2,695,000 through July 2030 at interest rates ranging from 4.00% to 5.00%. There is no defeased debt still outstanding at June 30, 2023.

\$12,270,000, Series 2014B refunding bonds, due in annual installments ranging from \$1,255,000 to \$1,385,000 through January 2026 at interest rates ranging from 4.00% to 5.00%. There is no defeased debt still outstanding at June 30, 2023.

\$15,864,000, Series 2017 school bonds, due in annual installments ranging from \$605,000 to \$1,200,000 through January 2037 at interest rates ranging from 2.00% to 3.25%.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

7. Long-Term Liabilities (continued)

Principal and interest due on all bonds outstanding is as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2024	\$ 2,465,000	\$ 1,108,875	\$ 3,573,875
2025	2,555,000	1,007,375	3,562,375
2026	2,650,000	899,625	3,549,625
2027	2,865,000	763,650	3,628,650
2028	2,965,000	653,100	3,618,100
2029-2033	11,960,000	1,663,950	13,623,950
2034-2037	4,800,000	384,000	5,184,000
	<u>\$ 30,260,000</u>	<u>\$ 6,480,575</u>	<u>\$ 36,740,575</u>

The above general obligation bonds are direct borrowings of the District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the District.

Financed Purchases Payable

The District has financed purchases outstanding for an Energy Savings Improvement Plan lease which has an interest rate of 2.40%. The following is a schedule of the future minimum payments under the financed purchases and the present value of the net future minimum lease payments as of June 30, 2023:

Fiscal year ending June 30,	Amount
2024	\$ 343,178
2025	351,462
2026	359,934
2027	368,600
2028	377,463
2029-2032	1,602,595
Total minimum payment	<u>3,403,232</u>
Less: amount representing interest	<u>(367,968)</u>
Present value of net future minimum payments	<u>\$ 3,035,264</u>

Capital assets paid for with proceeds from the financed purchases totaled \$5,011,352, with accumulated depreciation of \$1,628,689 of June 30, 2023.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

8. Leases Payable

The District has commitments to lease copiers, mail equipment and other equipment under leases which expire in the 2027 fiscal year. Principal lease payments made during the year ended June 30, 2023 were \$109,288. Future lease payments are as follows:

Fiscal year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 113,501	\$ 7,515	\$ 121,016
2025	73,373	3,778	77,151
2026	55,177	1,623	56,800
2027	13,530	138	13,668
	<u>\$ 255,581</u>	<u>\$ 13,054</u>	<u>\$ 268,635</u>

9. Pension Plans

Plan Descriptions

Substantially all of the District’s employees participate in one of the following contributory defined benefit public employee retirement systems, which have been established by State statute: the Teachers’ Pension and Annuity Fund (TPAF) or the Public Employees’ Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers’ Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan, with a special funding situation, as, under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system’s other related non-contributing employers. The Public Employees’ Retirement System is considered a cost-sharing multiple-employer plan.

Teachers’ Pension and Annuity Fund

The Teachers’ Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all fulltime public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years’ compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years’ compensation for each year of membership during years of credited service.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

9. Pension Plans (continued)

Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all fulltime employees of the State or any county, municipality, school district or public agency, provided the employee is not a member of another State- administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above-mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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

Funding Policy

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

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

9. Pension Plans (continued)

During the year ended June 30, 2023, the State of New Jersey contributed \$15,392,557 to the TPAF for on-behalf medical, disability insurance and pension contributions on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$2,484,140 during the year ended June 30, 2023 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the government-wide and fund financial statements.

The District's actuarially determined contributions to PERS for each of the years ended June 30, 2023, 2022 and 2021 were \$904,527, \$848,800 and \$803,968, respectively, equal to the required contributions for each year.

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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Public Employees' Retirement System (PERS)

At June 30, 2023, the District reported a liability of \$10,824,772 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2021, which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2023, the District's proportion was 0.0717281962 percent, which was a decrease of 0.0007496657 percent from its proportion measured as of June 30, 2022.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

9. Pension Plans (continued)

For the year ended June 30, 2023, the District recognized full accrual pension expense of \$904,527 in the government-wide financial statements. At June 30, 2023, the District reported deferred outflows of resources and a deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 78,128	\$ 68,898
Changes of assumptions	33,539	1,620,897
Net difference between projected and actual earnings on pension plan investments	448,028	
Changes in proportion and differences between District contributions and proportionate share of contributions	139,095	325,405
District contributions subsequent to the measurement date	1,002,896	
	<u>\$ 1,701,686</u>	<u>\$ 2,015,200</u>

\$1,002,896 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	(999,162)
2025	(485,665)
2026	(241,095)
2027	390,332
2028	19,180
	<u>\$ (1,316,410)</u>

Actuarial Assumptions

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

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

9. Pension Plans (continued)

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.75-6.55% based on years of service
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) 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 expecting future real rates of return by the target asset allocation percentage and by adding expected inflation.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

9. Pension Plans (continued)

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	100.00%	

Discount Rate

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

Sensitivity of the 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 net pension liability as of June 30, 2022 calculated using the discount rate as disclosed above 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

9. Pension Plans (continued)

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 13,906,661	\$ 10,824,772	\$ 8,201,960
<i>Pension Plan Fiduciary Net Position</i>			

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information

Collective balances of the Local Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$ 1,660,772,008
Deferred inflows of resources	3,236,303,935
Net pension liability	15,219,184,920

State's proportionate share associated with the District	0.0717281962%
--	---------------

Collective pension benefit for the Local Group for the measurement period ended June 30, 2022 is \$1,032,778,934.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2022, 2021, 2020, 2019, 2018, 2017 and 2016 is 5.04, 5.13, 5.16, 5.21, 5.63, 5.48 and 5.57 years, respectively.

Special Funding Situation

A special funding situation exists for certain Local employers of the PERS. The State of New Jersey, a nonemployer, is required to pay the additional costs incurred by local employers under Chapter 366, P.L. 2011 and Chapter 122, P.L. 2001. The June 30, 2022 State special funding situation net pension liability amount of \$127.8 million is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The special funding situation for Chapter 133, P.L. 2011 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there was no net pension liability associated with this special funding situation. There was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

9. Pension Plans (continued)

special funding situation pension expense of \$50.2 million, for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Teachers Pensions and Annuity Fund (TPAF) – 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 non-employer 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 non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2023 was \$153,008,308. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2022, the State's proportionate share of the TPAF net pension liability associated with the District was 0.2965598236 percent, which was an increase of 0.0041731261 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$4,117,881 for contributions incurred by the State.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

9. Pension Plans (continued)

Actuarial assumptions

The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	2.75-5.65%
	based on years of service
Investment rate of return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

9. Pension Plans (continued)

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	3.00%	7.60%
Real estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022.

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

Sensitivity of the State's proportionate share of the net pension liability associated with the District to changes in the discount rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2022 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

9. Pension Plans (continued)

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's proportionate share of the net pension liability associated with the District	\$ 179,405,493	\$ 153,008,308	\$ 130,771,997
<i>Pension plan fiduciary net position</i>			

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

Collective balances of the Local Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$ 4,996,491,160
Deferred inflows of resources	19,532,696,776
Net pension liability	51,494,415,806
State's proportionate share associated with the District	0.2965598236%

Additional Information

Collective pension benefit-Local Group for the plan for the measurement period ended June 30, 2022 is \$1,424,884,581. The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2022, 2021, 2020, 2019, 2018, 2017 and 2016 is 5.04, 5.13, 5.16, 5.21, 5.63, 5.48 and 5.57 years, respectively.

10. Post-Retirement Benefits

General Information about the OPEB Plan

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan 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. The State Retired OPEB Plan covers the State, State colleges and universities, the Palisades Interstate Park Commission, and the New Jersey Building Authority (referred to collectively as "the employers") for which the State is legally obligated to pay for benefits. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

10. Post-Retirement Benefits (continued)

State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), and the Alternate Benefit Program (ABP). In addition, N.J.S.A. 52:14-17.26 provides that for purposes of the State Retired OPEB Plan, an employee of Rutgers, the State University of New Jersey, and New Jersey Institute of Technology shall be deemed to be an employee of the State. Further, P.L.1966, c.302, addresses the other State colleges and universities, whereas while these institutions were provided autonomy from the State, their employees retained any and all rights to health benefits within the State Retired OPEB Plan and are therefore classified as State employees.

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired OPEB Plan) is a multiple-employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan 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. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, 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: TPAF, PERS, PFRS, or ABP.

Pursuant to P.L.2011, c.78, future retirees eligible for postemployment medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. The State, as a non-employer contributing entity, reported a Fiscal Year 2022 total OPEB liability of \$50,646,462,966 for this special funding situation.

The State's contributions to the SHBP Fund for TPAF retirees' post-retirement medical benefits on behalf of the District for the years ended June 30, 2023, 2022 and 2021 were \$3,201,277, \$2,892,607 and \$2,714,234, respectively, which equaled the required contributions for each year.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

10. Post-Retirement Benefits (continued)

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments.

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective OPEB liability on the Statement of Net Position. The State's proportionate share of the OPEB liability associated with the District as of June 30, 2022 was \$113,198,746. Additional information can be obtained from the State of New Jersey's annual comprehensive financial report.

Additional information on pensions and OPEB can be assessed at state.nj.us/treasury/pensions/financial-reports.shtml.

Actuarial assumptions and other inputs

The total non-employer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPA/ABP</u>	<u>PERS</u>
Inflation rate	2.50%	2.50%
Salary Increases:	2.75 - 4.25%	2.75 - 6.55%
	based on years of service	based on age

Mortality Rates

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

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

10. Post-Retirement Benefits (continued)

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

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

Discount Rate

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2023 through 2023 are reflected. For PPO the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% after 11 years. 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% after 11 years. For prescription drug benefits, the initial trend rate is 800% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

The following represents sensitivity of total non-employer OPEB liability to changes in the discount rate and health care cost rate

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2023 calculated using a discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

10. Post-Retirement Benefits (continued)

	At 1% Decrease (2.54%)	At Current Discount Rate (3.54%)	At 1% Increase (4.54%)
Net OPEB Liability (allocable to the District and the responsibility of the State)	\$ 133,053,219	\$ 113,198,746	\$ 97,286,379

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

	At 1% Decrease	At Healthcare Cost Trend Rate	At 1% Increase
Net OPEB Liability (allocable to the District and the responsibility of the State)	\$ 93,565,683	\$ 113,198,746	\$ 138,987,967

Changes in the Total Non-employer OPEB Liability

Below represents the changes in the District's total OPEB liability for the year ended June 30, 2022:

	Total OPEB Liability
Beginning Total OPEB Liability, June 30, 2021	\$ 136,179,824
Changes for the year:	
Service cost	7,005,937
Interest	2,999,892
Differences between expected and actual experiences	255,828
Changes in assumptions or other inputs	(30,366,580)
Members contributions	95,327
Benefit payments	(2,971,482)
Net Changes	<u>(22,981,078)</u>
Ending Total OPEB Liability, June 30, 2022	<u>\$ 113,198,746</u>

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

10. Post-Retirement Benefits (continued)

Employees covered by benefit terms

The following employees were covered by the benefit terms:

<u>Local Education Group</u>	<u>June 30, 2023</u>
Active plan members	213,148
Inactive plan members or beneficiaries currently receiving benefits	151,669
Inactive plan members or beneficiaries entitled to but not yet receiving benefits	
Total plan members	<u>364,817</u>

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

For the year ended June 30, 2023, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$5,012,940 for OPEB expenses incurred by the State. Collective balances of the Local Education Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$ 20,104,625,333
Deferred inflows of resources	34,996,842,046
Collective OPEB expense	1,595,653,562
District's proportion	0.2235077029%

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State, therefore, the District records an expense and corresponding revenue for its respective share of total OPEB expense and revenue attributable to the State of New Jersey.

11. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District as of June 30, 2023 is as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 694,616	
Special Revenue Fund		\$ 314,613
Food Service Enterprise Fund		380,003
	<u>\$ 694,616</u>	<u>\$ 694,616</u>

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

11. Interfund Receivables and Payables (continued)

The interfund between the special revenue fund and the general fund represents funds that were loaned by the general fund to the special revenue fund to meet current year obligations. The interfund between the food service enterprise fund and the general fund represents funds that were loaned by the general fund to the food service enterprise fund to meet current obligations. All interfund balances are expected to be repaid within one year.

12. Economic Dependency

The District receives its support from federal and state governments. A significant reduction in the level of support, if this were to occur, would have an affect on the District's programs and activities.

13. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2023 may be impaired. As a result of the impact of COVID-19, the District has received funding under the American Rescue Plan Act (ARP), Elementary and Secondary School Emergency Relief (ESSER) Fund, and Coronavirus Relief Fund (CRF). To the extent that the District has not complied with the rules and regulations governing the ESSER and CRF funds, money may be required to be returned. In the opinion of the District's management, there are no significant contingent liabilities relating to compliance with rules and regulations or final eligible cost requirements governing the respective grants or funding; therefore, no provisions have been recorded in the accompanying basic financial statements for such contingencies.

The District is involved in several other claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the District.

14. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage or destruction of assets; errors or omissions; employee health and accident claims; and natural disasters.

Property, Liability and Health Benefits

The District maintains commercial insurance coverage for property, liability, health, student accident and surety bonds and does not retain risk of loss. A complete schedule of insurance coverage can be found in the statistical section of this Annual Comprehensive Financial Report.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

14. Risk Management (continued)

There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverages over the past three years.

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 activity related to unemployment compensation is accounted for in the general fund.

15. Deferred Compensation Plans

The Board offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457(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:

AIG Valic
AXA Equitable
Citistreet Metro TSA
FRJ Fund Choice

The Vanguard Group
Matrix Financial Group, Inc.
Metropolitan Life Insurance Co.
Prudential Annuities

16. Commitments

The District had contractual commitments on June 30, 2023 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$261,395.

During fiscal year 2023 The New Jersey Department of Labor has been delayed in issuing unemployment bills to New Jersey governmental units. This was the result of the State verifying the school districts are being properly charged for qualifying claims. The District has received the unemployment bills for the first and second quarters of 2021 within the current year, which were paid prior to June 30, 2023. The third quarter 2021 unemployment bill was received by the District after June 30, 2023, which reduced the liability recorded in the District's financial statement in the general fund. The unemployment bills that were received contained an amount that was forgiven through the American Rescue Plan Act (ARPA). This amount is recorded on the schedule of federal awards and the budgetary comparison schedule as payments made on behalf of the school district. Beginning in

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

16. Commitments (continued)

the first quarter of 2021, the federal government may forgive up to 75% of the claims incurred. Since the amount of the unemployment bills not yet received is not known, the liability in the District's financial statement general fund balance sheet will represent the unemployment withholdings made by the employees.

17. Tax Abatements

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

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

Neither the Chatham Township nor the Borough of Chatham have entered into any long-term tax exemptions as of June 30, 2023, therefore there are no tax abatements that effect the District as of June 30, 2023.

Required Supplementary Information - Part II

School District of the Chathams
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System
 Required Supplementary Information
 Last Ten Fiscal Years

	Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's proportion of the net pension liability (asset) - Local Group	0.0698823190%	0.0702593563%	0.0698980772%	0.0731285958%	0.0738272905%	0.0731279700%	0.0720162522%	0.0734921451%	0.0724778619%	0.0717281962%
District's proportionate share of the net pension liability (asset)	\$ 13,355,900	\$ 13,154,473	\$ 15,690,718	\$ 21,658,593	\$ 17,185,813	\$ 14,398,532	\$ 12,976,236	\$ 11,984,647	\$ 8,586,089	\$ 10,824,772
District's covered payroll	\$ 4,802,530	\$ 4,858,775	\$ 4,938,645	\$ 5,019,368	\$ 5,096,528	\$ 5,051,812	\$ 5,143,545	\$ 5,235,438	\$ 5,292,806	\$ 5,535,129
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	278.10%	270.74%	317.71%	431.50%	337.21%	285.02%	252.28%	228.91%	162.22%	195.56%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	48.72%	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%

N/A - Information not available

Note to Required Supplementary Information:

Benefit Changes

There were none.

Changes of Assumptions

There were none.

School District of the Chathams
 Schedule of District Pension Contributions
 Public Employees' Retirement System
 Required Supplementary Information
 Last Ten Fiscal Years

	Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ 579,208	\$ 600,936	\$ 622,819	\$ 649,664	\$ 683,931	\$ 727,387	\$ 700,510	\$ 803,968	\$ 848,800	\$ 904,527
Contributions in relation to the contractually required contribution	(579,208)	(600,936)	(622,819)	(649,664)	(683,931)	(727,387)	(700,510)	(803,968)	(848,800)	(904,527)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 4,802,530	\$ 4,858,775	\$ 4,938,645	\$ 5,019,368	\$ 5,096,528	\$ 5,051,812	\$ 5,143,545	\$ 5,235,438	\$ 5,292,806	\$ 5,535,129
Contributions as a percentage of covered payroll	12.06%	12.37%	12.61%	12.94%	13.42%	14.40%	13.62%	15.36%	16.04%	16.34%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

See Note to Required Supplementary Information

See accompanying notes to required supplementary information.

School District of the Chathams
 Schedule of the State's Proportionate Share of the Net Pension Liability Associated With the District
 Teachers' Pension and Annuity Fund
 Required Supplementary Information
 Last Ten Fiscal Years*

	Year Ended June 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.2632288497%	0.2660515944%	0.2698905323%	0.2799799553%	0.2800400222%	0.2801849358%	0.2870124666%	0.2871559156%	0.2923866975%	0.2965598236%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 133,033,790	\$ 142,195,918	\$ 170,582,342	\$ 220,250,059	\$ 188,813,081	\$ 178,254,000	\$ 176,142,260	\$ 189,088,715	\$ 140,565,456	\$ 153,008,308
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 133,033,790</u>	<u>\$ 142,195,918</u>	<u>\$ 170,582,342</u>	<u>\$ 220,250,059</u>	<u>\$ 188,813,081</u>	<u>\$ 178,254,000</u>	<u>\$ 176,142,260</u>	<u>\$ 189,088,715</u>	<u>\$ 140,565,456</u>	<u>\$ 153,008,308</u>
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	47.68%

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Covered payroll information is not presented since the Teachers' Pension and Annuity Fund is a special funding situation in which the District does not make contributions to this plan.

Note to Required Supplementary Information:

Benefit Changes

There were none.

Changes of Assumptions

There were none.

School District of the Chathams
 Schedule of the State's Proportionate Share of the Net OPEB Liability
 and Changes in the Total OPEB Liability and Related Ratios
 Public Employees' Retirement System and Teachers' Pension and Annuity Fund
 Required Supplementary Information
 Last Ten Fiscal Years*

	Year Ended June 30,						
	2023	2022	2021	2020	2019	2018	2017
State's proportion of the net OPEB liability (asset) associated with the District - Local Group	0.22%	0.22%	0.22%	0.22%	0.22%	0.21%	0.21%
District's proportionate share of the net OPEB liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability (asset) associated with the District	\$ 113,198,746	\$ 136,179,824	\$ 152,962,549	\$ 93,051,128	\$ 99,785,017	\$ 114,424,478	\$ 123,473,414
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 113,198,746</u>	<u>\$ 136,179,824</u>	<u>\$ 152,962,549</u>	<u>\$ 93,051,128</u>	<u>\$ 99,785,017</u>	<u>\$ 114,424,478</u>	<u>\$ 123,473,414</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total OPEB Liability	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017**</u>
Service cost	\$ 7,005,937	\$ 8,091,340	\$ 4,462,316	\$ 4,116,979	\$ 4,638,708	\$ 5,603,912	
Interest cost	2,999,892	3,532,648	3,368,170	3,967,884	4,216,757	3,642,583	
Change in Benefit Terms	-	(144,947)					
Differences between expected and actual experience	255,828	(25,703,694)	26,722,171	(13,434,430)	(9,468,097)		
Changes of assumptions	(30,366,580)	134,352	27,941,002	1,387,399	(11,450,831)	(15,742,708)	
Member contributions	95,327	90,313	80,714	84,671	92,218	97,591	
Gross benefits payments	<u>(2,971,482)</u>	<u>(2,782,737)</u>	<u>(2,662,952)</u>	<u>(2,856,392)</u>	<u>(2,668,216)</u>	<u>(2,650,315)</u>	
Net change in OPEB liability	<u>(22,981,078)</u>	<u>(16,782,725)</u>	<u>59,911,421</u>	<u>(6,733,889)</u>	<u>(14,639,461)</u>	<u>(9,048,937)</u>	
Total OPEB liability - beginning	<u>136,179,824</u>	<u>152,962,549</u>	<u>93,051,128</u>	<u>99,785,017</u>	<u>114,424,476</u>	<u>123,473,414</u>	
Total OPEB liability - ending	<u>\$ 113,198,746</u>	<u>\$ 136,179,824</u>	<u>\$ 152,962,549</u>	<u>\$ 93,051,128</u>	<u>\$ 99,785,017</u>	<u>\$ 114,424,477</u>	
Covered-employee payroll	<u>\$ 40,772,743</u>	<u>\$ 38,325,263</u>	<u>\$ 38,325,263</u>	<u>\$ 37,027,432</u>	<u>\$ 35,749,432</u>	<u>\$ 35,065,841</u>	
Total OPEB liability as a percentage of covered-employee payroll	<u>277.63%</u>	<u>355.33%</u>	<u>399.12%</u>	<u>251.30%</u>	<u>279.12%</u>	<u>326.31%</u>	

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

** information not available

Note to Required Supplementary Information:

Benefit Changes

There were none.

Changes of Assumptions

There were none.

Required Supplementary Information - Part III
Budgetary Comparison

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 69,271,996		\$ 69,271,996	\$ 69,271,996	
Tuition	756,700		756,700	777,192	\$ 20,492
Transportation Fees	130,000		130,000	169,146	39,146
Interest Earned on Investments	45,000		45,000	163,292	118,292
Miscellaneous	280,000		280,000	586,424	306,424
Total - Local Sources	<u>70,483,696</u>		<u>70,483,696</u>	<u>70,968,050</u>	<u>484,354</u>
State Sources:					
Categorical Special Education Aid	3,409,728		3,409,728	3,409,728	
Transportation Aid	723,961		723,961	723,961	
Security Aid	159,916		159,916	159,916	
Extraordinary Aid	600,000		600,000	1,374,678	774,678
On-behalf Teachers' Pension and Annuity Fund				12,186,169	12,186,169
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical				3,201,277	3,201,277
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance				5,111	5,111
Reimbursed TPAF Social Security Contribution				2,484,140	2,484,140
Additional Non-Public Transportation Aid				105,322	105,322
Lead Testing for Schools Aid				7,121	7,121
Total State Sources	<u>4,893,605</u>		<u>4,893,605</u>	<u>23,657,423</u>	<u>18,763,818</u>
Total Revenues	<u>75,377,301</u>		<u>75,377,301</u>	<u>94,625,473</u>	<u>19,248,172</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	617,820	\$ 24,696	642,516	625,442	17,074
Grades 1-5 - Salaries of Teachers	7,474,478	(294,276)	7,180,202	7,138,272	41,930
Grades 6-8 - Salaries of Teachers	5,796,226	(29,010)	5,767,216	5,767,216	
Grades 9-12 - Salaries of Teachers	8,361,987	(186,826)	8,175,161	8,169,681	5,480
Regular Programs - Home Instruction					
Salaries of Teachers	51,000		51,000	49,301	1,699
Purchased Professional-Educational Services	30,000	88,369	118,369	109,562	8,807
Other Purchased Services	500		500	500	
General Supplies	500		500	500	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	203,098	626	203,724	184,349	19,375
Purchased Professional-Educational Services	10,750		10,750	1,298	9,452
Cleaning, Repair and Maintenance Services	38,070	939	39,009	17,493	21,516
Rentals	349,790	(3,524)	346,266	244,485	101,781
Other Purchased Services	220,175	(27,000)	193,175	168,774	24,401
Travel	1,600		1,600	1,219	381
General Supplies	1,339,599	(113,085)	1,226,514	1,119,301	107,213
Textbooks	80,964	27,592	108,556	99,170	9,386
Other Objects	36,820	(17,952)	18,868	8,447	10,421
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>24,613,377</u>	<u>(529,451)</u>	<u>24,083,926</u>	<u>23,704,010</u>	<u>379,916</u>
Learning and/or Language Disabilities					
Other Salaries for Instruction	59,641		59,641	37,002	22,639
General Supplies	5,000		5,000	3,296	1,704
Total Learning and/or Language Disabilities	<u>64,641</u>		<u>64,641</u>	<u>40,298</u>	<u>24,343</u>
Visual Impairments					
Purchased Professional-Educational Services	6,900		6,900	6,600	300
Total Visual Impairments	<u>6,900</u>		<u>6,900</u>	<u>6,600</u>	<u>300</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Emotional Regulation Impairment					
Salaries of Teachers	\$ 80,345		\$ 80,345	\$ 80,345	
Other Salaries for Instruction	16,549		16,549	13,794	\$ 2,755
Total Emotional Regulation Impairment	<u>96,894</u>		<u>96,894</u>	<u>94,139</u>	<u>2,755</u>
Multiple Disabilities					
Salaries of Teachers	425,315	\$ (64,484)	360,831	356,565	4,266
Other Salaries for Instruction	254,801	(39,738)	215,063	187,867	27,196
General Supplies	3,443		3,443	1,450	1,993
Total Multiple Disabilities	<u>683,559</u>	<u>(104,222)</u>	<u>579,337</u>	<u>545,882</u>	<u>33,455</u>
Resource Room/Resource Center					
Salaries of Teachers	4,372,818	29,620	4,402,438	4,352,144	50,294
Other Salaries for Instruction	1,415,533	(148,877)	1,266,656	1,250,207	16,449
General Supplies	8,569		8,569	6,699	1,870
Textbooks	1,500		1,500	1,451	49
Total Resource Room/Resource Center	<u>5,798,420</u>	<u>(119,257)</u>	<u>5,679,163</u>	<u>5,610,501</u>	<u>68,662</u>
Preschool Disabilities - Part-Time					
Other Salaries for Instruction	160,046		160,046	144,020	16,026
General Supplies	3,000		3,000	2,666	334
Total Preschool Disabilities - Part-Time	<u>163,046</u>		<u>163,046</u>	<u>146,686</u>	<u>16,360</u>
Preschool Disabilities - Full-Time					
Salaries of Teachers	553,024		553,024	533,169	19,855
Other Salaries for Instruction	63,659	(25,000)	38,659	12,909	25,750
General Supplies	1,200		1,200	1,195	5
Total Preschool Disabilities - Full-Time	<u>617,883</u>	<u>(25,000)</u>	<u>592,883</u>	<u>547,273</u>	<u>45,610</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>7,431,343</u>	<u>(248,479)</u>	<u>7,182,864</u>	<u>6,991,379</u>	<u>191,485</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	648,812		648,812	634,198	14,614
General Supplies	5,000		5,000	1,847	3,153
Total Basic Skills/Remedial - Instruction	<u>653,812</u>		<u>653,812</u>	<u>636,045</u>	<u>17,767</u>
Bilingual Education - Instruction					
Salaries of Teachers	219,245	(30,000)	189,245	165,055	24,190
Total Bilingual Education - Instruction	<u>219,245</u>	<u>(30,000)</u>	<u>189,245</u>	<u>165,055</u>	<u>24,190</u>
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	379,440	80,923	460,363	460,363	
Purchased Services- Performing Arts		900	900	900	
Purchased Services	1,000		1,000	1,000	
Supplies and Materials	69,080	22,998	92,078	85,742	6,336
Other Objects	30,250		30,250	17,605	12,645
Total School-Spon. Cocurricular Actvts. - Inst.	<u>479,770</u>	<u>104,821</u>	<u>584,591</u>	<u>565,610</u>	<u>18,981</u>
School-Spon. Athletics					
Salaries	668,212	(71,695)	596,517	567,565	28,952
Purchased Services	125,510	(103)	125,407	106,790	18,617
Cleaning, Repair and Maintenance Services	15,818	27,055	42,873	26,567	16,306
Rentals	15,000		15,000	3,497	11,503
Insurance	65,000		65,000	63,307	1,693
Supplies and Materials	142,710	3,671	146,381	83,959	62,422
Other Objects	112,610	19,294	131,904	105,305	26,599
Total School-Spon. Athletics	<u>1,144,860</u>	<u>(21,778)</u>	<u>1,123,082</u>	<u>956,990</u>	<u>166,092</u>
Total Instruction	<u>34,542,407</u>	<u>(724,887)</u>	<u>33,817,520</u>	<u>33,019,089</u>	<u>798,431</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State - Special	\$ 305,092	\$ (172,797)	\$ 132,295	\$ 79,282	\$ 53,013
Tuition to County Voc. School Dist. - Regular	62,029	9,341	71,370	69,804	1,566
Tuition to CSSD & Regional Day Schools	26,524	(26,524)			
Tuition to Private Schools for the Disabled - Within State	2,491,353	253,654	2,745,007	2,569,537	175,470
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S	152,500	99,834	252,334	252,334	
Total Undistributed Expenditures - Instruction	<u>3,037,498</u>	<u>163,508</u>	<u>3,201,006</u>	<u>2,970,957</u>	<u>230,049</u>
Undistributed Expenditures - Attend. and Social Work					
Salaries	106,221	(16,534)	89,687	74,455	15,232
Total Undistributed Expenditures - Attend. and Social Work	<u>106,221</u>	<u>(16,534)</u>	<u>89,687</u>	<u>74,455</u>	<u>15,232</u>
Undistributed Expenditures- Health Services					
Salaries	639,630	(36,400)	603,230	595,178	8,052
Salaries of Social Services Coordinator	2,000		2,000		2,000
Purchased Professional and Technical Services	26,180	1,555	27,735	25,031	2,704
Other Purchased Services	960		960	368	592
Supplies and Materials	20,438	308	20,746	11,103	9,643
Total Undistributed Expenditures - Health Services	<u>689,208</u>	<u>(34,537)</u>	<u>654,671</u>	<u>631,680</u>	<u>22,991</u>
Undistributed Expenditures - Other Supp. Serv. Students - Speech, OT, PT and Related Services					
Salaries	886,905	(34,341)	852,564	852,564	
Purchased Professional - Educational Services	97,300	66,480	163,780	150,721	13,059
Supplies and Materials	7,713	16	7,729	7,729	
Total Undist. Expend. - Other Supp. Serv. Students - Speech, OT, PT and Related Services	<u>991,918</u>	<u>32,155</u>	<u>1,024,073</u>	<u>1,011,014</u>	<u>13,059</u>
Undistributed Expenditures - Other Supp. Serv. Students - Extra Serv.					
Salaries	92,463	(45,481)	46,982	39,749	7,233
Other Salaries for Instruction	522,427	615	523,042	520,277	2,765
Purchased Professional - Educational Services	398,995	114,521	513,516	481,012	32,504
Supplies and Materials	44,300	449	44,749	43,586	1,163
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.	<u>1,058,185</u>	<u>70,104</u>	<u>1,128,289</u>	<u>1,084,624</u>	<u>43,665</u>
Undistributed Expenditures - Guidance					
Salaries of Other Professional Staff	1,499,112	10,871	1,509,983	1,476,550	33,433
Salaries of Secretarial and Clerical Assistants	145,330	3,014	148,344	148,188	156
Other Salaries		11,550	11,550	11,550	
Purchased Professional - Educational Services	23,600		23,600	23,433	167
Other Purchased Prof. and Tech. Services	12,600		12,600	6,664	5,936
Supplies and Materials	11,495	(2,500)	8,995	4,604	4,391
Other Objects	5,708		5,708	3,260	2,448
Total Undist. Expend. - Guidance	<u>1,697,845</u>	<u>22,935</u>	<u>1,720,780</u>	<u>1,674,249</u>	<u>46,531</u>
Undistributed Expenditures - Child Study Teams					
Salaries of Other Professional Staff	1,985,209	(48,956)	1,936,253	1,930,217	6,036
Salaries of Secretarial and Clerical Assistants	185,720	2,321	188,041	186,405	1,636
Other Purchased Prof. and Tech. Services	34,750	18,935	53,685	51,835	1,850
Other Purchased Services	5,000		5,000		5,000
Other Purchased Services	4,000		4,000	3,110	890
Supplies and Materials	34,600	5,593	40,193	39,947	246
Other Objects	6,725	599	7,324	7,323	1
Total Undistributed Expenditures - Child Study Teams	<u>2,256,004</u>	<u>(21,508)</u>	<u>2,234,496</u>	<u>2,218,837</u>	<u>15,659</u>
Undistributed Expenditures - Improvement of Inst. Serv.					
Salaries of Supervisors of Instruction	955,352	(62,530)	892,822	783,505	109,317
Other Salaries	-	30	30	30	
Supplies and Materials	500	323	823	823	
Other Objects	500		500	52	448
Total Undistributed Expenditures - Improvement of Inst. Serv.	<u>956,352</u>	<u>(62,177)</u>	<u>894,175</u>	<u>784,410</u>	<u>109,765</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	\$ 566,042	\$ 67,418	\$ 633,460	\$ 633,459	\$ 1
Other Purchased Services	107,690	(2,878)	104,812	73,958	30,854
Supplies and Materials	71,000	766	71,766	52,834	18,932
Total Undist. Expend. - Edu. Media Serv./Sch. Library	<u>744,732</u>	<u>65,306</u>	<u>810,038</u>	<u>760,251</u>	<u>49,787</u>
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisors of Instruction	737,367	(50,330)	687,037	479,515	207,522
Other Salaries		330	330	330	
Purchased Professional - Educational Services	24,650	200	24,850	9,076	15,774
Other Purchased Services	62,675	(16,745)	45,930	35,005	10,925
Supplies and Materials	13,000	(9,000)	4,000	2,784	1,216
Other Objects	26,375		26,375	13,858	12,517
Total Undist. Expend. - Instructional Staff Training Serv.	<u>864,067</u>	<u>(75,545)</u>	<u>788,522</u>	<u>540,568</u>	<u>247,954</u>
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	581,749	(3,747)	578,002	567,212	10,790
Legal Services	315,000	(24,500)	290,500	225,115	65,385
Audit Fees	76,000		76,000	62,500	13,500
Architectural/Engineering Services	45,000	35,500	80,500	80,500	
Other Purchased Professional Services	30,000	147	30,147	30,147	
Other Purchased Professional and Technical Services	3,500		3,500		3,500
Insurance	2,400	145	2,545	1,985	560
Communications/Telephone	63,384	169	63,553	24,872	38,681
Travel	12,120		12,120	6,747	5,373
Board of Education Other Purchased Services	10,000		10,000	5,578	4,422
Miscellaneous Purchased Services	5,000		5,000	660	4,340
General Supplies	13,895		13,895	3,030	10,865
Board of Education In-House Training/Meeting Supplies	12,200	(11,000)	1,200	154	1,046
Miscellaneous Expenditures	32,562	3,600	36,162	26,411	9,751
Board of Education Dues and Fees	46,000		46,000	23,160	22,840
Total Undist. Expend. - Supp. Serv. - General Admin.	<u>1,248,810</u>	<u>314</u>	<u>1,249,124</u>	<u>1,058,071</u>	<u>191,053</u>
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	2,130,173	150,599	2,280,772	2,168,059	112,713
Salaries of Secretarial and Clerical Assistants	791,320	34,702	826,022	819,842	6,180
Other Purchased Services	28,999	3,234	32,233	24,359	7,874
Travel	3,000		3,000	680	2,320
Supplies and Materials	17,145	(44)	17,101	5,567	11,534
Other Objects	19,593		19,193	9,100	10,093
Total Undist. Expend. - Support Serv. - School Admin.	<u>2,990,230</u>	<u>188,491</u>	<u>3,178,321</u>	<u>3,027,607</u>	<u>150,714</u>
Undist. Expend. - Central Services					
Salaries	851,066	28,066	879,132	876,618	2,514
Purchased Professional Services	31,000		31,000	29,962	1,038
Purchased Technical Services	15,000	(3,271)	11,729	7,171	4,558
Cleaning, Repair and Maintenance Services	300		300		300
Rentals	4,000	3,524	7,524	7,524	
Travel	5,000	737	5,737	5,016	721
Miscellaneous Purchased Services	40,000	3,746	43,746	42,904	842
Supplies and Materials	27,000	(1,615)	25,385	18,802	6,583
Miscellaneous Expenditures	7,060	3,035	10,095	9,542	553
Total Undist. Expend. - Central Services	<u>980,426</u>	<u>34,222</u>	<u>1,014,648</u>	<u>997,539</u>	<u>17,109</u>
Undist. Expend. - Technology Admin.					
Salaries	658,067	4,015	662,082	662,082	
Cleaning, Repair and Maintenance Services	50,640	800	51,440	26,842	24,598
Rentals	128		128		128
Travel	5,700	43	5,743	5,312	431
Supplies and Materials	160,820	(44)	160,776	155,797	4,979
Other Objects	600		600	600	
Total Undist. Expend. - Technology Admin.	<u>875,955</u>	<u>4,814</u>	<u>880,769</u>	<u>850,633</u>	<u>30,136</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Required Maint. for Sch. Facil.					
Salaries	\$ 707,706	\$ (45,223)	\$ 662,483	\$ 660,166	\$ 2,317
Cleaning, Repair and Maintenance Services	730,000	104,039	834,039	774,213	59,826
Travel	6,500		6,500	17	6,483
General Supplies	203,000	156,608	359,608	355,047	4,561
Other Objects	2,000		2,000	1,455	545
Total Undist. Expend. - Required Maint. for Sch. Facil.	<u>1,649,206</u>	<u>215,424</u>	<u>1,864,630</u>	<u>1,790,898</u>	<u>73,732</u>
Undist. Expend. - Custodial Services					
Salaries	2,066,291	29,647	2,095,938	2,078,924	17,014
Salaries of Non-Instructional Aides	68,834	(8,802)	60,032	47,249	12,783
Cleaning, Repair and Maintenance Services	283,100	(22,816)	260,284	252,137	8,147
Other Purchased Property Services	135,800		135,800	108,823	26,977
Insurance	398,221	7,166	405,387	405,387	
General Supplies	182,025	36,701	218,726	211,803	6,923
Gasoline	27,000	102,300	129,300	128,435	865
Natural Gas	425,000	(65,487)	359,513	281,172	78,341
Electricity	602,000	(102,300)	499,700	459,702	39,998
Interest on Energy Savings Improvement Program Bonds	77,429		77,429	77,429	
Principal on Energy Savings Improvement Program Bonds	257,651		257,651	257,651	
Other Objects	5,000	(5,000)			
Total Undist. Expend. - Custodial Services	<u>4,528,351</u>	<u>(28,591)</u>	<u>4,499,760</u>	<u>4,308,712</u>	<u>191,048</u>
Undist. Expend. - Care and Upkeep of Grounds					
Salaries	122,545	(25,287)	97,258	93,836	3,422
Cleaning, Repair and Maintenance Services	93,500	3,188	96,688	94,746	1,942
General Supplies	38,400	918	39,318	38,838	480
Total Undist. Expend. - Care and Upkeep of Grounds	<u>254,445</u>	<u>(21,181)</u>	<u>233,264</u>	<u>227,420</u>	<u>5,844</u>
Undist. Expend. - Security					
Salaries	223,695	(97,780)	125,915	106,370	19,545
Purchased Professional and Technical Services	161,000	47,000	208,000	208,000	
Cleaning, Repair and Maintenance Services	85,200	4,782	89,982	72,770	17,212
General Supplies	170,350	(99,847)	70,503	47,012	23,491
Total Undist. Expend. - Security	<u>640,245</u>	<u>(145,845)</u>	<u>494,400</u>	<u>434,152</u>	<u>60,248</u>
Undist. Expend. - Student Transportation Serv.					
Salaries for Pupil Trans. (Between Home & School) - Regular	38,831	(2,439)	36,392	29,870	6,522
Management Fees - ESC & CTSA Transportation Programs	13,000	1,920	14,920	14,920	
Other Purchased Professional and Technical Services	5,000	1,150	6,150	6,150	
Contracted Services Aid In Lieu of Payment for Non-public School Students	235,000	(12,577)	222,423	220,981	1,442
Contracted Services (Between Home and School) - Vendors	1,080,575	(23,727)	1,056,848	949,093	107,755
Contracted Services (Other than Between Home and School) - Vendors	479,602	(39,235)	440,367	341,217	99,150
Contracted Services (Regular Students) - ESCs	210,000	24,149	234,149	227,385	6,764
Contracted Services (Special Education Students) - ESCs	1,850,000	432,903	2,282,903	2,282,903	
Total Undist. Expend. - Student Transportation Serv.	<u>3,912,008</u>	<u>382,144</u>	<u>4,294,152</u>	<u>4,072,519</u>	<u>221,633</u>
Unallocated Benefits					
Social Security Contributions	877,000	105,967	982,967	982,967	
Other Retirement Contributions - Regular	1,002,700	4,412	1,007,112	1,001,639	5,473
Workmen's Compensation	285,000		285,000	268,725	16,275
Health Benefits	9,080,312	(96,739)	8,983,573	8,778,625	204,948
Tuition Reimbursement	165,000		165,000	151,651	13,349
Other Employee Benefits	245,000		245,000	132,277	112,723
Total Unallocated Benefits	<u>11,655,012</u>	<u>13,640</u>	<u>11,668,652</u>	<u>11,315,884</u>	<u>352,768</u>
On-behalf Teachers' Pension and Annuity Fund				12,186,169	(12,186,169)
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical				3,201,277	(3,201,277)
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance				5,111	(5,111)
Reimbursed TPAF Social Security Contribution				2,484,140	(2,484,140)
Total On-behalf Contributions				<u>17,876,697</u>	<u>(17,876,697)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>41,136,718</u>	<u>786,739</u>	<u>41,923,457</u>	<u>57,711,177</u>	<u>(15,787,720)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>75,679,125</u>	<u>61,852</u>	<u>75,740,977</u>	<u>90,730,266</u>	<u>(14,989,289)</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures:					
Instruction	\$ 100,000	\$ 2,057	\$ 102,057	\$ 101,983	\$ 74
Total Undistributed Expenditures:	<u>100,000</u>	<u>2,057</u>	<u>102,057</u>	<u>101,983</u>	<u>74</u>
Required Maintenance for School Facilities					
Non-Instructional equipment	50,000	1,631	51,631	34,596	17,035
Total Required Maintenance for School Facilities	<u>50,000</u>	<u>1,631</u>	<u>51,631</u>	<u>34,596</u>	<u>17,035</u>
Custodial Services					
Non-Instructional equipment		13,100	13,100	3,443	9,657
Total Custodial Services		<u>13,100</u>	<u>13,100</u>	<u>3,443</u>	<u>9,657</u>
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	170,200		170,200	136,300	33,900
Construction Services	1,681,400	589,592	2,270,992	2,083,858	187,134
Other Objects - Debt Service Assessment	112,459		112,459	112,459	
Total Facilities Acquisition and Construction Services	<u>1,964,059</u>	<u>589,592</u>	<u>2,553,651</u>	<u>2,332,617</u>	<u>221,034</u>
TOTAL CAPITAL OUTLAY	<u>2,114,059</u>	<u>606,380</u>	<u>2,720,439</u>	<u>2,472,639</u>	<u>247,800</u>
SPECIAL SCHOOLS					
Summer School - Instruction					
Salaries of Teachers	18,950		18,950		18,950
General Supplies	1,200		1,200	1,160	40
Total Summer School - Instruction	<u>20,150</u>		<u>20,150</u>	<u>1,160</u>	<u>18,990</u>
Total Summer School	<u>20,150</u>		<u>20,150</u>	<u>1,160</u>	<u>18,990</u>
Instructional Alternative Education Programs - Instruction					
Salaries of Teachers	202,000		202,000	179,696	22,304
General Supplies	2,000		2,000	1,848	152
Total Instructional Alternative Education Programs - Instruction	<u>204,000</u>		<u>204,000</u>	<u>181,544</u>	<u>22,456</u>
TOTAL SPECIAL SCHOOLS	<u>224,150</u>		<u>224,150</u>	<u>182,704</u>	<u>41,446</u>
Contribution to Charter Schools	34,868	43,300	78,168	78,168	
TOTAL EXPENDITURES	<u>78,052,202</u>	<u>711,532</u>	<u>78,763,734</u>	<u>93,463,777</u>	<u>(14,700,043)</u>
Change in fund balance	(2,674,901)	(711,532)	(3,386,433)	1,161,696	4,548,129
Fund Balance, July 1	<u>11,162,597</u>	<u>-</u>	<u>11,162,597</u>	<u>11,162,597</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 8,487,696</u>	<u>\$ (711,532)</u>	<u>\$ 7,776,164</u>	<u>\$ 12,324,293</u>	<u>\$ 4,548,129</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2023**

	<u>Original</u>	<u>Budget</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
	<u>Budget</u>	<u>Transfers</u>	<u>Budget</u>	<u>Actual</u>	<u>Final to</u>
					<u>Actual</u>
Recapitulation of (Deficiency) Excess of Revenues and (Under) Over Expenditures:					
Adjustment for Prior Year Encumbrances		\$ (711,532)	\$ (711,532)	\$ (711,532)	
Budgeted Fund Balance	\$ (674,901)		(674,901)	(126,772)	\$ 548,129
Increase in Capital Reserve				4,000,000	4,000,000
Withdrawal from Capital Reserve	(2,000,000)		(2,000,000)	(2,000,000)	
Total	<u>\$ (2,674,901)</u>	<u>\$ (711,532)</u>	<u>\$ (3,386,433)</u>	<u>\$ 1,161,696</u>	<u>\$ 4,548,129</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Excess Surplus-current year				\$ 264,831	
Capital Reserve				6,755,000	
Emergency Reserve				165,005	
Unemployment Compensation				336,203	
Assigned to:					
Designated for Subsequent Year's Expenditures				2,150,117	
Year End Encumbrances				261,395	
Unassigned Fund Balance				<u>2,391,742</u>	
Budgetary Fund Balance				<u>\$ 12,324,293</u>	
Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:					
Fund Balance				\$ 12,324,293	
Last State Aid Payments Not Recognized on GAAP Basis				<u>(414,815)</u>	
Fund balance per Governmental Funds (GAAP)				<u>\$ 11,909,478</u>	

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
Special Revenue Fund
Year Ended June 30, 2023**

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance <u>Final to Actual</u>
REVENUES:					
Federal Sources	\$ 759,310	\$ 1,309,950	\$ 2,069,260	\$ 1,348,687	\$ (720,573)
State Sources	171,160	166,180	337,340	215,032	(122,308)
Local Sources		279,588	279,588	791,499	511,911
Total Revenues	<u>\$ 930,470</u>	<u>\$ 1,755,718</u>	<u>\$ 2,686,188</u>	<u>\$ 2,355,218</u>	<u>\$ (330,970)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers		\$ 331,133	\$ 331,133	\$ 200,789	\$ 130,344
Purchased Professional and Technical Services		20,300	20,300	5,400	14,900
Purchased Professional and Educational Services	\$ 94,038	36,167	130,205	111,426	18,779
Rentals		6,000	6,000	4,704	1,296
Other Purchased Services	728,000	127,235	855,235	842,128	13,107
Tuition		168,945	168,945	168,945	
Travel		2,975	2,975		2,975
General Supplies	62,993	235,528	298,521	238,880	59,641
Textbooks	16,709	6,325	23,034	22,652	382
Other Objects		4,145	4,145	3,945	200
Total Instruction	<u>901,740</u>	<u>938,753</u>	<u>1,840,493</u>	<u>1,598,869</u>	<u>241,624</u>
Support Services					
Personnel Services - Employee Benefits		103,029	103,029	63,801	39,228
Purchased Professional and Technical Services	28,730	58,782	87,512	42,755	44,757
Purchased Professional and Educational Services		55,840	55,840	7,904	47,936
Cleaning Repairs and Maintenance		300	300	286	14
Other Purchased Services		1,140	1,140	1,140	
Supplies and Materials		105,026	105,026	51,951	53,075
Scholarships				554,249	(554,249)
Student Activities				11,500	(11,500)
Total Support Services	<u>28,730</u>	<u>324,117</u>	<u>352,847</u>	<u>733,586</u>	<u>(380,739)</u>
Facilities Acquisition and Construction Services:					
Bldgs. Other than Lease Purchase Agreements		-			
Non-Instructional Equipment		691,613	691,613	16,569	675,044
Construction Services		10,000	10,000	10,000	
Buildings		191,790	191,790		191,790
Total Facilities Acquisition and Construction Services		<u>893,403</u>	<u>893,403</u>	<u>26,569</u>	<u>866,834</u>
Total Expenditures	<u>930,470</u>	<u>2,156,273</u>	<u>3,086,743</u>	<u>2,359,024</u>	<u>727,719</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ (400,555)</u>	<u>\$ (400,555)</u>	<u>(3,806)</u>	<u>\$ 396,749</u>
Fund Balance, July 1				<u>624,923</u>	
Fund Balance, June 30				<u>\$ 621,117</u>	
Recapitulation of Fund Balance:					
				\$ 578,825	
				42,292	
				<u>\$ 621,117</u>	

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Note to Required Supplementary Information
Budget to GAAP Reconciliation
Year Ended June 30, 2023**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 94,625,473	\$ 2,355,218
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		(19,633)
Prior Year, net		400,555
 State aid payments from prior year recognized in prior year for budgetary purposes, and recognized for GAAP statements in the current fiscal year.	 362,795	
 State aid payments recognized in current year for budgetary purposes, not recognized for GAAP statements.	 <u>(414,815)</u>	 <u>-</u>
 Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2).	 <u>\$ 94,573,453</u>	 <u>\$ 2,736,140</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 93,463,777	\$ 2,359,024
Differences - budget to GAAP		
Encumbrances (net) for supplies and services ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	 <u>-</u>	 <u>380,922</u>
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	 <u>\$ 93,463,777</u>	 <u>\$ 2,739,946</u>

Supplementary Information

SPECIAL REVENUE FUND

BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS

Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Year Ended June 30, 2023

	<u>Total</u>	<u>State Aid</u>	<u>Federal Aid</u>	<u>Local Aid</u>	<u>Student Activities</u>	<u>Scholarships</u>
REVENUES:						
State Sources	\$ 215,032	\$ 215,032				
Federal Sources	1,348,687		\$ 1,348,687			
Local Sources	791,499			\$ 229,556	\$ 553,253	\$ 8,690
Total Revenues	<u>\$ 2,355,218</u>	<u>\$ 215,032</u>	<u>\$ 1,348,687</u>	<u>\$ 229,556</u>	<u>\$ 553,253</u>	<u>\$ 8,690</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers	\$ 200,789		\$ 198,765	\$ 2,024		
Purchased Professional and Technical Services	5,400			5,400		
Purchased Professional and Educational Services	111,426	\$ 111,426				
Rentals	4,704			4,704		
Other Purchased Services	842,128		836,978	5,150		
Tuition	168,945		168,945			
General Supplies	238,880	76,524.00	33,839	128,517		
Textbooks	22,652	22,652				
Other Objects	3,945	1,680		2,265		
Total Instruction	<u>1,598,869</u>	<u>212,282</u>	<u>1,238,527</u>	<u>148,060</u>		
Support Services:						
Personnel Services - Employee Benefits	63,801		63,801			
Purchased Professional and Technical Services	42,755	2,750	40,005			
Purchased Professional and Educational Services	7,904		6,354	1,550		
Cleaning, Repairs and Maintenance Services	286			286		
Other Purchased Services	1,140			1,140		
Supplies and Materials	51,951			51,951		
Other Objects	11,500					\$ 11,500
Student Activities	554,249				\$ 554,249	
Total Support Services	<u>733,586</u>	<u>2,750</u>	<u>110,160</u>	<u>54,927</u>	<u>554,249</u>	<u>11,500</u>
Facilities Acquisition and Const. Serv.:						
Bldgs. Other than Lease Purchase Agreements	26,569			26,569		
Total Facilities Acquisition and Const. Serv.	<u>26,569</u>	<u>-</u>	<u>-</u>	<u>26,569</u>		
Total Expenditures	<u>\$ 2,359,024</u>	<u>\$ 215,032</u>	<u>\$ 1,348,687</u>	<u>\$ 229,556</u>	<u>\$ 554,249</u>	<u>11,500</u>
(Deficiency) of Revenues (Under) Expenditures	(3,806)	-	-	-	(996)	(2,810)
Fund Balance, July 1	624,923	-	-	-	579,821	45,102
Fund Balance, June 30	<u>\$ 621,117</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 578,825</u>	<u>\$ 42,292</u>

BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS

Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Year Ended June 30, 2023

	<u>Total</u>	<u>N.J. Nonpublic Textbook Aid</u>	<u>N.J. Nonpublic Home Instruction</u>	<u>N.J. Nonpublic Exam & Classification</u>	<u>N.J. Nonpublic Technology Initiative</u>	<u>N.J. Nonpublic Nursing Services</u>	<u>N.J. Nonpublic Security Aid</u>	<u>N.J. Nonpublic Corrective Speech</u>	<u>N.J. Nonpublic Comensatory Education</u>	<u>N.J. Nonpublic Supplemental Instruction</u>	<u>Climate Awareness</u>
REVENUES:											
State Sources	\$ 215,032	\$ 22,652	\$ 1,348	\$ 29,767	\$ 14,354	\$ 39,088	\$ 60,105	\$ 9,308	\$ 5,153	\$ 26,762	\$ 6,495
Total State Revenues	<u>\$ 215,032</u>	<u>\$ 22,652</u>	<u>\$ 1,348</u>	<u>\$ 29,767</u>	<u>\$ 14,354</u>	<u>\$ 39,088</u>	<u>\$ 60,105</u>	<u>\$ 9,308</u>	<u>5,153</u>	<u>26,762</u>	<u>6,495</u>
EXPENDITURES:											
Instruction:											
Purchased Professional and Educational Services	\$ 111,426		\$ 1,348	\$ 29,767		\$ 39,088		\$ 9,308	\$ 5,153	\$ 26,762	
General Supplies	76,524				\$ 14,354		\$ 60,105				\$ 2,065
Textbooks	22,652	\$ 22,652									
Other Objects	1,680										1,680
Total Instruction	<u>212,282</u>	<u>22,652</u>	<u>1,348</u>	<u>29,767</u>	<u>14,354</u>	<u>39,088</u>	<u>60,105</u>	<u>9,308</u>	<u>5,153</u>	<u>26,762</u>	<u>3,745</u>
Support Services:											
Purchased Professional / Technical Services	2,750										2,750
Total Support Services	<u>2,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,750</u>
Total Expenditures	<u>215,032</u>	<u>22,652</u>	<u>1,348</u>	<u>29,767</u>	<u>14,354</u>	<u>39,088</u>	<u>60,105</u>	<u>9,308</u>	<u>5,153</u>	<u>26,762</u>	<u>6,495</u>
(Deficiency) of Revenues (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS

Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Year Ended June 30, 2023

	<u>Total</u>	<u>E.S.E.A.</u>	<u>I.D.E.A.</u>	
		<u>Title II-A</u>	<u>Basic</u>	<u>Preschool</u>
REVENUES:				
Federal Sources	\$ 905,914	\$ 50,545	\$ 826,547	\$ 28,822
Total Federal Revenues	<u>\$ 905,914</u>	<u>\$ 50,545</u>	<u>\$ 826,547</u>	<u>\$ 28,822</u>
EXPENDITURES:				
Instruction:				
Other Purchased Services	\$ 836,978		\$ 808,156	\$ 28,822
General Supplies	28,931	\$ 28,931		
Total Instruction	<u>865,909</u>	<u>28,931</u>	<u>808,156</u>	<u>28,822</u>
Support Services:				
Purchased Professional and Technical Services	40,005	21,614	18,391	
Total Support Services	<u>40,005</u>	<u>21,614</u>	<u>18,391</u>	<u>-</u>
Total Expenditures	<u>\$ 905,914</u>	<u>\$ 50,545</u>	<u>\$ 826,547</u>	<u>\$ 28,822</u>
(Deficiency) of Revenues (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, July 1	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS

Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Year Ended June 30, 2023

	<u>Total</u>	<u>COVID-19 CRRSA Act</u>		<u>COVID-19</u>	<u>COVID-19</u>		
		<u>Non-Title I</u>	<u>Mental Health Relief Fund</u>	<u>Add'l Compensatory Related Services ACSERS</u>	<u>American Rescue Plan - ESSER III</u>		
					<u>Non-Title I</u>	<u>Coach and Educator Support</u>	<u>NJTSS Mental Health Support</u>
REVENUES:							
Federal Sources	\$ 442,773	\$ 11,262	\$ 940	\$ 168,945	\$ 126,876	\$ 106,203	\$ 28,547
Total Federal Revenues	<u>\$ 442,773</u>	<u>\$ 11,262</u>	<u>\$ 940</u>	<u>\$ 168,945</u>	<u>\$ 126,876</u>	<u>\$ 106,203</u>	<u>\$ 28,547</u>
EXPENDITURES:							
Instruction:							
Salaries of Teachers	\$ 198,765		\$ 940		\$ 83,148	\$ 91,225	\$ 23,452
Tuition	168,945			\$ 168,945			
General Supplies	4,908	\$ 4,908					
Total Instruction	<u>372,618</u>	<u>4,908</u>	<u>940</u>	<u>168,945</u>	<u>83,148</u>	<u>91,225</u>	<u>23,452</u>
Support Services:							
Employee Benefits	63,801				43,728	14,978	5,095
Purchased Professional and Educational Services	6,354	6,354					
Total Support Services	<u>70,155</u>	<u>6,354</u>	<u>-</u>	<u>-</u>	<u>43,728</u>	<u>14,978</u>	<u>5,095</u>
Total Expenditures	<u>\$ 442,773</u>	<u>\$ 11,262</u>	<u>\$ 940</u>	<u>\$ 168,945</u>	<u>\$ 126,876</u>	<u>\$ 106,203</u>	<u>\$ 28,547</u>
(Deficiency) of Revenues (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, July 1	-	-	-	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LONG-TERM DEBT

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS**

**Long-term Debt
Schedule of Serial Bonds Payable
Year Ended June 30, 2023**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities of Bonds Outstanding June 30, 2023</u>		<u>Interest Rate</u>	<u>Balance July 1, 2022</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2023</u>
			<u>Date</u>	<u>Amount</u>				
Refunding Bonds - Series 2014A	11/7/2014	\$ 16,275,000	7/15/2023	\$ 460,000	5.000%			
			7/15/2024	490,000	5.000%			
			7/15/2025	515,000	5.000%			
			7/15/2026	2,260,000	4.000%			
			7/15/2027	2,360,000	4.000%			
			7/15/2028	2,470,000	4.000%			
			7/15/2029	2,580,000	4.000%			
			7/15/2030	2,695,000	4.000%			
					\$ 14,270,000	\$ 440,000	\$ 13,830,000	
Refunding Bonds - Series 2014B	11/7/2014	12,270,000	1/15/2024	1,255,000	5.000%	5,140,000	1,185,000	3,955,000
			1/15/2025	1,315,000	5.000%			
			1/15/2026	1,385,000	4.000%			
School Bonds - Series 2017	1/12/2017	15,864,000	1/15/2024	750,000	2.000%			
			1/15/2025	750,000	2.250%			
			1/15/2026	750,000	3.000%			
			1/15/2027	605,000	3.000%			
			1/15/2028	605,000	3.000%			
			1/15/2029	605,000	3.000%			
			1/15/2030	605,000	3.000%			
			1/15/2031	610,000	3.000%			
			1/15/2032	1,195,000	3.000%			
			1/15/2033	1,200,000	3.000%			
			1/15/2034	1,200,000	3.000%			
			1/15/2035	1,200,000	3.125%			
			1/15/2036	1,200,000	3.250%			
			1/15/2037	1,200,000	3.250%			
					<u>\$ 32,635,000</u>	<u>\$ 2,375,000</u>	<u>\$ 30,260,000</u>	

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS**

**Long - Term Debt
Schedule of Financed Purchases and Leases Payable
Year Ended June 30, 2023**

	Interest Rate Payable	Amount of Original Issue	Balance June 30, 2022	Retired	Balance June 30, 2023
Financed Purchases					
School Energy Savings (ESIP)	2.40%	\$ 5,390,000	\$ 3,292,915	\$ 257,651	\$ 3,035,264
Total financed purchases			<u>3,292,915</u>	<u>257,651</u>	<u>3,035,264</u>
Leases Payable					
Copiers	5.00%	27,727	26,499	5,069	21,430
Copiers	5.00%	27,627	23,896	5,197	18,699
Copiers	4.85%	65,805	45,061	22,023	23,038
Copiers	3.65%	132,880	96,626	37,596	59,030
Copiers	3.10%	204,677	172,787	39,403	133,384
Total leases payable			<u>364,869</u>	<u>109,288</u>	<u>255,581</u>
Total Financed Purchases and Leases Payable			<u><u>\$ 3,657,784</u></u>	<u><u>\$ 366,939</u></u>	<u><u>\$ 3,290,845</u></u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS**

**Budgetary Comparison Schedule
Debt Service Fund
Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to <u>Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,347,112		\$ 3,347,112	\$ 3,347,112	
State Sources:					
Debt Service Aid Type II	231,763		231,763	231,763	
Total Revenues	<u>3,578,875</u>		<u>3,578,875</u>	<u>3,578,875</u>	
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal	2,375,000		2,375,000	2,375,000	
Interest on Bonds	1,205,625		1,205,625	1,205,625	
Total Regular Debt Service	<u>3,580,625</u>		<u>3,580,625</u>	<u>3,580,625</u>	
Total Expenditures	<u>3,580,625</u>		<u>3,580,625</u>	<u>3,580,625</u>	
Change in Net Position	(1,750)		(1,750)	(1,750)	
Fund Balance, July 1	<u>1,750</u>	<u>-</u>	<u>1,750</u>	<u>1,750</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

Statistical Section
Unaudited

Contents

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.

Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

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.

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.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

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

School District of the Chathams
 Net Position by Component
 Last Ten Fiscal Years

(accrual basis of accounting)
 Unaudited

	2014	2015	2016	2017	As of June 30, 2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 35,805,781	\$ 39,282,140	\$ 40,173,129	\$ 40,273,278	\$ 41,337,096	\$ 44,359,450	\$ 45,077,251	\$ 44,740,052	\$ 46,525,707	\$ 48,666,434
Restricted	3,633,817	3,267,556	3,638,133	4,186,701	3,096,012	3,096,623	5,541,311	8,371,662	6,689,926	8,142,156
Unrestricted (deficit)	3,388,935	(12,503,280)	(13,032,813)	(14,518,357)	(14,155,678)	(15,580,439)	(16,068,657)	(13,914,141)	(10,352,988)	(9,015,248)
Total governmental activities net position	\$ 42,828,533	\$ 30,046,416	\$ 30,778,449	\$ 29,941,622	\$ 30,277,430	\$ 31,875,634	\$ 34,549,905	\$ 39,197,573	\$ 42,862,645	\$ 47,793,342
Business-type activities										
Investment in capital assets	\$ 213,504	\$ 206,588	\$ 283,085	\$ 263,901	\$ 249,847	\$ 481,919	\$ 456,053	\$ 416,155	\$ 483,092	\$ 555,596
Unrestricted (deficit)	131,301	206,978	144,516	246,940	363,078	237,468	140,853	(101,886)	(149,290)	(339,961)
Total business-type activities net position	\$ 344,805	\$ 413,566	\$ 427,601	\$ 510,841	\$ 612,925	\$ 719,387	\$ 596,906	\$ 314,269	\$ 333,802	\$ 215,635
Government-wide										
Net investment in capital assets	\$ 36,019,285	\$ 39,488,728	\$ 40,456,214	\$ 40,537,179	\$ 41,586,943	\$ 44,841,369	\$ 45,533,304	\$ 45,156,207	\$ 47,008,799	\$ 49,222,030
Restricted	3,633,817	3,267,556	3,638,133	4,186,701	3,096,012	3,096,623	5,541,311	8,371,662	6,689,926	8,142,156
Unrestricted (deficit)	3,520,236	(12,296,302)	(12,888,297)	(14,271,417)	(13,792,600)	(15,342,971)	(15,927,804)	(14,016,027)	(10,502,278)	(9,355,209)
Total government-wide net position	\$ 43,173,338	\$ 30,459,982	\$ 31,206,050	\$ 30,452,463	\$ 30,890,355	\$ 32,595,021	\$ 35,146,811	\$ 39,511,842	\$ 43,196,447	\$ 48,008,977

Source: ACFR Schedule A-1 and District records.

Notes:

GASB 84 was implemented in the 2021 fiscal year, which required Unemployment Compensation to be recorded in the general fund and Student Activities and Scholarship activity to be recorded in the special revenue fund.

School District of the Chathams
Changes in Net Position
Last Ten Fiscal Years

(accrual basis of accounting)
Unaudited

	Year ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction	\$ 40,241,403	\$ 47,199,764	\$ 49,759,786	\$ 54,942,382	\$ 58,612,675	\$ 53,879,765	\$ 53,711,562	\$ 54,789,380	\$ 55,397,080	\$ 54,089,978
Support services:										
Student and instruction related services	9,598,789	11,180,768	11,589,155	13,252,401	14,664,694	13,804,784	13,303,090	14,029,746	13,903,874	13,543,916
School administration services	3,862,549	4,404,002	4,587,008	5,142,705	5,645,887	4,836,348	4,709,445	4,734,263	2,683,200	2,512,696
General and Business administration services	2,921,009	3,476,916	3,586,420	3,985,040	4,294,050	3,823,038	4,016,449	3,990,945	6,102,985	5,895,020
Operation and Maintenance of Plant Services	6,434,186	6,548,910	6,966,367	7,559,671	7,854,496	7,920,949	7,614,503	7,857,743	8,590,334	8,105,642
Student transportation services	2,462,453	2,572,801	2,705,793	2,886,516	2,958,287	3,124,966	2,721,247	2,720,533	3,687,711	4,086,402
Special Schools	240,248	250,999	290,374	318,195	306,429	279,176	314,075	391,432	401,287	266,218
Charter Schools	20,005					32,757			31,574	78,168
Interest and other costs on long term debt	1,764,143	1,031,453	1,186,504	1,564,896	1,527,928	1,474,153	1,403,918	1,315,694	1,140,271	1,123,106
Total governmental activities	<u>67,544,785</u>	<u>76,665,613</u>	<u>80,671,407</u>	<u>89,651,806</u>	<u>95,864,446</u>	<u>89,175,936</u>	<u>87,794,289</u>	<u>89,829,736</u>	<u>91,938,316</u>	<u>89,701,146</u>
Business-type activities:										
Food service	1,060,277	1,078,795	1,207,014	1,171,771	1,234,757	1,241,311	1,027,281	388,524	1,530,093	1,730,748
Total business-type activities expense	<u>1,060,277</u>	<u>1,078,795</u>	<u>1,207,014</u>	<u>1,171,771</u>	<u>1,234,757</u>	<u>1,241,311</u>	<u>1,027,281</u>	<u>388,524</u>	<u>1,530,093</u>	<u>1,730,748</u>
Total government-wide expenses	<u>\$ 68,605,062</u>	<u>\$ 77,744,408</u>	<u>\$ 81,878,421</u>	<u>\$ 90,823,577</u>	<u>\$ 97,099,203</u>	<u>\$ 90,417,247</u>	<u>\$ 88,821,570</u>	<u>\$ 90,218,260</u>	<u>\$ 93,468,409</u>	<u>\$ 91,431,894</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 238,138	\$ 251,032	\$ 179,845	\$ 165,429	\$ 109,908	\$ 112,560	\$ 354,253	\$ 266,954	\$ 779,020	\$ 777,192
Pupil transportation	128,015	134,560	132,526	157,648	172,298	171,743	99,496		119,128	169,146
Student and instruction related services (student activities)								245,733	440,651	553,253
Operating grants and contributions	1,230,651	1,412,608	1,368,133	1,260,716	1,444,997	1,246,808	1,101,874	1,518,434	2,042,800	1,766,318
Capital grants and contributions	76,981	68,753	248,586	265,746	168,898	119,720	155,339	101,250	191,351	416,569
Total governmental activities program revenues	<u>1,673,785</u>	<u>1,866,953</u>	<u>1,929,090</u>	<u>1,849,539</u>	<u>1,896,101</u>	<u>1,650,831</u>	<u>1,710,962</u>	<u>2,132,371</u>	<u>3,572,950</u>	<u>3,682,478</u>
Business-type activities:										
Charges for services										
Food service	1,018,241	1,063,569	1,127,623	1,166,780	1,248,527	1,266,481	852,827	86,047	761,744	1,301,052
Operating grants and contributions	91,459	83,987	93,426	88,231	88,314	81,292	51,973	19,840	692,338	211,336
Capital grants and contributions									95,544	100,193
Total business type activities program revenues	<u>1,109,700</u>	<u>1,147,556</u>	<u>1,221,049</u>	<u>1,255,011</u>	<u>1,336,841</u>	<u>1,347,773</u>	<u>904,800</u>	<u>105,887</u>	<u>1,549,626</u>	<u>1,612,581</u>
Total government-wide program revenues	<u>\$ 2,783,485</u>	<u>\$ 3,014,509</u>	<u>\$ 3,150,139</u>	<u>\$ 3,104,550</u>	<u>\$ 3,232,942</u>	<u>\$ 2,998,604</u>	<u>\$ 2,615,762</u>	<u>\$ 2,238,258</u>	<u>\$ 5,122,576</u>	<u>\$ 5,295,059</u>
Net (Expense)/Revenue										
Governmental activities	\$ (65,871,000)	\$ (74,798,660)	\$ (78,742,317)	\$ (87,802,267)	\$ (93,968,345)	\$ (87,525,105)	\$ (86,083,327)	\$ (87,697,365)	\$ (88,365,366)	\$ (86,018,668)
Business-type activities	49,423	68,761	14,035	83,240	102,084	106,462	(122,481)	(282,637)	19,533	(118,167)
Total government-wide net (expense)/revenue	<u>\$ (65,821,577)</u>	<u>\$ (74,729,899)</u>	<u>\$ (78,728,282)</u>	<u>\$ (87,719,027)</u>	<u>\$ (93,866,261)</u>	<u>\$ (87,418,643)</u>	<u>\$ (86,205,808)</u>	<u>\$ (87,980,002)</u>	<u>\$ (88,345,833)</u>	<u>\$ (86,136,835)</u>

School District of the Chathams
 Changes in Net Position
 Last Ten Fiscal Years

(accrual basis of accounting)
 Unaudited

	Year ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes	\$ 55,874,234	\$ 57,742,606	\$ 58,767,459	\$ 60,147,138	\$ 61,921,960	\$ 64,078,788	\$ 65,360,364	\$ 66,657,571	\$ 67,913,722	\$ 69,271,996
Taxes levied for debt service	2,737,760	2,655,242	2,607,363	2,261,810	2,700,999	3,210,325	3,156,995	3,267,966	3,325,299	3,347,112
Unrestricted grants and contributions	7,322,537	14,535,917	17,551,011	23,730,833	29,062,101	21,013,971	19,495,653	21,074,230	20,269,090	17,580,541
Investment earnings	6,137	4,086	4,689	44,551	147,304	170,781	164,893	61,618	38,796	163,292
Miscellaneous income	366,796	434,592	543,828	781,108	471,789	649,444	579,693	406,475	483,531	586,424
Total governmental activities	<u>66,307,464</u>	<u>75,372,443</u>	<u>79,474,350</u>	<u>86,965,440</u>	<u>94,304,153</u>	<u>89,123,309</u>	<u>88,757,598</u>	<u>91,467,860</u>	<u>92,030,438</u>	<u>90,949,365</u>
Total district-wide	<u>\$ 66,307,464</u>	<u>\$ 75,372,443</u>	<u>\$ 79,474,350</u>	<u>\$ 86,965,440</u>	<u>\$ 94,304,153</u>	<u>\$ 89,123,309</u>	<u>\$ 88,757,598</u>	<u>\$ 91,467,860</u>	<u>\$ 92,030,438</u>	<u>\$ 90,949,365</u>
Change in Net Position										
Governmental activities	\$ (8,491,196)	\$ (3,369,874)	\$ (8,327,917)	\$ (7,002,905)	\$ 335,808	\$ 3,039,982	\$ 1,060,233	\$ 3,770,495	\$ 3,665,072	\$ 4,930,697
Business-type activities	68,761	14,035	83,240	102,084	102,084	(122,481)	(282,637)	(282,637)	19,533	(118,167)
Total district	<u>\$ (8,422,435)</u>	<u>\$ (3,355,839)</u>	<u>\$ (8,244,677)</u>	<u>\$ (6,900,821)</u>	<u>\$ 437,892</u>	<u>\$ 2,917,501</u>	<u>\$ 777,596</u>	<u>\$ 3,487,858</u>	<u>\$ 3,684,605</u>	<u>\$ 4,812,530</u>

Source: ACFR Schedule A-2 and District records.

Note:

GASB 75 was implemented in the 2018 fiscal year, which increased the unrestricted grants and contributions and various expense lines from the previous year.

GASB 84 was implemented in the 2021 fiscal year, which required Unemployment Compensation to be recorded in the general fund and Student Activities and Scholarship activity to be recorded in the special revenue fund.

School District of the Chathams
Fund Balances, Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)
Unaudited

	2014	2015	2016	2017	As of June 30,		2020	2021	2022	2023
					2018	2019				
General Fund										
Restricted	\$ 3,490,011	\$ 3,015,626	\$ 3,638,133	\$ 4,152,480	\$ 3,096,012	\$ 3,096,623	\$ 5,541,311	\$ 7,799,680	\$ 6,065,003	\$ 7,521,039
Assigned	3,281,687	594,228	559,139	814,350	1,804,779	551,785	199,990	357,072	1,386,433	2,411,512
Unassigned	1,120,590	1,238,291	1,109,931	1,130,079	1,245,562	1,225,231	1,127,030	2,719,099	3,348,366	1,976,927
Total general fund	<u>\$ 7,892,288</u>	<u>\$ 4,848,145</u>	<u>\$ 5,307,203</u>	<u>\$ 6,096,909</u>	<u>\$ 6,146,353</u>	<u>\$ 4,873,639</u>	<u>\$ 6,868,331</u>	<u>\$ 10,875,851</u>	<u>\$ 10,799,802</u>	<u>\$ 11,909,478</u>
Special Revenue Fund										
Restricted for Student Activities								\$ 530,779	\$ 579,821	\$ 578,825
Restricted for Scholarships								41,203	45,102	42,292
Total special revenue fund								<u>\$ 571,982</u>	<u>\$ 624,923</u>	<u>\$ 621,117</u>
All Other Governmental Funds										
Restricted	\$ 297,840	\$ 506,327	\$ 1,159,820	\$ 15,713,076	\$ 4,971,947	\$ 2,651,569	\$ 69,306	\$ 22,066	\$ 1,750	\$ -
Total all other governmental funds	<u>\$ 297,840</u>	<u>\$ 506,327</u>	<u>\$ 1,159,820</u>	<u>\$ 15,713,076</u>	<u>\$ 4,971,947</u>	<u>\$ 2,651,569</u>	<u>\$ 69,306</u>	<u>\$ 22,066</u>	<u>\$ 1,750</u>	<u>\$ -</u>

Source: ACFR Schedule B-1 and District records.

Note: The District implemented GASB 84 during the fiscal year ended June 30, 2021, which requires the reporting of scholarships and student activity funds in the Special Revenue Fund.

School District of the Chathams
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)
Unaudited

	Year ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Local sources:										
Local tax levy	\$ 58,611,994	\$ 60,397,848	\$ 61,374,822	\$ 62,408,948	\$ 64,622,959	\$ 67,289,113	\$ 68,517,359	\$ 69,925,537	\$ 71,239,021	\$ 72,619,108
Transportation fees	128,015	134,560	132,526	157,648	172,298	171,743	99,496		119,128	777,192
Tuition charges	238,138	251,032	179,845	165,429	109,908	112,560	354,253	266,954	779,020	169,146
Interest earned	6,137	4,086	4,689	44,551	147,304	170,781	164,893	61,618	38,796	163,292
Miscellaneous	577,470	759,473	813,561	1,137,416	1,000,368	949,903	847,393	885,616	1,185,214	1,371,695
Total local sources	59,561,754	61,546,999	62,505,443	63,913,992	66,052,837	68,694,100	69,983,394	71,139,725	73,361,179	75,100,433
State sources	7,529,811	8,572,918	9,768,918	10,524,009	12,002,024	14,026,995	14,878,443	18,142,527	22,948,013	24,149,720
Federal sources	889,684	927,131	955,119	978,150	918,151	901,459	812,547	1,220,675	1,905,869	1,638,315
Total revenue	67,981,249	71,047,048	73,229,480	75,416,151	78,973,012	83,622,554	85,674,384	90,502,927	98,215,061	100,888,468
Expenditures										
Current										
Instruction	27,779,550	29,217,240	29,900,500	29,542,038	30,053,391	31,138,093	31,754,014	32,776,888	34,278,428	34,604,872
Support services										
Tuition	2,393,463	2,437,142	2,614,988	2,207,411	2,599,310	1,859,110	2,216,158	2,001,073	2,343,344	2,970,957
Attendance/social work	59,499	62,704	63,922	63,418	61,346	60,957	64,137	70,077	70,813	74,455
Health services	643,896	646,778	581,817	610,623	644,130	636,780	608,676	622,766	631,563	631,680
Other support services	4,121,873	4,391,402	4,430,431	4,586,694	4,922,020	5,094,958	5,190,889	5,729,712	6,240,590	6,726,318
Improvement of instruction	684,763	681,907	710,701	768,984	736,096	832,220	781,444	876,871	992,482	784,410
Education media library	952,837	870,424	872,894	887,674	888,716	895,731	823,061	798,007	678,030	760,251
Other support: instructional staff	589,223	590,801	633,067	620,128	645,905	734,088	737,407	747,862	727,440	540,568
General administration services	940,291	1,097,073	1,014,515	1,012,292	946,483	857,984	967,010	857,145	993,405	1,058,071
School administration services	2,775,092	2,768,155	2,796,121	2,808,740	2,908,717	2,791,770	2,819,903	2,854,122	3,077,554	3,027,607
Central services	764,217	765,841	820,190	858,155	906,739	919,954	914,781	978,890	982,648	997,539
Administrative information technology services	515,039	554,949	570,112	569,597	640,308	625,179	749,097	760,647	856,844	850,633
Required maintenance of plant services	1,083,734	1,003,783	1,294,195	468,246	1,035,271	942,738	894,714	1,139,557	1,568,750	1,455,818
Operation and maintenance of plant services	3,711,271	3,448,907	3,349,202	4,143,277	3,416,857	4,054,086	4,007,990	3,890,594	4,561,326	4,308,712
Care and upkeep of grounds	198,345	181,119	196,180	222,214	255,715	223,095	222,256	253,504	243,202	227,420
Security	318,926	260,094	280,096	319,620	357,376	409,161	382,106	426,947	415,323	434,152
Student transportation	2,452,291	2,556,692	2,689,656	2,866,750	2,933,629	3,109,660	2,706,324	2,706,065	3,672,273	4,072,519
Unallocated benefits and On-behalf TPAF Contributions	13,529,741	15,222,766	15,907,046	17,180,349	19,323,273	21,903,781	22,038,390	24,465,793	28,714,299	29,192,581
Special schools	172,110	157,266	176,007	173,744	157,722	161,065	187,967	217,928	263,033	182,704
Charter Schools	20,005					32,757	28,424	31,574	78,168	
Capital outlay	1,627,283	4,412,782	5,921,538	2,891,526	12,666,076	6,093,698	4,309,514	730,364	3,339,289	2,889,208
Debt Service:										
Principal	1,270,000	1,515,000	1,490,000	1,725,391	1,911,463	2,224,490	2,331,449	2,444,490	2,280,000	2,632,651
Interest	1,467,760	1,039,879	1,193,751	1,346,458	1,654,154	1,614,291	1,554,668	1,470,112	1,296,275	1,283,054
Cost of issuance		202,200		221,666						
Total expenditures	68,071,209	74,084,904	77,506,929	76,094,995	89,664,697	87,215,646	86,261,955	86,847,838	98,258,485	99,784,348
Excess (Deficiency) of revenues over (under) expenditures	(89,960)	(3,037,856)	(4,277,449)	(678,844)	(10,691,685)	(3,593,092)	(587,571)	3,655,089	(43,424)	1,104,120
Other Financing sources (uses)										
Refunding bonds issued		28,545,000								
Bonds issued				15,864,000						
Payment to bond escrow agent		(32,434,091)								
Financed purchase proceeds			5,390,000							
Equity contribution		70,000								
Premium on bonds issued		4,024,722		157,806						
Additional proceeds		(3,431)								
Transfers in	80,738	362,436	328,757	41,951	129,495	68,990	20,316	1,750		
Transfers out	(80,738)	(362,436)	(328,757)	(41,951)	(129,495)	(68,990)	(20,316)	(1,750)		
Total other financing sources (uses)	-	202,200	5,390,000	16,021,806	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	(89,960)	(2,835,656)	1,112,551	15,342,962	(10,691,685)	(3,593,092)	(587,571)	3,655,089	(43,424)	1,104,120
Fund balance July 1	8,280,088	8,190,128	5,354,472	6,467,023	21,809,985	11,118,300	7,525,208	7,814,810	11,469,899	11,426,475
Fund balance June 30	\$ 8,190,128	\$ 5,354,472	\$ 6,467,023	\$ 21,809,985	\$ 11,118,300	\$ 7,525,208	\$ 6,937,637	\$ 11,469,899	\$ 11,426,475	\$ 12,530,595
Debt service as a percentage of noncapital expenditures	4.12%	3.67%	3.75%	4.20%	4.63%	4.73%	4.74%	4.55%	3.77%	4.04%
Source: District records										
Note: Noncapital expenditures are total expenditures less capital outlay and debt service.										
Note: The District implemented GASB 84 in FY 2021. The July 1, 2020 fund balance was retrospectively adjusted to reflect implementation.										

School District of the Chathams
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years

(modified accrual basis of accounting)
 Unaudited

Year Ended June 30,	Tuition	Interest on Investments	Facility Use Fees	Prior Year Refunds	Miscellaneous	Energy Savings Rebates	Transportation Fees	Annual Totals
2014	\$ 238,138	\$ 6,137	\$ 83,677	\$ 49,876	\$ 233,243		\$ 134,560	\$ 745,631
2015	251,032	4,086	70,583	108,139	255,870		134,560	824,270
2016	179,845	4,689	10,720	136,983	396,125		132,526	860,888
2017	165,429	5,583	11,000	162,348	326,526	\$ 281,234	157,648	1,109,768
2018	109,908	17,809	11,360	58,805	401,624		172,298	771,804
2019	112,560	101,791	69,065	192,000	388,379		171,743	1,035,538
2020	354,253	144,577	54,910	112,264	412,519		99,496	1,178,019
2021	266,954	59,868		125,904	280,571			733,297
2022	779,020	38,796	54,434	121,691	307,406		119,128	1,420,475
2023	777,192	163,292	96,104	174,075	316,245		169,146	1,696,054

Source: District records

**School District of the Chathams
Assessed Value and Actual Value of Taxable Property
Last Ten Years**

Unaudited

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Public Utilities *	Total Assessed Value	Less : Tax Exempt Property	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate b
Borough of Chatham													
2014	\$ 8,658,600	\$ 1,782,763,600	-	\$ 200	\$ 204,564,400	\$ 21,593,300	\$ 39,173,700	\$ 1,145,779	\$ 2,057,899,579	\$ 141,637,300	\$ 1,916,262,279	\$ 2,273,787,397	\$ 1.200
2015	9,345,000	1,786,006,100	-	200	204,564,400	21,593,300	39,173,700	1,173,177	2,061,855,877	141,860,200	1,919,995,677	2,321,206,993	1.210
2016	9,445,600	1,797,232,200	-	200	205,235,400	21,861,200	39,173,700	1,140,307	2,074,088,607	143,250,900	1,930,837,707	2,407,716,713	1.218
2017	8,929,200	1,806,178,600	-	200	204,706,600	21,583,800	38,946,200	1,115,479	2,081,460,079	143,286,300	1,938,173,779	2,465,015,414	1.256
2018	8,345,800	1,814,236,100	-	200	200,032,100	21,482,700	38,946,200	1,089,920	2,084,133,020	143,339,600	1,940,793,420	2,688,838,389	1.308
2019	8,348,000	1,824,612,300	-	1,600	202,634,000	21,482,700	38,946,200	1,023,537	2,097,048,337	142,036,400	1,955,011,937	2,518,525,343	1.334
2020	10,055,000	1,839,640,500	-	1,600	201,392,000	21,482,700	38,952,400	1,066,317	2,112,590,517	139,098,000	1,973,492,517	2,634,053,912	1.351
2021	9,359,900	1,855,486,000	-	1,600	199,472,100	21,482,700	38,952,400	1,111,976	2,125,865,076	140,274,300	1,985,590,776	2,732,098,624	1.309
2022	9,359,900	1,865,478,800	-	1,600	199,304,700	21,522,500	38,985,400	1,039,181	2,135,692,081	140,274,300	1,995,417,781	2,875,548,452	1.321
2023	9,170,300	2,680,666,600	-	1,600	268,594,600	34,552,100	108,185,200	1,041,150	3,102,211,550	231,806,300	2,870,405,250	3,163,864,151	1.081
Township of Chatham													
2014	17,697,800	2,830,794,100	\$10,070,500	171,200	120,623,800	13,725,100	51,000,000	*	3,044,082,500	*	*	*	*
2015	21,646,700	2,865,962,000	10,070,500	171,200	120,375,700	1,285,800	51,315,000	*	3,070,826,900	*	*	*	*
2016	22,256,100	2,896,911,700	10,659,500	175,700	120,444,400	1,285,800	51,390,000	1,314,985	3,104,438,185	192,738,700	2,911,699,485	3,435,967,433	1.174
2017	26,831,600	2,933,199,800	10,677,800	172,500	120,530,400	1,285,800	51,680,000	1,290,785	3,145,668,685	192,949,600	2,952,719,085	3,513,441,057	1.196
2018	15,087,200	2,991,085,700	10,827,000	175,700	120,530,400	1,285,800	51,695,000	1,512,738	3,192,199,538	192,949,600	2,999,249,938	3,614,280,471	1.221
2019	23,061,200	3,017,327,800	10,978,300	175,700	120,867,600	1,285,800	51,710,000	1,674,372	3,227,080,772	194,927,000	3,032,153,772	3,579,717,036	1.237
2020	14,495,300	3,059,006,700	11,040,500	175,700	122,377,100	1,285,800	51,710,000	1,688,531	3,261,779,631	196,002,500	3,065,777,131	3,686,534,041	1.250
2021	14,825,700	3,099,479,000	7,767,000	102,000	121,671,700	1,285,800	51,725,000	1,703,470	3,298,559,670	197,001,800	3,101,557,870	3,755,359,224	1.215
2022	16,994,500	3,127,489,200	7,843,000	103,700	120,466,700	1,285,800	51,740,000	1,699,669	3,327,622,569	198,230,300	3,129,392,269	4,086,904,522	1.228
2023	15,275,700	3,184,149,200	7,942,900	103,700	120,400,500	1,285,800	51,740,000	1,594,897	3,382,492,697	13,963,900	3,368,528,797	4,443,871,977	1.276

Source:Table of Aggregates

Note:

Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

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

b Tax rates are per \$100

* Information not available

School District of the Chathams
Property Tax Rates-Direct and Overlapping Governments
Last Ten Years
(rate per \$100 of assessed value)

Unaudited

Year Ended December 31,	School District of the Chathams Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	(From J-6) Total Direct School Tax Rate	Municipality	Morris County	
Borough of Chatham						
2014	\$ 1.14	\$ 0.06	\$ 1.20	\$ 0.41	\$ 0.29	\$ 1.90
2015	1.16	0.05	1.21	0.41	0.28	1.90
2016	1.17	0.04	1.22	0.42	0.30	1.93
2017	1.20	0.05	1.26	0.42	0.31	1.99
2018	1.24	0.06	1.31	0.42	0.31	2.04
2019	1.27	0.06	1.33	0.43	0.34	2.10
2020	1.29	0.06	1.35	0.44	0.33	2.12
2021	1.30	0.06	1.37	0.44	0.32	2.14
2022	1.31	0.06	1.37	0.46	0.31	2.18
2023	1.32	0.06	1.38	0.47	0.33	2.18
Township of Chatham						
2014	*	*	*	*	*	*
2015	*	*	*	*	*	*
2016	\$ 1.13	\$ 0.04	\$ 1.17	\$ 0.30	\$ 0.28	\$ 1.76
2017	1.15	0.05	1.20	0.30	0.29	1.79
2018	1.16	0.06	1.22	0.32	0.29	1.83
2019	1.18	0.06	1.24	0.43	0.34	2.01
2020	1.19	0.06	1.25	0.35	0.30	1.89
2021	1.20	0.06	1.26	0.37	0.30	1.93
2022	1.18	0.05	1.23	0.35	0.30	1.95
2023	1.23	0.05	1.28	0.38	0.29	1.95

Source:

A4F and Table of Aggregates

- 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.

* Information not available

**School District of the Chathams
Principal Property Taxpayers
Current Year and Nine Years Ago**

Unaudited

	2023			2014	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Chatham Borough					
KRE 500 Manila Associates/Seaview, LLC	\$ 11,794,800	0.55%	Normandy Chatham, LLC	\$ 12,742,100	0.62%
26 Main Street Chatham LLC	10,600,000	0.50%	S/K Chatham Associates	11,794,800	0.57%
MHP Chatham Portfolio LLC (USPF Chatham	10,004,500	0.47%	One Main Street Associates	9,000,000	0.44%
One Main Street Associates	9,091,700	0.43%	Chatham Project, LLC	7,310,000	0.36%
Town Square Partners	7,854,000	0.37%	Levin Properties, LP	6,884,600	0.33%
Chatham Project, LLC	7,310,000	0.34%	J. Apgar	6,880,100	0.33%
Levin Properties, LP	7,194,500	0.34%	Foresome Group	6,610,600	0.32%
Foresome Group	6,613,600	0.31%	Town Square Partners	5,734,000	0.28%
Weill, Maurice M Trustee	4,127,500	0.19%	Silverman Group	4,530,500	0.22%
Jackson House Apartments, LLC	3,800,000	0.18%	Jackson House Apartments	3,800,000	0.18%
Total	\$78,390,600	3.67%	Total	\$ 75,286,700	3.66%
Township of Chatham					
	2023			2014	
Chatham Holder LLC	\$ 41,740,000	1.25%	Home Properties Chatham Hill, LLC	\$ 41,000,000	1.37%
Hickory Square Associates LP	22,360,000	0.67%	Hickory Square Associates LP	22,360,000	0.75%
Fairmount Country Club	22,026,400	0.66%	Fairmount Country Club	18,012,500	0.60%
Texas Eastern Transmission Corp.	14,936,500	0.45%	Texas Eastern Transmission Corp.	15,127,200	0.51%
Transcontinental Gas Pipeline Corp.	10,198,800	0.31%	Giralda Farms	11,881,800	0.40%
Chatham Hills, Inc.	10,000,000	0.30%	Transcontinental Gas Pipeline Corp	10,198,800	0.34%
Juniper Assisted Living Residence	9,666,000	0.29%	Chatham Hills, Inc.	10,000,000	0.34%
ToII NJ I LLC	9,000,000	0.27%	Juniper Assisted Living Residence	9,666,000	0.32%
Chatham Hills Realty LLC-Carerite	7,602,000	0.23%	Hanks and Condon, LLC	7,466,000	0.25%
Chatham Mall Assoc LLC	6,000,000	0.18%	Chatham Mall Assoc, LLC	7,116,200	0.24%
Total	\$ 153,529,700	4.61%	Total	\$ 152,828,500	5.12%

Source: District ACFR & Municipal Tax Assessor.

**School District of the Chathams
Property Tax Levies and Collections
Last Ten Years**

Unaudited

Year Ended June 30,	Taxes Levied for the Fiscal Year - School District of the Chathams	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 58,611,994	\$ 58,611,994	100.00%	-
2015	60,397,848	60,397,848	100.00%	-
2016	61,374,822	61,374,822	100.00%	-
2017	62,408,948	62,408,948	100.00%	-
2018	64,622,959	64,622,959	100.00%	-
2019	67,289,113	67,289,113	100.00%	-
2020	68,517,359	68,517,359	100.00%	-
2021	69,925,537	69,925,537	100.00%	-
2022	71,239,021	71,239,021	100.00%	-
2023	72,619,108	72,619,108	100.00%	-

Year Ended December 31,	Taxes Levied for the Fiscal Year - Borough of Chatham	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 39,135,444	\$ 38,691,949	98.87%	\$ 443,495
2015	39,628,224	39,285,009	99.13%	343,215
2016	40,239,670	39,883,859	99.12%	355,811
2017	41,457,796	41,221,730	99.43%	236,066
2018	42,816,719	42,572,823	99.43%	243,897
2019	44,298,645	43,952,345	99.22%	346,300
2020	44,897,406	44,472,100	99.05%	425,307
2021	45,652,453	45,341,619	99.32%	263,470
2022	46,605,331	45,978,654	98.66%	*
2023	46,562,633	*	*	*

Year Ended December 31,	Taxes Levied for the Fiscal Year - Township of Chatham	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 53,408,511	\$ 52,764,058	98.79%	\$ 1,221,669
2015	54,209,387	53,225,477	98.18%	983,910
2016	53,408,511	52,764,058	98.79%	644,453
2017	56,665,494	55,832,448	98.53%	833,046
2018	59,025,448	58,565,473	99.22%	459,976
2019	60,193,989	59,806,190	99.36%	387,800
2020	62,306,296	62,045,156	99.58%	261,141
2021	64,463,034	64,035,049	99.34%	356,249
2022	65,337,950	64,962,587	99.43%	*
2023	65,979,881	*	*	*

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

Note: The top chart represents the School District only, while the bottom two charts represent the total levy for each town/borough (municipality, county, school, etc).

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 certified prior to the end of the school year.

* - Information not available

**School District of the Chathams
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Unaudited

Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita Income ^a
	General Obligation Bonds	Leases and Financed Purchases			
2014	\$ 33,055,000		\$ 33,055,000	0.25%	\$ 84,278
2015	29,325,000		29,325,000	0.30%	88,335
2016	27,835,000	\$ 5,390,000	33,225,000	0.27%	91,148
2017	42,414,000	4,949,609	47,363,609	0.20%	93,633
2018	41,089,000	4,363,146	45,452,146	0.22%	97,819
2019	39,119,000	4,108,656	43,227,656	0.24%	101,646
2020	37,075,000	3,821,208	40,896,208	0.25%	102,227
2021	34,915,000	3,742,825	38,657,825	0.28%	107,767
2022	32,635,000	3,657,784	36,292,784	**	**
2023	30,260,000	3,290,845	33,550,845	**	**

Source: District ACFR Schedules I-1 and District records.

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

* Information not available

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

School District of the Chathams
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Unaudited

General Bonded Debt Outstanding						
Year Ended June 30,	General Obligation Bonds	School Energy Savings (ESIP)	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2014	\$ 33,055,000		\$ 154,034	\$ 32,900,966	1.71%	\$ 84,278
2015	29,325,000		257,397	29,067,603	1.51%	88,335
2016	27,835,000	\$ 5,390,000	254,225	32,970,775	1.70%	91,148
2017	42,414,000	4,949,609	115,184	47,248,425	2.43%	93,633
2018	41,089,000	4,363,146	168,464	45,283,682	2.32%	97,819
2019	39,119,000	4,108,656	178,486	43,049,170	2.18%	101,646
2020	37,075,000	3,821,208	69,306	40,826,902	2.07%	102,227
2021	34,915,000	3,742,825	22,066	38,635,759	1.95%	107,767
2022	32,635,000	3,657,784	1,750	36,291,034	1.82%	**
2023	30,260,000	3,290,845		33,550,845	1.17%	**

Source:

a See J-6 for property tax data.

b Population data can be found in J-14.

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

** This information is not available for this District.

**School District of the Chathams
Direct and Overlapping Governmental Activities Debt
As of June 30, 2023**

Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated</u>	<u>Estimated Share</u>
Debt repaid with property taxes			
Chatham Township		Not Available	
Chatham Borough		Not Available	
Morris County General Obligation Debt		Not Available	
Subtotal, overlapping debt			Not Available
School District the Chathams			<u>\$ 30,260,000</u>
Total direct and overlapping debt			<u><u>\$ 30,260,000</u></u>

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

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

**School District of the Chathams
Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited**

Legal Debt Margin Calculation for Fiscal Year 2023

	Chatham Borough	Chatham Township*	Equalized Valuation Basis Total
2022	\$2,875,548,452	\$4,086,904,522	\$6,962,452,974
2021	\$2,732,098,624	\$3,755,389,224	\$6,487,487,848
2020	\$2,553,233,615	\$3,679,145,807	\$6,232,379,422
	<u>\$2,720,293,564</u>	<u>\$3,840,479,851</u>	<u>\$19,682,320,244</u>
Average equalized valuation of taxable property			<u>\$ 6,560,773,415</u>
Debt limit (4% of average equalization value)			\$ 262,430,937 ^a
Total Net Debt Applicable to Limit			33,550,845
Legal debt margin			<u>\$ 228,880,092</u>

Year ended June 30:

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 226,094,287	\$ 226,126,861	\$ 228,700,926	\$ 233,870,400	\$ 236,442,812	\$ 241,533,977	\$ 249,965,920	\$ 249,606,396	\$ 168,296,398	\$ 262,430,937
Total net debt applicable to limit	<u>33,055,000</u>	<u>29,067,603</u>	<u>32,970,775</u>	<u>47,248,425</u>	<u>45,283,682</u>	<u>37,769,000</u>	<u>40,826,902</u>	<u>38,429,652</u>	<u>38,429,652</u>	<u>33,550,845</u>
Legal debt margin	<u>\$ 193,039,287</u>	<u>\$ 197,059,258</u>	<u>\$ 195,730,151</u>	<u>\$ 186,621,975</u>	<u>\$ 191,159,130</u>	<u>\$ 203,764,977</u>	<u>\$ 209,139,018</u>	<u>\$ 211,176,744</u>	<u>\$ 129,866,746</u>	<u>\$ 228,880,092</u>
Total net debt applicable to the limit as a percentage of debt limit	14.62%	12.85%	14.42%	20.20%	19.15%	15.64%	16.33%	15.40%	22.83%	12.78%

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

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

*

**School District of the Chathams
Demographic and Economic Statistics
Last Ten Years**

Unaudited

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita</u>	<u>Unemployment</u>
Borough of Chatham				
2014	8,975	\$ 756,395,050	\$ 84,278	3.70%
2015	8,933	789,096,555	88,335	3.30%
2016	8,896	810,852,608	91,148	3.30%
2017	8,827	826,498,491	93,633	2.80%
2018	8,746	855,524,974	97,819	2.50%
2019	8,631	877,306,626	101,646	2.00%
2020	8,601	879,254,427	102,227	5.00%
2021	9,253	997,168,051	107,767	3.70%
2022	9,226	**	**	2.20%
2023	**	**	**	**
Township of Chatham				
2014	10,476	\$ 882,896,328	\$ 84,278	5.20%
2015	10,433	921,599,055	88,335	4.00%
2016	10,363	944,566,724	91,148	3.40%
2017	10,309	965,262,597	93,633	3.10%
2018	10,258	1,003,427,302	97,819	2.80%
2019	10,107	1,027,336,122	101,646	2.30%
2020	10,107	1,033,208,289	102,227	5.60%
2021	10,935	1,178,432,145	107,767	3.90%
2022	10,962	**	**	2.40%
2023	**	**	**	**

Source:

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 County (Morris) estimated based upon the regional economic information system,

US Bureau of Economic Analysis, November 2020.

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

** This information is not available from State.

**School District of the Chathams
Principal Employers
Current Year and Nine Years Ago**

Unaudited

<u>Employer</u>	<u>2023</u>		<u>2014</u>	
	<u>Employees</u>	<u>Percentage of</u>	<u>Employees</u>	<u>Percentage of</u>
TOWNSHIP OF CHATHAM	59	*	57	*
BOROUGH OF CHATHAM	52	43.70%	51	44.74%

* This information not available for the District.

** Full time employees

*** Includes 50 Full Time and 65 Part Time Employees

School District of the Chathams
Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years

Unaudited

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Instruction										
Regular	292.90	292.90	299.90	302.40	315.50	322.41	333.00	330.70	340.70	335.50
Special Education	120.30	127.80	133.90	135.40	141.20	144.29	149.03	148.00	153.00	155.00
Support Services										
Student & instruction related services	30.40	30.40	30.40	31.40	32.80	33.52	34.62	34.40	38.40	38.40
General administrative services	5.00	5.00	5.00	6.00	6.10	6.23	6.43	6.40	6.40	6.40
School administrative services	35.70	35.70	35.70	35.70	37.20	38.01	39.26	39.00	40.00	38.00
Business administrative services	8.00	8.00	8.00	8.00	8.40	8.58	8.86	8.80	9.00	9.00
Plant operation & maintenance	44.00	45.00	45.00	45.00	47.20	48.23	49.80	49.50	49.00	49.00
Pupil transportation	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	<u>537.30</u>	<u>545.80</u>	<u>558.90</u>	<u>564.90</u>	<u>589.40</u>	<u>602.27</u>	<u>622.00</u>	<u>617.80</u>	<u>637.50</u>	<u>632.30</u>

Source: District Personnel Records and 2023 budget support document.

Operating Statistics
Last Ten Fiscal Years

J-17

Unaudited

Pupil/Teacher Ratio

Year Ended June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	4 Elementary Schools	1 Middle School	1 High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2014	4,127	\$ 63,706,166	\$ 15,436	4.27%	350.90	12.2:1	11.2:1	11.7:1	4,121	3,964	0.27%	96.19%
2015	4,112	66,915,043	16,273	5.42%	358.90	11.9:1	11.4:1	11.1:1	4,118	3,969	-0.07%	96.38%
2016	4,152	68,901,640	16,595	1.98%	368.89	11.6:1	10.8:1	11.1:1	4,145	3,999	0.66%	96.47%
2017	4,203	69,909,954	16,633	0.23%	374.00	10.9:1	11.6:1	11.5:1	4,213	4,056	1.64%	96.27%
2018	4,172	73,433,004	17,601	5.82%	360.67	10.3:1	11.7:1	11.7:1	4,164	3,985	-1.15%	95.70%
2019	4,116	77,283,167	18,776	7.06%	361.10	12.0:1	11.4:1	11.4:1	4,112	3,953	-1.26%	96.13%
2020	4,121	78,066,324	18,944	1.01%	355.00	12.4:1	11.0:1	10.9:1	4,041	3,936	-1.72%	97.40%
2021	3,900	82,202,872	21,078	19.75%	351.10	10.0:1	12.3:1	14.5:1	3,891	3,811	-3.71%	97.94%
2022	3,730	89,235,114	23,924	27.41%	368.00	16.8:1	13.5:0	13.1:0	3,764	3,580	-3.27%	95.13%
2023	3,603	92,979,435	25,806	36.23%	370.00	15.7:9	12.5:0	13:03:01	3,549	3,385	-5.71%	95.38%

Sources: District records and ASSA

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

* Information not available

** This information is not yet available

**School District of the Chathams
School Building Information**

Last Ten Fiscal Years

Unaudited

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>District Building</u>										
<u>Elementary</u>										
Milton Avenue School (1948)										
Square Feet	42,050	42,050	42,050	42,050	42,050	42,184	42,184	42,184	42,184	42,184
Capacity (students)	336	336	336	336	336	477	477	477	477	477
Enrollment	370	364	356	356	291	274	282	284	295	282
Southern Boulevard School (1928)										
Square Feet	76,890	76,890	76,890	76,890	76,890	76,890	76,890	76,890	76,890	76,890
Capacity (students)	615	615	615	615	615	615	615	615	615	615
Enrollment	452	456	464	464	499	468	434	414	379	372
Washington Avenue School (1952)										
Square Feet	62,100	62,100	62,100	62,100	62,100	62,100	62,100	62,100	62,100	62,100
Capacity (students)	497	497	497	497	497	497	497	497	497	497
Enrollment	457	433	428	397	377	349	328	314	299	296
Lafayette Avenue School (1954)										
Square Feet	72,690	72,690	72,690	72,690	72,690	72,690	72,690	72,690	72,690	72,690
Capacity (students)	582	582	582	582	582	582	582	582	582	582
Enrollment	709	680	652	691	696	679	659	592	575	545
<u>Middle School</u>										
Chatham Middle School (1957)										
Square Feet	191,720	191,720	191,720	191,720	178,170	178,170	178,170	178,170	178,170	178,170
Capacity (students)	1,431	1,431	1,431	1,431	1,431	1,431	1,431	1,431	1,431	1,431
Enrollment	941	991	1,054	1,086	1,037	1,036	995	984	920	875
<u>High School</u>										
Chatham High School (1962)										
Square Feet	237,730	237,730	237,730	243,790	237,730	243,790	243,790	243,790	243,790	243,790
Capacity (students)	1,574	1,574	1,574	1,574	1,574	1,574	1,574	1,574	1,574	1,574
Enrollment	1,201	1,188	1,198	1,239	1,272	1,310	1,341	1,312	1,262	1,233
Number of Schools at June 30, 2023								3,900	3,730	3,603
Elementary = 4										
Middle School = 1										
Senior High School = 1										

Source: District Facilities Office

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

**School District of the Chathams
Schedule of Required Maintenance for School Facilities
Last Ten Fiscal Years**

Unaudited

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

Year ended June 30	Chatham HS	Chatham MS	Lafayette Avenue School	Washington Avenue School	Southern Blvd School	Milton Avenue School	Total
2014	\$377,113	\$304,127	\$115,309	\$98,510	\$121,971	\$66,704	\$1,083,734
2015	\$351,973	\$280,780	\$110,306	\$70,195	\$110,306	\$80,223	\$1,003,783
2016	\$457,729	\$359,995	\$136,491	\$116,606	\$144,377	\$78,958	\$1,294,156
2017	\$389,178	\$306,054	\$116,039	\$67,127	\$122,744	\$99,134	\$1,100,276
2018	\$366,184	\$287,972	\$109,184	\$93,277	\$115,492	\$63,161	\$1,035,270
2019	\$469,073	\$342,813	\$139,861	\$119,485	\$147,942	\$81,165	\$1,300,339
2020	\$461,365	\$337,181	\$137,564	\$117,522	\$145,512	\$79,832	\$1,278,976
2021	\$542,108	\$396,191	\$161,639	\$138,090	\$170,978	\$93,803	\$1,502,809
2021	\$565,895	\$413,575	\$168,731	\$144,149	\$178,480	\$97,919	\$1,568,749
2022	\$647,564	\$473,262	\$193,082	\$164,952	\$204,238	\$112,051	\$1,795,149
2023	\$646,031	\$472,141	\$192,625	\$164,561	\$203,754	\$111,786	\$1,790,898
Grand Total School Facilities	<u>\$8,368,591</u>	<u>\$5,941,246</u>	<u>\$2,581,545</u>	<u>\$1,879,371</u>	<u>\$2,501,115</u>	<u>\$1,691,844</u>	<u>\$22,963,712</u>

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

Source: District records of required maintenance.

**School District of the Chathams
Insurance Schedule
Year ended June 30, 2023**

Unaudited

	Coverage	Deductible
School Commercial Package Policy - Utica		
Property - Blanket, building and contents	\$200,264,560	\$2,500
Property - Equipment Breakdown	\$200,264,560	\$2,500
Business Income	Actual Loss Sustained	
Commercial General Liability	\$3,000,000	(aggregate)
Electronic Data Processing	\$2,500,000	\$1,000
Earthquake	\$1,000,000	\$25,000
Flood	\$1,015,000	\$25,000
Employee Benefits	\$1,000,000	\$1,000
Employee Benefits	\$3,000,000	(aggregate)
Abuse or Molestation	\$1,000,000	
Abuse or Molestation	\$3,000,000	(aggregate)
Employment Related Practices	\$1,000,000	\$5,000
Employment Related Practices	\$1,000,000	(aggregate)
Cyber Liability	\$1,000,000	(aggregate)
	\$1,000,000	\$10,000
Leased Property - Utica	\$100,000	\$500
Commercial Automotive Liability - Utica	\$1,000,000	\$1,000
Workers Compensation - NJSIG	\$3,000,000	
Pollution - Commerce & Industry Ins. Beazley	\$1,000,000	\$10,000
Umbrella Excess Liability - Utica	\$25,000,000	\$10,000
Crime - Utica		
Employee Theft	\$400,000	\$500
Forgery / Fraud	\$100,000	\$500
Computer Fraud	\$100,000	\$500
Inside the Premises - Theft of Money & Securities	\$25,000	\$500
Outside the Premises - Theft of Money & Securities	\$25,000	\$500
School District and Educators Legal Liability - Utica	\$1,000,000	
	\$3,000,000	(aggregate)
CAP	\$25,000,000	
Excess Liability - Evanston	\$5,000,000	
Student Accident- Bollinger & Zurich		
Maximum Benefit	\$6,000,000	per occurrence
		\$500,000
Public Officials Bonds		
Treasurer of School Monies - Selective Insurance	\$360,000	
Business Administrator - Selective Insurance	\$310,000	
Assistant Business Administrator - Selective Insurance	\$160,000	

Source: District Records and Insurance Company.

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

**Honorable President and Members
of the Board of Education
School District of the Chathams
Chatham, New Jersey**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the governmental activities, the business-type activities and each major fund of the School District of the Chathams in the County of Morris, New Jersey (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 4, 2023.

Report on Internal Control Over Financial Reporting

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

**Honorable President and Members
of the Board of Education
School District of the Chathams**

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

PKF O'Connor Davies, LLP

Cranford, New Jersey
December 4, 2023

Scott A. Clelland

Scott A. Clelland, CPA
Licensed Public School Accountant, No. 1049

**Report on Compliance for Each Major Federal and State
Program and Report on Internal Control Over Compliance Required
by the Uniform Guidance and NJ OMB Circular 15-08**

Independent Auditors' Report

**Honorable President and Members
of the Board of Education
School District of the Chathams
Chatham, New Jersey**

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the School District of the Chathams, in the County of Morris, New Jersey (the "District") compliance with the types of compliance requirements described 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 year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal and State Program

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

**Honorable President and Members
of the Board of Education
School District of the Chathams**

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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.

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 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. Non-compliance 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 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 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.

**Honorable President and Members
of the Board of Education
School District of the Chathams**

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
December 4, 2023

Scott A. Clelland

Scott A. Clelland, CPA
Licensed Public School Accountant No. 1049

BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Federal Award Identification Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance July 1, 2022	Cash Received	Budgetary Expenditures	Adjustments	Balance June 30, 2023		Due to Grantor	Amounts Provided to Subrecipients
					From	To					(Accounts Receivable)	Unearned Revenue		
General Fund:														
U.S. Department of Labor - Passed														
Through State Department of Labor:														
COVID-19 American Rescue Plan Act (ARPA) -														
Unemployment Reimbursement (NC)														
	17.000	Not available	Not Available	\$ 74,990	7/1/2021	6/30/2023		\$ 74,990	\$ (74,990)					
Total General Fund														
								74,990	(74,990)					
Enterprise Fund:														
U.S. Department of Agriculture Passed -														
Through State Department of Agriculture:														
Child Nutrition Program Cluster:														
Food Donation Program (NC)														
	10.555	221NJ304N1099	N/A	29,130	7/1/2021	6/30/2022	\$ 4,390		(4,390)					
	10.555	231NJ304N1099	N/A	23,997	7/1/2022	6/30/2023		23,997	(23,997)					
National School Lunch Program														
	10.555	221NJ304N1099	N/A	697,888	7/1/2021	6/30/2022	(48,855)	48,855						
	10.555	231NJ304N1099	N/A	103,901	7/1/2022	6/30/2023		100,336	(103,901)	\$	(3,565)			
COVID-19 Supply Chain Assistance														
	10.555	231NJ304N1099	N/A	72,233	1/1/2143	6/30/2023		72,233	(72,233)					
Total Child Nutrition Program Cluster														
								(44,465)	245,421	(204,521)		(3,565)		
Total U.S. Department of Agriculture Passed -														
Through State Department of Agriculture														
								(44,465)	245,421	(204,521)		(3,565)		
Special Revenue Fund:														
U.S. Department of Education Passed -														
Through State Department of Education:														
E.S.E.A. Title II A														
	84.367A	S367A190029	N/A	59,170	7/1/2022	9/30/2023		31,452	(50,545)		(19,093)			
COVID-19 Education Stabilization Fund:														
COVID-19 CRRSA Act - Non-Title I														
	84.425D	S425D210027	N/A	401,209	3/13/2020	9/30/2023	(117,638)	118,587	(11,262)		(10,313)			
COVID-19 CRRSA Act - Learning Acceleration														
	84.425D	S425D210027	N/A	17,580	3/13/2020	9/30/2023	(4,603)	4,603						
COVID-19 CRRSA Act - Mental Health														
	84.425D	S425D210027	N/A	45,000	3/13/2020	9/30/2023	(5,163)	8,778	(940)		\$ 2,675			
American Rescue Plan - ESSER III - Non-Title I														
	84.425U	S425U210027	N/A	802,418	3/13/2020	9/30/2024	(211,634)	175,120	(126,876)	\$ 35,950	(127,440)			
American Rescue Plan - ESSER III - Accelerated Learning Coach and Educator Support														
	84.425U	S425U210027	N/A	301,869	3/13/2020	9/30/2024	(39,424)	87,442	(106,203)		(58,185)			
American Rescue Plan - ESSER III - Evidence Based Summer Learning and Enrichment														
	84.425U	S425U210027	N/A	40,000	3/13/2020	9/30/2024	5,300				5,300			
American Rescue Plan - ESSER III - Beyond the School Day														
	84.425U	S425U210027	N/A	40,000	3/13/2020	9/30/2024	2,848	395			3,243			
American Rescue Plan - ESSER III - NJTSS Mental Health Support Staffing														
	84.425U	S425U210027	N/A	45,000	3/13/2020	9/30/2024	(16,453)	23,441	(28,547)		(21,559)			
Total Education Stabilization Fund														
								(386,767)	418,366	(273,828)	35,950	(217,497)	11,218	
Special Education Cluster:														
Covid-19 American Rescue Plan - I.D.E.A. Part B, Basic														
	84.027X	H027X210100	N/A	183,369	7/1/2021	9/30/2022	(4,770)	4,770						
I.D.E.A. Part B, Basic														
	84.027A	H027A210100	N/A	884,306	7/1/2021	9/30/2022	(56,541)	56,541						
I.D.E.A. Part B, Basic														
	84.027A	H027A220100	N/A	845,428	7/1/2022	9/30/2023		742,935	(826,547)		(83,612)			
I.D.E.A. Preschool														
	84.173	H173A220114	N/A	28,822	7/1/2023	9/30/2023		28,822	(28,822)					
Subtotal of Special Education Cluster														
								(61,311)	833,068	(855,369)		(83,612)		
Subtotal of US Department of Education Passed -														
through State Department of Education:														
								(448,078)	1,282,886	(1,179,742)	35,950	(320,202)	11,218	
U.S. Department of the Treasury Passed -														
Through State Department of Treasury:														
COVID-19 Coronavirus State and Local Fiscal Recovery Funds														
Additional or Compensatory Special Education and Related Services for														
Students with Disabilities														
	21.027	SLFRFDOE1SES	N/A	221,676	3/1/2021	12/31/2024	(96,925)	96,925						
COVID-19 Coronavirus State and Local Fiscal Recovery Funds														
Additional or Compensatory Special Education and Related Services for														
Students with Disabilities														
	21.027	SLFRFDOE1SES	N/A	168,945	3/1/2022	12/31/2025			(168,945)		(168,945)			
Total U.S. Department of the Treasury Passed -														
Through State Department of Treasury:														
								(96,925)	96,925	(168,945)		(168,945)		
Total Special Revenue Fund														
								(545,003)	1,379,811	(1,348,687)	35,950	(489,147)	11,218	
Total expenditures of Federal Awards														
								\$ (589,468)	\$ 1,700,222	\$ (1,628,198)	\$ (35,950)	\$ (492,712)	\$ 11,218	\$ -

NC - Non-cash expenditures

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

BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period		Award Amount	Balance July 1, 2022	Adjustments	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2023			MEMO	
		From	To							(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:														
General Fund:														
Categorical Special Education Aid	22-495-034-5120-089	7/1/2021	6/30/2022	\$ 2,878,541			\$ 277,566							
Categorical Special Education Aid	23-495-034-5120-089	7/1/2022	6/30/2023	3,409,728			3,080,307	(3,409,728)					\$ (329,421)	\$ (3,409,728)
Transportation Aid	22-495-034-5120-014	7/1/2021	6/30/2022	723,961			69,809							
Transportation Aid	23-495-034-5120-014	7/1/2022	6/30/2023	723,961			654,017	(723,961)					(69,944)	(723,961)
Security Aid	22-495-034-5120-084	7/1/2021	6/30/2022	159,916			15,420							
Security Aid	23-495-034-5120-084	7/1/2022	6/30/2023	159,916			144,466	(159,916)					(15,450)	(159,916)
Extraordinary Aid	22-100-034-5120-473	7/1/2021	6/30/2022	982,216	\$ (982,216)		982,216							
Extraordinary Aid	23-100-034-5120-473	7/1/2022	6/30/2023	1,374,678				(1,374,678)		\$ (1,374,678)				(1,374,678)
Non-Public School Transportation Aid	22-495-034-5120-014	7/1/2021	6/30/2022	107,719	(107,719)		107,719							
Non-Public School Transportation Aid	23-495-034-5120-014	7/1/2022	6/30/2023	105,322				(105,322)		(105,322)				(105,322)
On-Behalf Teachers' Pension and Annuity Fund	23-495-034-5094-002	7/1/2022	6/30/2023	12,186,169			12,186,169	(12,186,169)						(12,186,169)
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	23-495-034-5095-001	7/1/2022	6/30/2023	3,201,277			3,201,277	(3,201,277)						(3,201,277)
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance	23-495-034-5094-004	7/1/2022	6/30/2023	5,111			5,111	(5,111)						(5,111)
Reimbursed TPAF Social Security Contribution	22-495-034-5094-003	7/1/2021	6/30/2022	2,470,341	(122,829)		122,829							
Reimbursed TPAF Social Security Contribution	23-495-034-5094-003	7/1/2022	6/30/2023	2,484,140			2,361,044	(2,484,140)			(123,096)			(2,484,140)
Total State Department of Education:							23,207,950	(23,650,302)			(1,603,096)		(414,815)	(23,650,302)
Schools Development Authority														
Schools Security Grant (Alyssa's Law)	100-034-5120-588-001	4/1/2021	3/31/2023	234,432	(33,050)		33,050							(234,432)
Total School Development Authority					(33,050)		33,050							(234,432)
State Department of Health														
Lead Testing of Drinking Water	23-495-034-5120-104	7/1/2022	6/30/2023	7,121			7,121	(7,121)						(7,121)
Total State Department of Health														
Total General Fund					(1,245,814)		23,248,121	(23,657,423)			(1,603,096)		(414,815)	(23,891,855)
Special Revenue Fund:														
New Jersey Nonpublic Aid:														
Textbook Aid	22-100-034-5120-064	7/1/2021	6/30/2022	20,886	162				\$ (162)					
Textbook Aid	23-100-034-5120-064	7/1/2022	6/30/2023	23,034			23,034	(22,652)				\$ 382		(22,652)
Auxiliary Services:														
Compensatory Education	22-100-034-5120-067	7/1/2021	6/30/2022	8,062	4,568				(4,568)					
Compensatory Education	23-100-034-5120-067	7/1/2022	6/30/2023	10,885			10,885	(5,153)					5,732	(5,153)
Handicapped Services:														
Examination and Classification	22-100-034-5120-066	7/1/2021	6/30/2022	36,023	5,304				(5,304)					
Examination and Classification	23-100-034-5120-066	7/1/2022	6/30/2023	35,644			35,644	(29,767)					5,877	(29,767)
Corrective Speech	22-100-034-5120-066	7/1/2021	6/30/2022	11,160					(5,022)					
Corrective Speech	23-100-034-5120-066	7/1/2022	6/30/2023	13,020	5,022		13,020	(9,308)						(9,308)
Supplementary Instruction	22-100-034-5120-066	7/1/2021	6/30/2022	25,276	331				(331)					
Supplementary Instruction	23-100-034-5120-066	7/1/2022	6/30/2023	31,388			31,388	(26,762)					4,626	(26,762)
Home Instruction	23-100-034-5120-066	7/1/2022	6/30/2023	1,348				(1,348)		(1,348)				(1,348)
Security Aid	22-100-034-5120-509	7/1/2021	6/30/2022	60,900	17,142				(17,142)					
Security Aid	23-100-034-5120-509	7/1/2022	6/30/2023	71,545			71,545	(60,105)					11,440	(60,105)
Technology Aid	22-100-034-5120-373	7/1/2021	6/30/2022	14,616	5,087				(5,087)					
Technology Aid	23-100-034-5120-373	7/1/2022	6/30/2023	14,658			14,658	(14,354)					304	(14,354)
Nursing Services	23-100-034-5120-070	7/1/2022	6/30/2023	39,088			39,088	(39,088)						(39,088)
Total Nonpublic Aid					37,616		239,262	(208,537)		(37,616)	(1,348)		32,073	(208,537)
State Department of Education:														
Climate Awareness Education	23E00240	4/1/2023	6/30/2023	6,660			6,495	(6,495)						(6,495)
Total State Department of Education:							245,757	(215,032)		(37,616)	(1,348)		32,073	(215,032)
Total Special Revenue Fund					37,616		245,757	(215,032)		(37,616)	(1,348)		32,073	(215,032)
Debt Service Fund:														
Debt Service Aid	23-495-034-5120-075	7/1/2022	6/30/2023	231,763			231,763	(231,763)						(231,763)
Total Debt Service Fund							231,763	(231,763)						(231,763)
Enterprise Fund:														
State School Lunch Program	22-100-010-3350-023	7/1/2021	6/30/2022	16,402	(1,124)		1,124							(16,402)
State School Lunch Program	23-100-010-3350-023	7/1/2022	6/30/2023	6,815			6,581	(6,815)			(234)			(6,815)
Total Enterprise Fund					(1,124)		7,705	(6,815)			(234)			(23,217)
Total All Funds / Total Expenditures of State Financial Assistance					\$ (1,209,322)		\$ 23,733,346	\$ (24,111,033)	\$ (37,616)	\$ (1,604,678)		\$ 32,073	\$ (414,815)	\$ (24,361,867)
State Financial Assistance Not Subject to Single Audit Determination:														
On-Behalf Teachers' Pension and Annuity Fund	23-495-034-5094-002	7/1/2022	6/30/2023	12,186,169			12,186,169	(12,186,169)						(12,186,169)
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	23-495-034-5095-001	7/1/2022	6/30/2023	3,201,277			3,201,277	(3,201,277)						(3,201,277)
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance	23-495-034-5094-004	7/1/2022	6/30/2023	5,111			5,111	(5,111)						(5,111)
Total State Financial Assistance Subject to Single Audit Determination					\$ (1,209,322)	\$ -	\$ 8,340,789	\$ (8,718,476)	\$ (37,616)	\$ (1,604,678)	\$ -	\$ 32,073	\$ (414,815)	\$ (8,969,310)

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

School District of the Chathams
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2023

1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal award and state financial assistance activity under programs of the federal and state government for the year ended June 30, 2023. The District is defined in Note 1 to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

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 OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented, or used in the preparation of, the basic financial statements. Because the schedules present only selected portions 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.

2. Summary of Significant Accounting Policies

The expenditures reported on the accompanying schedules of expenditures of federal awards and state financial assistance (Schedules) are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and New Jersey OMB Circular 15-08, wherein certain types of expenditures are allowable or are limited as to reimbursement. These bases of accounting is described in Note 1 to the District's basic financial statements.

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the District's basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements and 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 fiscal year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

School District of the Chathams
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2022

3. Relationship to Basic Financial Statements (continued)

The general fund is presented in the accompanying schedules on the modified accrual basis of accounting except for the revenue recognition of the last state aid payments in the current year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, the payments are not recognized until the subsequent year due to the state deferral and recording of the last 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 recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$52,020 for the general fund and \$380,922 for the special revenue fund. The net adjustment to See the Note to Required Supplementary Information (C-3) for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general fund, special revenue fund, debt service fund and enterprise fund. Financial award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 23,605,403	\$ 23,605,403
Special Revenue Fund	\$ 1,638,315	312,554	1,950,869
Debt Service Fund		231,763	231,763
Food Service Enterprise Fund	204,521	6,815	211,336
Total financial award revenues	<u>\$ 1,842,836</u>	<u>\$24,156,535</u>	<u>\$ 25,999,371</u>

4. Relationship to Federal and State Financial Reports

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

School District of the Chathams
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2023

5. Other

Revenues and expenditures reported under the Food Donation Program represent current year value received and current year distributions, respectively. TPAF Social Security Contributions represent the amounts reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2023. The post retirement pension, disability insurance and medical benefits received on-behalf of the District for the year ended June 30, 2023 amounted to \$15,392,557. Since on-behalf post retirement pension, disability insurance and medical benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 15-08, however, they are reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

During fiscal year 2023, the New Jersey Department of Labor notified the District that federal legislation under the CARES Act and the American Rescue Plan Act of 2021 provided for partial federal subsidies related to unemployment insurance benefits attributable to the District's account. The amount of federal subsidies received by the District during fiscal year 2023 amounted to \$74,990, which have been included on the schedule of expenditures of federal awards. These subsidies represent amounts paid on behalf of the District for time periods prior to the current fiscal year (third quarter of 2020 through the second quarter of 2021) and therefore have been excluded from the District's basic financial statements.

6. Indirect Costs

The District elected not to use the 10% de minimis indirect cost rate as allowed by the Uniform Guidance.

School District of the Chathams
Schedule of Findings and Questioned Costs
Year ended June 30, 2023

Part I - Summary of Auditors' Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

Are any material weakness(es) identified?

 Yes ✓ No

Are any significant deficiency(ies) identified?

 Yes ✓ None Reported

Is any noncompliance material to financial statements noted?

 Yes ✓ No

Federal Awards

Internal control over major federal programs:

Are any material weakness(es) identified?

 Yes ✓ No

Are any significant deficiency(ies) identified?

 Yes ✓ None Reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

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

 Yes ✓ No

Identification of major federal programs:

Assistance Listing Number(s)	FAIN Number	Name of Federal Program or Cluster
84.027,84.173	H173A220114/ H027A220100	IDEA Part B, Basic and Preschool (Special Education Cluster)
84.425D/84.425U	S425D210027/ S425U210027	COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund, American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)

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

\$750,000

Auditee qualified as low-risk auditee?

✓ Yes No

School District of the Chathams

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2023

Part I - Summary of Auditors' Results (continued)

State Financial Assistance

Internal control over major state programs:

Are any material weakness(es) identified? _____ Yes No

Are any significant deficiency(ies) identified? _____ Yes None Reported

Type of auditors' report on compliance for major state programs: _____ Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 15-08? _____ Yes No

Identification of major state programs:

GMIS/Program Number	Name of State Program or Cluster
495-034-5094-003	Reimbursed TPAF Social Security Contributions

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

Auditee qualified as low-risk auditee? Yes _____ No

School District of the Chathams

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2023

Part II - Schedule of Financial Statement Findings

No compliance or internal control over financial reporting findings noted that are required to be reported under *Government Auditing Standards*.

School District of the Chathams

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2023

**Part III - Schedule of Federal Award and State Financial Assistance Findings and
Questioned Costs**

No federal award or state financial assistance program internal control over compliance or compliance findings or questioned costs were noted that are required to be reported in accordance with 2 CFR 200 Section .516(a) or New Jersey State OMB Circular 15-08.

**SCHOOL DISTRICT
OF THE
BOROUGH OF MADISON**

**Borough of Madison School District
Madison, New Jersey**

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

**Annual Comprehensive
Financial Report**

of the

Borough of Madison School District

Madison, New Jersey

For the Fiscal Year Ended June 30, 2023

Prepared by

**Borough of Madison School District
Board of Education**

BOROUGH OF MADISON SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)



BOARD OF EDUCATION OF THE BOROUGH OF MADISON

359 Woodland Road • Madison, NJ 07940 • (973) 593-3101 • Fax (973) 593-3161

Johanna Ruberto
Interim Superintendent

Carrie Grapstein
School Business Administrator/
Board Secretary

December 1, 2023

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

Dear Board Members:

The Annual Comprehensive Financial Report of the Borough of Madison School District (the "District") for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The annual comprehensive financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. 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 financial 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*, 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' report 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 Borough of Madison 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 Borough of Madison School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational as well as special education for disabled youngsters. The District completed the 2022-2023 fiscal year with an average daily enrollment of 2,517 students, which is an increase of 39 student from the previous fiscal year's average daily enrollment. This increase was preceded by a 1 student increase in the average daily enrollment in the 2021-2022 fiscal year.

The Honorable President and Members of
the Board of Education
Borough of Madison School District
Page 2
December 1, 2023

2)ECONOMIC CONDITION AND OUTLOOK: Madison Public Schools started the 2022-2023 school year hopeful that the year would be uninterrupted by any lingering effects of COVID-19, but well prepared to implement plans for Emergency Virtual/Remote Instruction if there was a need to pivot to remote instruction. Thankfully, there was no need for remote instruction.

There were many noteworthy changes in Madison during the 2022-2023 school year. The district transitioned employees from participation in the NJ State Educators' Health Benefits Insurance Plan to private health insurance through Horizon Blue Cross brokered by Centric Benefits Consulting. As a result of the transition, the district was able to negotiate a zero percent increase in health insurance costs for 18 months (through June 2024). However, Madison Public Schools were again affected by Chapter 44 legislation. The maximum allowable 2% increase in the local tax levy for the 2022-2023 school year was reduced to a 1% increase over the 2021-2022 school year due to projected savings in healthcare costs.

The Board successfully negotiated a 5-year collective bargaining agreement with the Madison Education Association with negotiations well underway with the Madison Administrators Association and the Madison NJEA Facilities Staff.

There were significant changes in staffing during the 2022-2023 school year. Madison Public Schools welcomed a new Director of Curriculum & Instruction, a new High School Assistant Principal, but accepted resignations from its Superintendent of Schools, Assistant Superintendent of Schools, and its School Business Administrator. A new School Business Administrator was appointed in March of 2023 and started in Madison in June.

3)MAJOR INITIATIVES: Madison High School entered into a partnership with the Morris County Vocational School District and opened the Academy of Government & Leadership during the 2022-2023 school year. The program, open to 8th grade students throughout Morris County, educates students in all areas of governance, including public policy, public administration, ethics, and international relations. Students in this program take a deep dive into United States government operations and examine the role that politics plays in shaping our country. The program culminates with an internship in which students can gain real world experience in government and politics. Participants are given an opportunity to contribute to society through civic service and engagement because of participation in this program.

The district was still in the planning stages for a bond referendum at the close of the 2022-2023 school year but was able to fund several capital projects through its reserves. The district went out to bid for replacement of the Central Avenue School roof. Work on the roof commenced in June 2023. The district also began transitioning the building controls at Torey J. Sabatini Elementary School to a standard building automation system. Additionally, repairs were made to the varsity baseball infield at Madison High School and to the softball field infield and dugout area at Madison Junior School.

After Governor Murphy signed legislation appropriating \$350 million to the New Jersey Schools Development Authority, the District applied for a Regular Operating District Grant. Under the ROD grant program, the District could be awarded approximately 40% of the costs of approved eligible projects. A ROD Grant award will allow for renovations to the HVAC systems at Torey J. Sabatini Elementary School, Madison Junior and High Schools.

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 major 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 fiscal year-end are either canceled or are included as reappropriations of fund balance in the subsequent fiscal year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2023.

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

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. Insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's ACFR.

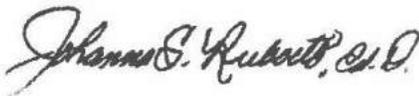
The Board is a member of the Morris Essex Insurance Group (the "Group") and the School Alliance Insurance Fund (the "Fund"). The Group and the Fund are risk-sharing public entity risk pools that are insured and self-administered groups of school boards established for the purpose of providing low-cost insurance coverage for their respective members. Additional information on the Group and the Fund is included in Note 12 to the Basic Financial Statements.

The Honorable President and Members of
the Board of Education
Borough of Madison School District
Page 4
December 1, 2023

9) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education. 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*, 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 and *Government Auditing Standards* are included in the single audit section of this report.

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

Respectfully submitted,



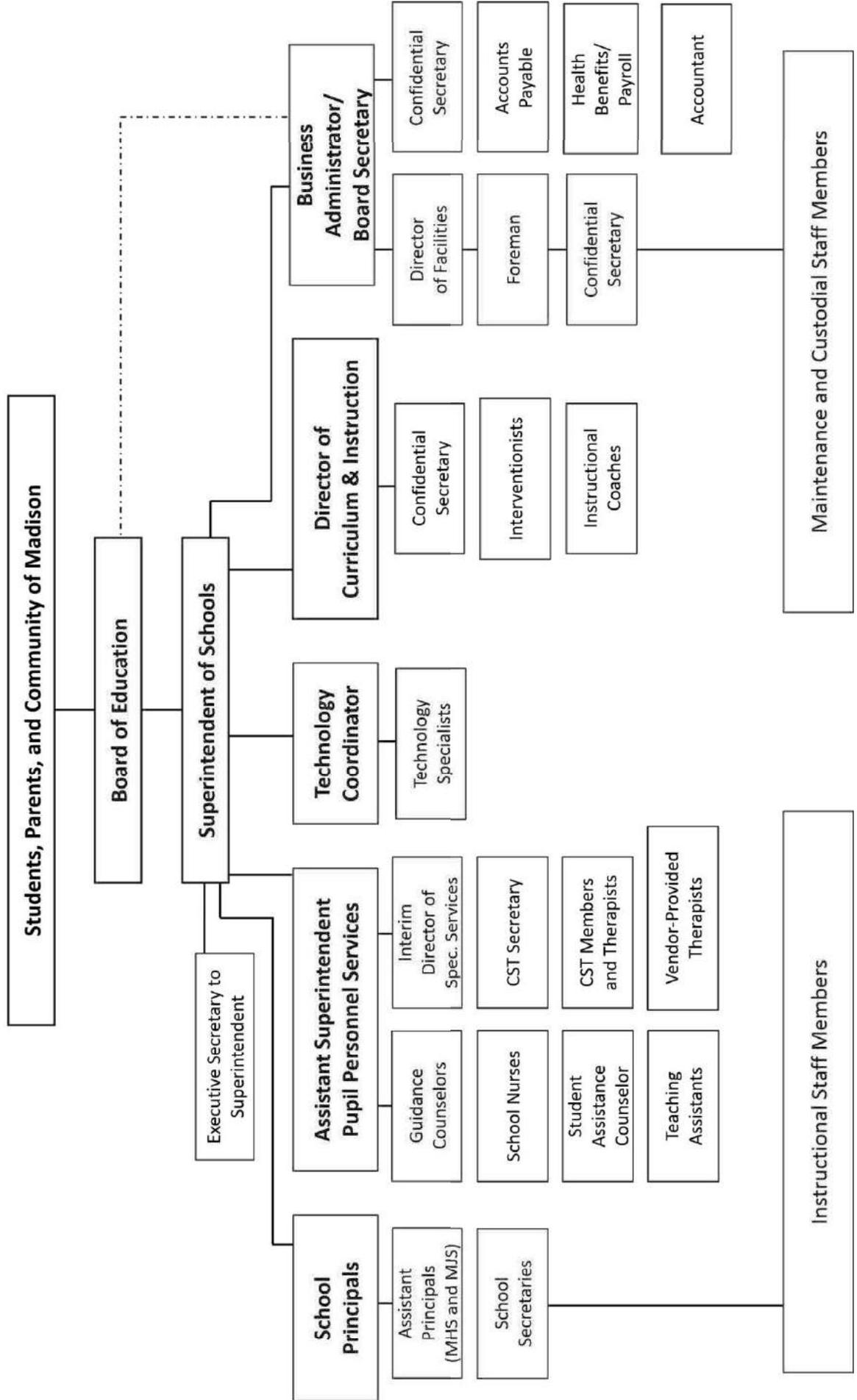
Dr. Johanna Ruberto
Interim Superintendent



Carrie Grapstein
School Business Administrator/Board Secretary



MADISON PUBLIC SCHOOLS ORGANIZATIONAL CHART 2022 - 2023



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

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Sarah Fischer, President	2024
Stephen Tindall, Vice-President	2025
Pamela Yousey	2023
David Irwin	2023
Grace Kim	2024
Heather Reddy	2023
Richard Bruno, Harding Township Representative	

<u>Other Officials</u>	<u>Title</u>
Mark Schwarz	Superintendent of Schools
Dr. Johanna Ruberto	Interim Superintendent of Schools (7/1/23-Present)
Danielle Mancuso	Business Administrator/Board Secretary (7/1/22-1/17/23)
Kathleen Kane	Interim Business Administrator/Board Secretary (1/18/23-5/31/23)
Carrie Grapstein	Business Administrator/Board Secretary (6/1/23-Present)
John Griffin	Treasurer of School Monies

**BOROUGH OF MADISON SCHOOL DISTRICT
Consultants and Advisors**

Attorneys

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21-00 Route 208 South
Fair Lawn, NJ 07410

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road Suite 300
Mount Arlington, NJ 07856-1320

Official Depository

The Provident Bank
98 Main Street
Madison, NJ 07940

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Borough of Madison School District
County of Morris, 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 Borough of Madison School District (the "District"), in the County of Morris, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
December 1, 2023

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**BOROUGH OF MADISON SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

This section of Borough of Madison School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2023. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

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 the food service, integrated preschool and summer programs.
- The *Notes to the Basic Financial Statements* provide additional information essential to a full understanding of the *District-wide* and *fund financial statements*.

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 fiscal 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 the Borough of Madison School District’s Financial Report**

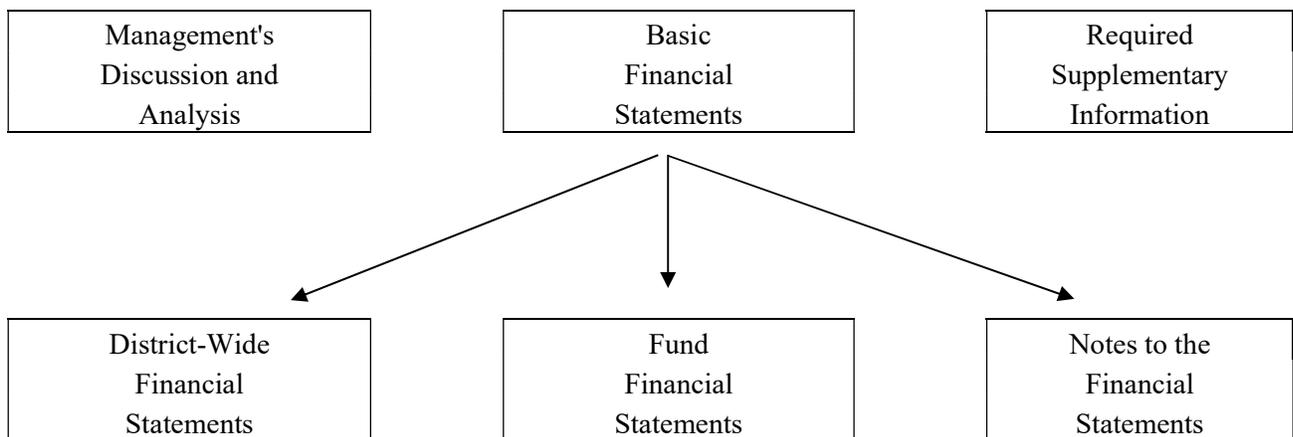


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

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

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, integrated preschool and summer programs.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • 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 resources 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

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

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 fiscal 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.

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

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

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service, integrated preschool and summer programs are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term liabilities) or to show that it is properly using certain revenue (such as federal grants).

The District has two kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at fiscal year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

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

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's combined net position increased by 7.56%. Net position from governmental activities increased \$1,715,989 and net position from business-type activities increased by \$154,491. Net investment in capital assets decreased by \$86,235, restricted net position increased by \$559,404, and unrestricted deficit net position increased by \$1,397,311.

**Figure A-3
Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
Current and Other Assets	\$ 12,675,578	\$ 11,595,293	\$ 759,709	\$ 565,022	\$ 13,435,287	\$ 12,160,315	
Capital Assets, Net	53,100,361	54,484,984	193,092	216,849	53,293,453	54,701,833	
Lease Assets, Net	597,617	847,928			597,617	847,928	
Total Assets	66,373,556	66,928,205	952,801	781,871	67,326,357	67,710,076	-0.57%
Deferred Outflows of Resources	3,319,713	4,590,735			3,319,713	4,590,735	-27.69%
Other Liabilities	2,324,172	1,672,387	203,785	187,346	2,527,957	1,859,733	
Long-Term Liabilities	38,241,174	40,312,044			38,241,174	40,312,044	
Total Liabilities	40,565,346	41,984,431	203,785	187,346	40,769,131	42,171,777	-3.33%
Deferred Inflows of Resources	3,276,838	5,399,413			3,276,838	5,399,413	-39.31%
Net Position:							
Net Investment in							
Capital Assets	25,643,572	25,706,050	193,092	216,849	25,836,664	25,922,899	
Restricted	7,800,329	7,240,925			7,800,329	7,240,925	
Unrestricted (Deficit)	(7,592,816)	(8,811,879)	555,924	377,676	(7,036,892)	(8,434,203)	
Total Net Position	\$ 25,851,085	\$ 24,135,096	\$ 749,016	\$ 594,525	\$ 26,600,101	\$ 24,729,621	7.56%

Changes in Net Position. The District's combined net position was \$26,600,101 on June 30, 2023, \$1,870,480 or 7.56% more than it was last fiscal year (See Figure A-3). Net investment in capital assets decreased primarily due to capital and lease assets depreciation and amortization expense, respectively; offset by the maturity of serial bonds and leases and financed purchases payable, amortization of bond issuance premium and capital asset additions. Restricted net position increased mainly due to an increase in excess surplus. Unrestricted net position increased primarily due to changes in net pension liability and related deferred outflows and inflows.

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

**Figure A-4
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
Revenue:							
Program Revenue:							
Charges for Services	\$ 2,780,502	\$ 2,485,510	\$ 916,830	\$ 383,374	\$ 3,697,332	\$ 2,868,884	
Grants and Contributions:							
Operating	12,068,141	14,808,922	296,423	908,513	12,364,564	15,717,435	
General Revenue:							
Property Taxes	46,559,080	46,025,184			46,559,080	46,025,184	
Unrestricted State and Federal Aid	707,889	746,384			707,889	746,384	
Other	751,903	473,202			751,903	473,202	
Total Revenue	<u>62,867,515</u>	<u>64,539,202</u>	<u>1,213,253</u>	<u>1,291,887</u>	<u>64,080,768</u>	<u>65,831,089</u>	-2.66%
Expenses:							
Instruction	34,142,685	35,345,127			34,142,685	35,345,127	
Pupil and Instruction Services	12,297,988	12,084,090			12,297,988	12,084,090	
Administrative and Business	5,658,276	5,602,668			5,658,276	5,602,668	
Maintenance and Operations	5,169,521	4,383,787			5,169,521	4,383,787	
Transportation	2,667,408	2,297,121			2,667,408	2,297,121	
Other	1,215,648	1,075,197	1,059,248	1,054,103	2,274,896	2,129,300	
Total Expenses	<u>61,151,526</u>	<u>60,787,990</u>	<u>1,059,248</u>	<u>1,054,103</u>	<u>62,210,774</u>	<u>61,842,093</u>	0.60%
Other Item	<u>-0-</u>	<u>-0-</u>	<u>486</u>	<u>-0-</u>	<u>486</u>	<u>-0-</u>	100.00%
Change in Net Position	<u>\$ 1,715,989</u>	<u>\$ 3,751,212</u>	<u>\$ 154,491</u>	<u>\$ 237,784</u>	<u>\$ 1,870,480</u>	<u>\$ 3,988,996</u>	53.11%

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

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved. However, maintaining existing programs with increased enrollment, the provision of a multitude of special programs/services for disabled pupils, and increases in District benefits costs place a great demand on the District's resources.

As a result, careful management of expenses remains essential for the District to sustain its financial health.

It is crucial that the District examine its expenses carefully. Staff, parental and student demands for salary increases, activities, small class sizes and programs must be evaluated thoroughly. District resources are at their tightest level in a decade. 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:

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

	Total Cost of Services		Net Cost of Services	
	2022/2023	2021/2022	2022/2023	2021/2022
Instruction	\$ 34,142,685	\$ 35,345,127	\$ 22,694,706	\$ 22,266,584
Pupil and Instruction Services	12,297,988	12,084,090	9,905,693	9,220,504
Administrative and Business	5,658,276	5,602,668	4,964,526	4,705,213
Maintenance and Operations	5,169,521	4,383,787	5,169,521	4,234,923
Transportation	2,667,408	2,297,121	2,352,789	1,991,137
Other	1,215,648	1,075,197	1,215,648	1,075,197
	<u>\$ 61,151,526</u>	<u>\$ 60,787,990</u>	<u>\$ 46,302,883</u>	<u>\$ 43,493,558</u>

Business-Type Activities

Net position from the District's business-type activity increased by \$154,491. (Refer to Figure A-4). Factors contributing to these results included:

- Food Service Fund revenues exceeded expenses by \$136,809. This was primarily due to the cease of the Seamless Summer Option Program, resulting in an increase in both reimbursable and a la carte sales.
- Integrated Preschool Fund revenues exceeded expenses by \$23,300.
- Summer Program Fund expenses exceeded revenue by \$6,104.

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

Financial Analysis of the District's Funds

The District's financial position improved by being fiscally responsible and efficient in what discretionary purchases the District makes. However, difficult economic times continue to have a direct impact upon the District. Increasing costs, especially those related to supplies, benefits, energy, salaries and the costs of the State's new teacher evaluation system and student testing programs continue to burden the District's financial condition. To maintain a stable financial position, the District must continue to practice, on a day-to-day basis, sound fiscal management and review of all purchases.

General Fund Budgetary Highlights

Over the course of the fiscal year, the District revised the annual operating budget several times. These budget amendments were for changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

Capital Asset and Long-Term Liabilities

Figure A-6

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
Land	\$ 9,072,600	\$ 9,072,600			\$ 9,072,600	\$ 9,072,600	
Land Improvements	1,159,674	1,312,987			1,159,674	1,312,987	
Buildings and Building Improvements	41,241,743	42,459,281			41,241,743	42,459,281	
Machinery and Equipment	1,626,344	1,640,116	\$ 193,092	\$ 216,849	1,819,436	1,856,965	
Total Capital Assets (Net of Depreciation)	\$53,100,361	\$54,484,984	\$ 193,092	\$ 216,849	\$53,293,453	\$54,701,833	-2.57%

The District's overall capital assets, net of depreciation, decreased by \$1,408,380 or 2.57% from the prior fiscal year. (More detailed information about the District's capital assets is presented in Note 7 to the basic financial statements.)

Long-term Liabilities

The District's long-term liabilities decreased by \$2,070,870 or 5.14% from last fiscal year – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 9 to the basic financial statements.)

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

Long-term Liabilities (Cont'd)

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

	Total School District		Total
	2022/23	2021/22	Percentage Change 2022/23
General Obligation Bonds (Financed with Property Taxes)	\$ 28,625,000	\$ 30,550,000	
Unamortized Bond Issuance Premium	388,050	698,552	
Net Pension Liability	7,854,864	7,386,819	
Other Long-Term Liabilities	1,373,260	1,676,673	
	\$ 38,241,174	\$ 40,312,044	-5.14%

- The District continued to pay down its debt, retiring \$1,925,000 of serial bonds.
- Unamortized bond issuance premiums decreased by \$310,502.
- The District's net pension liability increased by \$468,045.
- The District paid down \$239,577 in lease principal.
- The District paid down \$29,254 in financed purchase principal in the current fiscal year.
- The District's compensated absences payable decreased by a net amount of \$34,582.

Factors Bearing on the District's Future Revenue/Expense Changes

At the time these financial statements were prepared and audited, the District was aware of the flowing four major existing circumstances that could significantly affect its financial health in the future:

- On December 12, 2023, Madison residents will have the opportunity to vote on a \$79 million referendum which focuses on improving health, safety and security in its schools.
- Madison settled the Collective Bargaining Agreement with the MEA for a 5-year contract beginning 2022. The first year the increases average 3.25%. The following years' increases average 3.20%. By the end of June 2023, the Board was still in negotiations with the MAA and the MAF.
- The district continues to explore cost savings and revenue generating opportunities. Creation and expansion of its in-house transportation department will result in both cost savings and revenue generating opportunities.
- The district successfully started a CTE Academy and will continue to explore opportunities to expand course offerings.
- The district is currently utilizing an outside company to hire paraprofessionals through attrition.
- Declining enrollment of Harding students in 2023-2024
- Uncertain about trends in state aid

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 anyone has questions about this report or desire additional information or clarification, please contact the Board of Education's Business Office, located at 359 Woodland Road, Madison, New Jersey 07940. Additionally, these reports can be viewed on the District's website at www.madisonpublicschools.org.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 5,336,725	\$ 738,996	\$ 6,075,721
Receivables from State Government	787,879	455	788,334
Receivables from Federal Government	693,840	8,274	702,114
Receivables from Other Governments	45,686		45,686
Other Receivables	79,188		79,188
Inventories		11,984	11,984
Restricted Cash and Cash Equivalents	5,732,260		5,732,260
Capital Assets, Net:			
Sites (Land)	9,072,600		9,072,600
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	44,027,761	193,092	44,220,853
Lease Assets, net	597,617		597,617
Total Assets	<u>66,373,556</u>	<u>952,801</u>	<u>67,326,357</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Amount on Refunding	1,629,095		1,629,095
Deferred Outflows Related to Pensions	1,690,618		1,690,618
Total Deferred Outflows of Resources	<u>3,319,713</u>		<u>3,319,713</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	2,187,349	42,646	2,229,995
Accrued Interest Payable	78,163		78,163
Payable to Federal Government	32		32
Payable to State Government	25,805		25,805
Unearned Revenue	32,823	161,139	193,962
Noncurrent Liabilities:			
Due Within One Year	2,320,351		2,320,351
Due Beyond One Year	35,920,823		35,920,823
Total Liabilities	<u>40,565,346</u>	<u>203,785</u>	<u>40,769,131</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	3,276,838		3,276,838
Total Deferred Inflows of Resources	<u>3,276,838</u>		<u>3,276,838</u>
<u>NET POSITION/(DEFICIT)</u>			
Net Investment in Capital Assets	25,643,572	193,092	25,836,664
Restricted for:			
Capital Projects	3,722,077		3,722,077
Debt Service	1		1
Maintenance	1,219,400		1,219,400
Unemployment Compensation	284,991		284,991
Excess Surplus	2,068,068		2,068,068
Student Activities	372,889		372,889
Scholarships	132,903		132,903
Unrestricted/(Deficit)	<u>(7,592,816)</u>	<u>555,924</u>	<u>(7,036,892)</u>
Total Net Position	<u>\$ 25,851,085</u>	<u>\$ 749,016</u>	<u>\$ 26,600,101</u>

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

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 24,642,384	\$ 1,467,249	\$ 4,900,110	\$ (18,275,025)		\$ (18,275,025)
Special Education	6,335,017	487,747	4,153,232	(1,694,038)		(1,694,038)
Other Special Instruction	1,762,980		346,248	(1,416,732)		(1,416,732)
School Sponsored/Other Instruction	1,402,304	93,393		(1,308,911)		(1,308,911)
Support Services:						
Tuition	2,506,787		614,424	(1,892,363)		(1,892,363)
Student and Instruction Related Services	9,791,201	728,766	1,049,105	(8,013,330)		(8,013,330)
General Administrative Services	1,454,572		190,317	(1,264,255)		(1,264,255)
School Administrative Services	2,911,361		454,387	(2,456,974)		(2,456,974)
Central Services	595,373		49,046	(546,327)		(546,327)
Administrative Information Technology	696,970			(696,970)		(696,970)
Plant Operations and Maintenance	5,169,521			(5,169,521)		(5,169,521)
Pupil Transportation	2,667,408	3,347	311,272	(2,352,789)		(2,352,789)
Interest on Long-Term Debt	1,215,648			(1,215,648)		(1,215,648)
Total Governmental Activities	61,151,526	2,780,502	12,068,141	(46,302,883)		(46,302,883)
Business-Type Activities:						
Food Service	926,577	766,963	296,423		\$ 136,809	136,809
Integrated Preschool		23,300			23,300	23,300
Summer Program	132,671	126,567			(6,104)	(6,104)
Total Business-Type Activities	1,059,248	916,830	296,423		154,005	154,005
Total Primary Government	\$ 62,210,774	\$ 3,697,332	\$ 12,364,564	(46,302,883)	154,005	(46,148,878)

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

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 44,476,745		\$ 44,476,745
Taxes Levied for Debt Service	2,082,335		2,082,335
Federal, State and Local Aid not Restricted	707,889		707,889
Interest Earnings	233,462		233,462
Miscellaneous Income	518,441		518,441
Other Item:			
Cancellation of Prior Year Accounts Payable		\$ 486	486
Total General Revenues	48,018,872	486	48,019,358
Change in Net Position	1,715,989	154,491	1,870,480
Net Position - Beginning	24,135,096	594,525	24,729,621
Net Position - Ending	\$ 25,851,085	\$ 749,016	\$ 26,600,101

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

FUND FINANCIAL STATEMENTS

BOROUGH OF MADISON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 5,336,724		\$ 1	\$ 5,336,725
Interfund Receivable	526,151			526,151
Receivables From State Government	787,879			787,879
Receivables From Federal Government		\$ 693,840		693,840
Receivables From Other Governments	45,686			45,686
Other Accounts Receivables	61,290	17,898		79,188
Restricted Cash and Cash Equivalents	5,226,468	505,792		5,732,260
Total Assets	<u>\$ 11,984,198</u>	<u>\$ 1,217,530</u>	<u>\$ 1</u>	<u>\$ 13,201,729</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable		\$ 526,151		\$ 526,151
Accounts Payable	\$ 1,394,921	126,927		1,521,848
Payable to Federal Government		32		32
Payable to State Government		25,805		25,805
Unearned Revenue		32,823		32,823
Total Liabilities	<u>1,394,921</u>	<u>711,738</u>		<u>2,106,659</u>
Fund Balances:				
Restricted:				
Capital Reserve	3,722,077			3,722,077
Maintenance Reserve	1,219,400			1,219,400
Unemployment Compensation	284,991			284,991
Excess Surplus - 2024-2025	1,034,034			1,034,034
Excess Surplus - 2023-2024	1,034,034			1,034,034
Student Activities		372,889		372,889
Scholarships		132,903		132,903
Debt Service			\$ 1	1
Assigned:				
Designated for Subsequent Year's Expenditures	1,510,943			1,510,943
Other Purposes	506,537			506,537
Unassigned	1,277,261			1,277,261
Total Fund Balances	<u>10,589,277</u>	<u>505,792</u>	<u>1</u>	<u>11,095,070</u>
Total Liabilities and Fund Balances	<u>\$ 11,984,198</u>	<u>\$ 1,217,530</u>	<u>\$ 1</u>	<u>\$ 13,201,729</u>

BOROUGH OF MADISON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

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

Total Fund Balances from previous page	\$ 11,095,070
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	53,100,361
Leased Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	597,617
Bond Issuance Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are Sold.	(388,050)
The Deferred Amount on Refunding is not Reported as an Expenditure in the Governmental Funds in the Year of the Expenditure.	1,629,095
Interest on Long-Term Debt is not Accrued in Governmental Funds, but Rather is Recognized as an Expenditure When Due.	(78,163)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(7,854,864)
Long-Term Liabilities, Including Bonds Payable, Leases Payable, and Financed Purchases Payable are not Due and Payable in the Current Period and therefore are not Reported as Liabilities in the Funds.	(29,998,260)
District contributions subsequent to the measurement date are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the Statement of Net Position.	(665,501)
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:	
Change in Deferred Outflows	1,690,618
Change in Deferred Inflows	<u>(3,276,838)</u>
Net Position of Governmental Activities	<u><u>\$ 25,851,085</u></u>

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

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

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local and Intermediate Sources:				
Local Tax Levy	\$ 44,476,745		\$ 2,082,335	\$ 46,559,080
Tuition from Individuals	133,844			133,844
Tuition from Other LEAs	1,821,152			1,821,152
Transportation Fees from Individuals	3,347			3,347
Rents and Royalties	31,256			31,256
Interest Earned on Maintenance Reserve Funds	17,685			17,685
Interest Earned on Capital Reserve Funds	53,150			53,150
Restricted Miscellaneous Revenue	6,202	\$ 736,447		742,649
Unrestricted Miscellaneous Revenue	305,749	69,115		374,864
PILOT Payments to School District	431,254			431,254
Total - Local and Intermediate Sources	47,280,384	805,562	2,082,335	50,168,281
State Sources	15,213,351	289,627	441,505	15,944,483
Federal Sources	61,191	1,113,339		1,174,530
Total Revenues	62,554,926	2,208,528	2,523,840	67,287,294
EXPENDITURES:				
Current:				
Regular Instruction	16,096,449	504,483		16,600,932
Special Education Instruction	4,003,651			4,003,651
Other Special Instruction	1,063,764			1,063,764
School-Sponsored/Other Instruction	1,220,628			1,220,628
Support Services and Undistributed Costs:				
Tuition	1,892,363	614,424		2,506,787
Student and Other Instruction Related Services	6,562,153	1,050,686		7,612,839
General Administrative Services	1,081,400			1,081,400
School Administrative Services	1,948,133			1,948,133
Central Services	448,890			448,890
Administrative Information Technology	638,544			638,544
Plant Operations and Maintenance	4,667,683			4,667,683
Student Transportation	2,535,122			2,535,122
Unallocated Benefits	19,081,664			19,081,664
Debt Service:				
Principal			1,925,000	1,925,000
Interest and Other Charges			598,841	598,841
Capital Outlay	901,493	18,849		920,342
Total Expenditures	62,141,937	2,188,442	2,523,841	66,854,220
Net Change in Fund Balances	412,989	20,086	(1)	433,074
Fund Balance - July 1	10,176,288	485,706	2	10,661,996
Fund Balance - June 30	\$ 10,589,277	\$ 505,792	\$ 1	\$ 11,095,070

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

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

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 433,074
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays related to capital assets 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 in the period.		
Depreciation Expense	\$ (2,354,267)	
Capital Asset Additions	969,644	(1,384,623)
Capital outlays related to lease assets are reported in Governmental Funds as expenditures.		
However, in the Statement of Activities the cost of those assets is allocated over the shorter of their estimated useful lives or lease term as amortization expense. This is the amount by which amortization differs from capital outlays in the period.		
Amortization Expense		(250,311)
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).		
		4,568
Repayment of leases 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.		
		239,577
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.		
		29,254
Repayment of serial bonds 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.		
		1,925,000
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.		
		310,502
The governmental funds report the effect of the deferred amount on refunding when debt is first issued, whereas this amount is deferred and amortized in the statement of activities.		
		(931,877)
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:		
Change in Net Pension Liability		(468,045)
Changes in Deferred Outflows		(348,287)
Changes in Deferred Inflows		2,122,575
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 reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		34,582
Change in Net Position of Governmental Activities		\$ 1,715,989

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

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

	Business-Type Activities - Enterprise Funds	
	Total Non-Major Funds	Total
<u>ASSETS:</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 738,996	\$ 738,996
Intergovernmental Accounts Receivable:		
State	455	455
Federal	8,274	8,274
Inventories	11,984	11,984
Total Current Assets	759,709	759,709
Non-Current Assets:		
Capital Assets	472,118	472,118
Less: Accumulated Depreciation	(279,026)	(279,026)
Total Non-Current Assets	193,092	193,092
Total Assets	952,801	952,801
<u>LIABILITIES:</u>		
Current Liabilities:		
Accounts Payable	42,646	42,646
Unearned Revenue:		
Donated Commodities	2,367	2,367
Prepaid Sales/Fees	100,070	100,070
Supply Chain Assistance	58,702	58,702
Total Current Liabilities	203,785	203,785
Total Liabilities	203,785	203,785
<u>NET POSITION:</u>		
Investment in Capital Assets	193,092	193,092
Unrestricted	555,924	555,924
Total Net Position	\$ 749,016	\$ 749,016

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

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

	<u>Business-Type Activities</u> <u>- Enterprise Funds</u>	
	<u>Total</u> <u>Non-Major</u> <u>Funds</u>	<u>Total</u>
Operating Revenue:		
Daily Sales:		
Reimbursable Programs	\$ 408,481	\$ 408,481
Non-Reimbursable Programs	358,482	358,482
Charges for Services:		
Program Fees	149,867	149,867
Total Operating Revenue	<u>916,830</u>	<u>916,830</u>
Operating Expenses:		
Cost of Sales:		
Reimbursable Programs	218,585	218,585
Non-Reimbursable Programs	210,013	210,013
Salaries	394,500	394,500
Employee Benefits	91,448	91,448
Purchased Professional and Technical Services	42,960	42,960
Other Purchased Services	23,316	23,316
Supplies and Materials	36,890	36,890
Miscellaneous Expense	12,259	12,259
Depreciation Expense	29,277	29,277
Total Operating Expenses	<u>1,059,248</u>	<u>1,059,248</u>
Operating Loss	<u>(142,418)</u>	<u>(142,418)</u>
Non-Operating Revenue:		
State Sources:		
State School Lunch Program	9,693	9,693
Federal Sources:		
National School Lunch Program	171,856	171,856
Food Distribution Program	15,352	15,352
Supply Chain Assistance	66,524	66,524
Paycheck Protection Program Reimbursement from FSMC	32,998	32,998
Total Non-Operating Income	<u>296,423</u>	<u>296,423</u>
Change in Net Position Before Other Item	<u>154,005</u>	<u>154,005</u>
Other Item:		
Cancellation of Prior Year's Accounts Payable	486	486
Change in Net Position After Other Item	154,491	154,491
Net Position - Beginning of Year	<u>594,525</u>	<u>594,525</u>
Net Position - End of Year	<u>\$ 749,016</u>	<u>\$ 749,016</u>

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

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

	<u>Business-Type Activities</u> <u>- Enterprise Funds</u>	
	<u>Total</u>	
	<u>Non-Major</u>	<u>Total</u>
	<u>Funds</u>	<u>Total</u>
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 896,887	\$ 896,887
Payments to Food Service Contractor	(891,825)	(891,825)
Payments to/for Employees	(61,437)	(61,437)
Payments to Suppliers	(81,332)	(81,332)
Net Cash Used for Operating Activities	<u>(137,707)</u>	<u>(137,707)</u>
Cash Flows from Capital and Related Financing Activities:		
Purchase of Capital Assets	<u>(5,520)</u>	<u>(5,520)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(5,520)</u>	<u>(5,520)</u>
Cash Flows from Noncapital Financing Activities:		
State Sources	12,527	12,527
Federal Sources	473,097	473,097
Net Cash Provided by Noncapital Financing Activities	<u>485,624</u>	<u>485,624</u>
Net Increase in Cash and Cash Equivalents	342,397	342,397
Cash and Cash Equivalents, July 1	<u>396,599</u>	<u>396,599</u>
Cash and Cash Equivalents, June 30	<u>\$ 738,996</u>	<u>\$ 738,996</u>
Reconciliation of Operating Loss to		
Net Cash Used for Operating Activities:		
Operating Loss	\$ (142,418)	\$ (142,418)
Adjustment to Reconcile Operating Loss to Net		
Cash Used for Operating Activities:		
Depreciation	29,277	29,277
Food Distribution Program	15,352	15,352
Changes in Assets and Liabilities:		
Decrease in Inventory	1,859	1,859
(Decrease) in Accounts Payable	(17,619)	(17,619)
(Decrease) in Unearned Revenue	(24,158)	(24,158)
Net Cash Used for Operating Activities	<u>\$ (137,707)</u>	<u>\$ (137,707)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$11,136 and utilized U.S.D.A. Commodities valued at \$15,352.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Borough of Madison 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 nonexchange 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. 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.

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

(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District. 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 governmental 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 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 capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expenses 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 expenditure 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.

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.

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

(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

Enterprise (Food Service, Integrated Preschool and Summer Programs) Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's cafeteria, integrated preschool and summer programs operations. The food service, integrated preschool and summer programs funds are 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. Nonexchange 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 asset acquisitions are reported as expenditures in governmental funds. Proceeds of general 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.

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2023 was submitted to the County 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.

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

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

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

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 fiscal year).

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal 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 and scholarships. 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 budgetary revenue differs from GAAP revenue due to a difference in recognition of the June state aid payments for the current fiscal year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 62,597,763	\$ 2,421,334
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis does not.		
Prior Year Encumbrances		56,907
Cancellation of Prior Year Encumbrances		(11,285)
Current Year Encumbrances		(258,428)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	216,773	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(259,610)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 62,554,926	\$ 2,208,528

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

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 62,141,937	\$ 2,401,248
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		
Prior Year Encumbrances		56,907
Cancellation of Prior Year Encumbrances		(11,285)
Current Year Encumbrances		(258,428)
	\$ 62,141,937	\$ 2,188,442
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		

E. Cash and 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.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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.

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

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

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 source/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. 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.

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

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

K. Capital Assets:

During the fiscal 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.

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

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

K. Capital Assets: (Cont'd)

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 below:

	<u>Estimated Useful Life</u>
Buildings	40 years
Building Improvements	20 to 40 years
Land Improvements	15 to 20 years
Machinery and Equipment	10 to 20 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 fund financial statements.

L. Lease Assets:

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

M. Subscription Assets:

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

N. Long-Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond issuance premiums 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, governmental fund types recognize bond discounts as expenditures in the current period. 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 fiscal year, therefore, there are no accrued salaries and wages as of June 30, 2023.

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

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

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 fiscal 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 beyond one year.

Q. Lease Payable:

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

R. Subscription Payable:

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

S. Unearned Revenue:

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

T. Fund Balance Appropriated:

General Fund: Of the \$10,589,277 General Fund fund balance at June 30, 2023, \$506,537 is assigned for encumbrances; \$1,510,943 is assigned and included as anticipated revenue for the fiscal year ending June 30, 2024; \$3,722,077 is restricted in the capital reserve account; \$1,219,400 is restricted in the maintenance reserve account; \$284,991 is restricted for unemployment compensation; \$1,034,034 is restricted as prior year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1 701) and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2024; \$1,034,034 is restricted as current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2025; and \$1,277,261 is unassigned which is \$259,610 less on the GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the June state aid payments which are not recognized until the fiscal year ended June 30, 2024.

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

(Continued)

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

T. Fund Balance Appropriated: (Cont'd)

Special Revenue Fund: Of the \$505,792 Special Revenue Fund fund balance at June 30, 2023, \$372,889 is restricted for student activities and \$132,903 is restricted for scholarships.

Debt Service Fund: The \$1 fund balance in the Debt Service Fund at June 30, 2023 is restricted.

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 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 fiscal year's budget. The District has excess surplus as outlined above.

P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the last state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. 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 noted above.

U. 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, capital and maintenance reserves, student activities, scholarships, unemployment compensation and debt service.

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 no committed resources at June 30, 2023.

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

(Continued)

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

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

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

V. Deficit Net Position:

The District has a deficit in unrestricted net position of \$7,592,816 in governmental activities, which is primarily due to compensated absences payable and deferred inflows, outflows and liabilities related to pension. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

W. 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 had a deferred outflow of resources at June 30, 2023 for the deferred amount on refunding of debt related to the District's 2015 and 2021 refunding bonds, and deferred outflows and inflows of resources related to 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 of 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.

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

(Continued)

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

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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Y. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the respective Enterprise Fund. For the School District, these revenues are sales for food service and charges and fees for integrated preschool and summer programs. Operating expenses are necessary costs incurred to provide the service that is the primary activity of each 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.

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

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 governmental 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.

GASB requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Board 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 Board limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the section of this Note on investments.

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

Deposits:

New Jersey statutes permit the deposit of 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.

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

(Continued)

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

Investments:

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;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of 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

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

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

Investments (Cont'd)

- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

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

	Cash and Cash Equivalents		
	Unrestricted	Restricted	Total
Checking and Savings Accounts	\$ 6,075,721	\$ 5,732,260	\$ 11,807,981

During the period ended June 30, 2023, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2023, was \$11,807,981 and the bank balance was \$12,203,061.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$1,200,000 in June, 2002 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 State Department of Education, 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 fiscal year-end of any unanticipated revenue or unexpended line item appropriation amounts or both.

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

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance, July 1, 2022	\$ 3,675,599
Increase by: Board Resolution - June 2023	1,039,514
Interest Earned	53,150
Unexpended Balance Returned	23,814
Less: Withdrawal by Board Resolution to Capital Projects Fund	<u>(1,070,000)</u>
Ending Balance, June 30, 2023	<u><u>\$ 3,722,077</u></u>

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

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by Board resolution on June 26, 2012. These funds may 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 fiscal year in the advertised recapitulation of balances of the subsequent fiscal 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 fiscal 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 fiscal 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 fiscal year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current fiscal 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 fiscal year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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

Beginning Balance, July 1, 2022	\$ 1,266,795
Increase by: Board Resolution - June 2023	265,100
Interest Earned	17,685
Unexpended Balance Returned	64,970
Less: Budgeted Withdrawal	(395,150)
Ending Balance, June 30, 2023	\$ 1,219,400

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2023, the District transferred \$1,146,798 to the capital outlay accounts. \$76,798 was transferred to equipment which did not require approval from the County Superintendent. The \$1,070,000 transferred to facilities acquisition and construction services was a Board approved withdrawal from Capital Reserve.

NOTE 7: CAPITAL ASSETS

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

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 9,072,600			\$ 9,072,600
Total Capital Assets Not Being Depreciated	9,072,600			9,072,600
Capital Assets Being Depreciated:				
Land Improvements	3,572,492	\$ 11,265		3,583,757
Buildings and Building Improvements	67,127,144	618,097		67,745,241
Machinery and Equipment	5,592,754	340,282		5,933,036
Total Capital Assets Being Depreciated	76,292,390	969,644		77,262,034
Governmental Activities Capital Assets	85,364,990	969,644		86,334,634
Less Accumulated Depreciation for:				
Land Improvements	(2,259,505)	(164,578)		(2,424,083)
Buildings and Building Improvements	(24,667,863)	(1,835,635)		(26,503,498)
Machinery and Equipment	(3,952,638)	(354,054)		(4,306,692)
	(30,880,006)	(2,354,267)		(33,234,273)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 54,484,984	\$ (1,384,623)	\$ -0-	\$ 53,100,361
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 466,598	\$ 5,520		\$ 472,118
Less Accumulated Depreciation	(249,749)	(29,277)		(279,026)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 216,849	\$ (23,757)	\$ -0-	\$ 193,092

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

(Continued)

NOTE 7: CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 933,051
Special Education	227,574
Other Instruction	136,545
Student and Instruction Related Services	413,053
General Administration	91,030
School Administration	113,787
Central Services	22,757
Administrative Information Technology	22,757
Plant Operations and Maintenance	276,586
Pupil Transportation	117,127
	\$ 2,354,267

NOTE 8. LEASE ASSETS

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

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Lease Assets Being Amortized:				
Machinery and Equipment	\$ 1,251,556			\$ 1,251,556
Total Lease Assets Being Amortized	1,251,556			1,251,556
Governmental Activities Lease Assets	1,251,556			1,251,556
Less Accumulated Amortization for:				
Machinery and Equipment	(403,628)	\$ (250,311)		(653,939)
	(403,628)	(250,311)		(653,939)
Governmental Activities Lease Assets, Net of Accumulated Amortization	\$ 847,928	\$ (250,311)	\$ -0-	\$ 597,617

Amortization expense was charged to governmental functions as follows:

Regular Instruction	\$ 52,906
Administrative Information Technology	197,405
	\$ 250,311

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

(Continued)

NOTE 9. LONG-TERM LIABILITIES

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

	Balance 6/30/2022	Issued/ Accrued	Retired/ Matured	Balance 6/30/2023	Due Within One Year
Serial Bonds Payable	\$ 30,550,000		\$ 1,925,000	\$ 28,625,000	\$ 1,960,000
Unamortized Bond Issuance Premiums	698,552		310,502	388,050	29,850
Net Pension Liability	7,386,819	\$ 468,045		7,854,864	-0-
Leases Payable	847,982		239,577	608,405	248,620
Financed Purchases Payable	91,300		29,254	62,046	30,418
Compensated Absences Payable	737,391	50,179	84,761	702,809	51,463
	<u>\$ 40,312,044</u>	<u>\$ 518,224</u>	<u>\$ 2,589,094</u>	<u>\$ 38,241,174</u>	<u>\$ 2,320,351</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. The current portion of bonds at June 30, 2023 is \$1,960,000 and the long-term portion is \$26,665,000. The Debt Service Fund will be used to liquidate bonds payable.

On December 29, 2015, the District issued \$7,060,000 of refunding bonds with interest rates ranging from 2.00% to 4.00% to advance refund \$6,945,000 of 2007 school bonds with interest rates ranging from 4.375% to 4.50%. The refunding bonds mature on September 15, 2016 through 2035 and are callable. The net proceeds from the issuance of the refunding 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 until the 2007 school bonds were called on September 15, 2018. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's financial statements.

As a result of the advance refunding, the District will realize a total of \$518,275 in cash savings over the life of the 2015 refunding bond issue. On a net present value basis, the savings equate to \$408,685 or 5.88% of the 2007 school bonds refunded.

On February 24, 2021, the District issued \$23,550,000 of refunding bonds with interest rates ranging from 0.259% to 2.360% to advance refund \$9,320,000 of May 2012 school refunding bonds with interest rates ranging from 2.375% to 4.00% and \$12,825,000 of September 2012 school refunding bonds with interest rates ranging from 3.00% to 4.00%. The refunding bonds mature on December 15, 2021 through 2035 and are callable. The net proceeds from the issuance of the refunding 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 until the May 2012 and September 2012 school bonds were called on December 15, 2022. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's financial statements.

As a result of the advance refunding, the District will realize a total of \$1,543,864 in cash savings over the life of the 2021 refunding bond issue. On a net present value basis, the savings equate to \$1,336,641 or 6.04% of the May 2012 and September 2012 school bonds refunded.

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

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

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

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
School Refunding Bonds	09/15/2035	2.875%-4.000%	\$ 5,670,000
School Refunding Bonds	12/15/2035	0.429%-2.360%	22,955,000
			<u>\$ 28,625,000</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,960,000	\$ 563,717	\$ 2,523,717
2025	1,985,000	541,136	2,526,136
2026	2,010,000	514,815	2,524,815
2027	2,045,000	484,721	2,529,721
2028	2,070,000	450,340	2,520,340
2029-2033	11,080,000	1,610,473	12,690,473
2034-2036	7,475,000	302,177	7,777,177
	<u>\$ 28,625,000</u>	<u>\$ 4,467,379</u>	<u>\$ 33,092,379</u>

B. Bonds Authorized But Not Issued:

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

C. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in current and long-term portions. The current portion of the compensated absences balance of the governmental funds is \$51,463 and is separated from the long-term portion of \$651,346. The General Fund will be used to liquidate the governmental funds compensated absences payable.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2023, \$-0- is recorded for compensated absences in the Enterprise Funds.

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

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

D. Unamortized Bond Issuance Premiums:

The liability for unamortized bond issuance premiums of the governmental fund types is recorded in current and long-term portions. The current portion of unamortized bond issuance premiums at June 30, 2023 is \$29,850 and the long-term portion is \$358,200.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in current and long-term portions and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2023 is \$-0- and the long-term portion is \$7,854,864. See Note 10 for further information on the PERS.

F. Financed Purchase Payable

The District has a financed purchase agreement for maintenance trucks valued at \$147,954, of which \$85,908 has matured and been repaid. The finance purchase agreement is for a term of five years. The following is a schedule of the future minimum financed purchase payments and the present value of the net minimum financed purchase payments at June 30, 2023.

<u>Year</u>	<u>Amount</u>
2024	\$ 32,887
2025	32,887
	<u>65,774</u>
Less: Amount representing interest	<u>(3,728)</u>
Present value of net minimum financed purchases payments	<u>\$ 62,046</u>

The current portion of the financed purchase payable at June 30, 2023 is \$30,418 and the long-term portion is \$31,628. The General Fund will be used to liquidate the financed purchase payable.

G. Leases Payable:

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

<u>Purpose</u>	<u>Commencement Date</u>	<u>Frequency of Payment</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Chromebooks	02/01/2021	Annual	02/01/2025	3.950%	\$ 401,989
Xerox Copiers	05/01/2022	Monthly	04/01/2027	0.258%	206,416
					<u>\$ 608,405</u>

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

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

G. Leases Payable: (Cont'd)

Principal and interest due on leases outstanding will be liquidated through the General Fund and are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 248,620	\$ 21,511
2025	258,006	12,124
2026	54,799	2,381
2027	46,980	670
	\$ 608,405	\$ 36,686

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 Teachers’ Pension and Annuity Fund (TPAF) or the Public Employee’s Retirement System (PERS) of New Jersey; 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:

<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.

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

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit 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 members 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 50 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. 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. 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 \$656,359 for fiscal year 2023.

The employee contribution rate was 7.50% effective July 1, 2018. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$16,527 to the PERS for normal pension benefits on behalf of the District.

Special Funding Situation

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

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

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

At June 30, 2023, the District reported a liability of \$7,854,864 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the District's proportion was 0.052%, which was a decrease of 0.010% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized an actual pension benefit of \$657,028. Additionally, for the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$16,527 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

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

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

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2018	5.63		\$ 188,816
	2019	5.21		235,956
	2020	5.16		693,838
	2021	5.13		57,574
	2022	5.04	\$ 24,337	
			24,337	1,176,184
Difference Between Expected and Actual Experience	2018	5.63		7,190
	2019	5.21	18,037	
	2020	5.16	38,656	
	2021	5.13		19,354
	2022	5.04		23,451
			56,693	49,995
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	7,771	
	2020	5.00	233,500	
	2021	5.00	(1,456,425)	
	2022	5.00	1,540,260	
			325,106	

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

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion	2018	5.63		\$ 82,458
	2019	5.21	\$ 618,981	
	2020	5.16		235,976
	2021	5.13		160,918
	2022	5.04		1,571,307
			618,981	2,050,659
District Contribution Subsequent to the Measurement Date	2022	1.00	665,501	
			\$ 1,690,618	\$ 3,276,838

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

Fiscal Year Ending June 30,	Total
2023	\$ (794,284)
2024	(785,440)
2025	(625,236)
2026	(30,407)
2027	(16,354)
	\$ (2,251,721)

Actuarial Assumptions

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

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

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

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

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

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

Long Term Expected Rate of Return

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

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

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

NOTE 10. PENSION PLANS (Cont'd)

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

Discount Rate

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

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

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

	June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 10,091,199	\$ 7,854,864	\$ 5,951,653

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.

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

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

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

Contributions

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

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

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

NOTE 10. PENSION PLANS (Cont'd)

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

Special Funding Situation (Cont'd)

In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2023, the State of New Jersey contributed \$7,877,195 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$2,668,563.

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

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

At June 30, 2023, the State's proportionate share of the net pension liability associated with the District was \$99,155,933. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the District's proportion was 0.192%, which was a decrease of 0.004% from its proportion measured as of June 30, 2021.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	99,155,933
Total	\$ 99,155,933

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$2,668,563 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

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

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2015	8.30	\$ 213,742,984	
	2016	8.30	1,695,809,748	
	2017	8.30		\$ 3,681,530,748
	2018	8.29		2,705,362,525
	2019	8.04		2,012,738,111
	2020	7.99	1,007,402,060	
	2021	7.93		11,041,509,093
	2022	7.83	96,143,072	
			<u>3,013,097,864</u>	<u>19,441,140,477</u>
Difference Between Expected and Actual Experience	2015	8.30	13,201,022	
	2016	8.30		21,088,845
	2017	8.30	65,502,212	
	2018	8.29	474,592,771	
	2019	8.04		78,198,040
	2020	7.99		5,368,990
	2021	7.93	146,524,969	
	2022	7.83		18,009,041
			<u>699,820,974</u>	<u>122,664,916</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:	2019	5.00	36,220,692	
	2020	5.00	482,791,080	
	2021	5.00	(2,665,975,358)	
	2022	5.00	3,319,334,659	
			<u>1,172,371,073</u>	
			<u>\$ 4,885,289,911</u>	<u>\$19,563,805,393</u>

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

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

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

Actuarial Assumptions

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

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

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

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

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

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

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

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for 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.

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

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

	June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 116,262,439	\$ 99,155,933	\$ 84,745,852

Pension Plan Fiduciary Net Position

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 \$11,937 for the fiscal year ended June 30, 2023. Employee contributions to DCRP amounted to \$7,353 for the fiscal year ended June 30, 2023.

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

NOTE 11. 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 financials statements which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

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

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

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

NOTE 11. 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, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

Actuarial Assumptions and Other Inputs

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

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

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

Mortality Rates

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

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

(Continued)

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the State's Proportionate Share of the Total OPEB Liability Attributed to the District

	Total OPEB Liability
Balance at June 30, 2021	\$ 96,703,419
Changes for Year:	
Service Cost	4,759,779
Interest on the Total OPEB Liability	2,154,302
Difference between Actual and Expected Experience	1,546,027
Changes of Assumptions	(21,807,049)
Contributions from Members	68,457
Gross Benefit Payments by the State	(2,133,900)
Net Changes	(15,412,384)
Balance at June 30, 2022	\$ 81,291,035

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

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

	June 30, 2022		
	At 1% Decrease (2.54%)	At Discount Rate (3.54%)	At 1% Increase (4.54%)
	Total OPEB Liability Attributable to the District	\$ 95,549,061	\$ 81,291,035

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

NOTE 11. 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 Healthcare Trend Rate

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

	June 30, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 67,192,009	\$ 81,291,035	\$ 99,810,962

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

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$2,887,668 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

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

At June 30, 2022 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the sources on the following page.

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

(Continued)

NOTE 11. 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)

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 4,220,717
	2018	9.51		4,027,765
	2019	9.29	\$ 568,659	
	2020	9.24	13,426,305	
	2021	9.24	74,456	
	2022	9.13		19,418,545
			<u>14,069,420</u>	<u>27,667,027</u>
Differences between Expected and Actual Experience	2018	9.51		3,807,492
	2019	9.29		6,693,155
	2020	9.24	12,513,843	
	2021	9.24		14,318,446
	2022	9.13	1,999,831	
			<u>14,513,674</u>	<u>24,819,093</u>
Changes in Proportion	N/A	N/A	1,649,091	1,557,214
			<u>\$ 30,232,185</u>	<u>\$ 54,043,334</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2023	\$ (4,040,201)
2024	(4,040,200)
2025	(4,040,200)
2026	(3,491,746)
2027	(1,996,627)
Thereafter	(6,294,052)
	<u>\$ (23,903,026)</u>

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

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District has health benefits coverage for its employees under the State Employees' Health Benefit Plan.

Property and Liability Insurance

The Borough of Madison School District is a member of the Morris Essex Insurance Group (the "Group") and the School Alliance Insurance Fund (the "Fund"). The Group provides worker's compensation coverage for its members and the Fund provides general liability, property and automobile coverage for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report. The Group and Fund are risk-sharing public entity risk pools that are insured and self-administered groups of school boards established for the purpose of providing low-cost insurance for their 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 and Fund are elected.

As a member of the Group and the Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group or the Fund were to be exhausted, members would become responsible for their respective shares of the Group's or Fund's liabilities. The Group and the Fund 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.

The June 30, 2023 audit reports are not available as of the date of this report. Selected, summarized financial information for the Group and the Fund as of June 30, 2022 are as follows:

	<u>Group</u>	<u>Fund</u>
Total Assets	<u>\$ 12,133,641</u>	<u>\$ 52,198,217</u>
Net Position	<u>\$ 7,494,542</u>	<u>\$ 20,990,635</u>
Total Revenue	<u>\$ 3,715,390</u>	<u>\$ 48,576,664</u>
Total Expenses	<u>\$ 3,715,752</u>	<u>\$ 48,577,544</u>
Member Dividends	<u>\$ 1,114,730</u>	<u>\$ -0-</u>
Change in Net Position	<u>\$ (1,115,092)</u>	<u>\$ (880)</u>

Financial statements for the Group and the Fund are available at the Executive Directors' Offices:

<u>Group</u> Burton Agency 44 Bergen Street PO Box 270 Westwood, NJ 07675 (201) 664-0310	<u>Fund</u> Public Entity Group Administrative Services 51 Everett Drive Suite 40-B West Windsor, NJ 08550 (609) 275-1155
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BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

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 the District’s 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>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022-2023	\$ 5,357	\$ 94,532	\$ 93,687	\$ 284,991
2021-2022	628	120,535	85,721	278,789
2020-2021	1,168	138,329	102,386	243,347

NOTE 13. 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 14. INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 526,151	
Special Revenue Fund		\$ 526,151
	<u>\$ 526,151</u>	<u>\$ 526,151</u>

The General Fund interfund receivable due from the Special Revenue Fund represents an interfund loan at June 30, 2023 due to the timing of grant receipts received by the District.

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

NOTE 15. 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 fiscal years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

- Fidelity Investment
- Variable Annuity Life Insurance Company
- Equitable Life Assurance
- Metropolitan Life Insurance Company
- Lincoln Investment

NOTE 16. 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 17. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2023:

	<u>Governmental Funds</u>		District Contribution Subsequent to the Measure- ment Date	Total Governmental Activities	<u>Business- Type Activities</u>
	General Fund	Special Revenue Fund			Proprietary Funds
Due to State of New Jersey	\$ 58,685	\$ 24,575	\$ 665,501	\$ 748,761	
Vendors	1,237,796	102,352		1,340,148	\$ 42,646
Payroll Deductions and Withholdings	98,440			98,440	
	<u>\$ 1,394,921</u>	<u>\$ 126,927</u>	<u>\$ 665,501</u>	<u>\$ 2,187,349</u>	<u>\$ 42,646</u>

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

NOTE 18. COMMITMENTS AND CONTINGENCIES

Litigation

The Board is periodically involved in claims or lawsuits arising in the normal course of business. The Board does not believe that the ultimate outcome of these cases would have a material adverse effect on the District’s financial position.

Grant Programs

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

Encumbrances

At June 30, 2023, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

Governmental Funds		
General	Special Revenue	Total
\$ 506,537	\$ 258,428	\$ 764,965

On the District’s Governmental Funds Balance Sheet as of June 30, 2023, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$258,428 less than the actual fiscal 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.

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.

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

NOTE 19. TAX ABATEMENTS (Cont'd)

The Borough recognized revenue in the amount of \$607,310 from four payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2022 without the abatements would have been \$1,739,272, of which \$1,090,644 would have been for the local school tax. As of June 30, 2023, the District recognized \$431,254 of PILOT payment revenue from the Borough.

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's proportion of the net pension liability	0.0471325568%	0.0516996112%	0.0529656198%	0.0575685356%	0.0543014510%	0.0660675860%	0.0635637166%	0.0623544431%	0.0520486919%
District's proportionate share of the net pension liability	\$ 8,824,504	\$ 11,605,527	\$ 15,686,897	\$ 13,401,035	\$ 10,691,685	\$ 11,904,377	\$ 10,365,580	\$ 7,386,819	\$ 7,854,864
District's covered employee payroll	\$ 3,511,965	\$ 3,592,692	\$ 3,870,729	\$ 3,850,871	\$ 4,011,715	\$ 4,529,853	\$ 4,352,872	\$ 4,016,892	\$ 3,710,750
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	251.27%	323.03%	405.27%	348.00%	266.51%	262.80%	238.13%	183.89%	211.68%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%

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

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

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ 388,554	\$ 444,478	\$ 470,539	\$ 540,368	\$ 562,387	\$ 668,462	\$ 697,146	\$ 730,243	\$ 656,359
Contributions in relation to the contractually required contribution	(388,554)	(444,478)	(470,539)	(540,368)	(562,387)	(668,462)	(697,146)	(730,243)	(656,359)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 3,592,692	\$ 3,870,729	\$ 3,850,871	\$ 4,011,715	\$ 4,529,853	\$ 4,352,872	\$ 4,016,892	\$ 3,710,750	\$ 3,914,567
Contributions as a percentage of covered employee payroll	10.82%	11.48%	12.22%	13.47%	12.42%	15.36%	17.36%	19.68%	16.77%

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

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
State's proportion of the net pension liability attributable to the District	0.1837704429%	0.1831969937%	0.1902641734%	0.1899784903%	0.1921077075%	0.1918570746%	0.1929753219%	0.1964429481%	0.1921834593%	
State's proportionate share of the net pension liability attributable to the District	\$ 98,219,321	\$ 115,788,323	\$ 149,673,913	\$ 128,090,349	\$ 122,214,797	\$ 117,744,498	\$ 127,071,928	\$ 94,440,318	\$ 99,155,933	
District's covered employees payroll	\$ 18,972,527	\$ 19,192,534	\$ 19,844,835	\$ 19,986,894	\$ 20,041,852	\$ 21,277,553	\$ 20,867,622	\$ 21,847,764	\$ 23,386,058	
State's proportionate share of the net pension liability as a percentage of its covered employee payroll	517.69%	603.30%	754.22%	640.87%	609.80%	553.37%	608.94%	432.27%	424.00%	
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%	

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

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Contractually required contribution	\$ 5,285,122	\$ 7,069,920	\$ 11,245,912	\$ 8,873,451	\$ 7,124,695	\$ 6,944,885	\$ 7,901,874	\$ 2,222,222	\$ 2,668,563	
Contributions in relation to the contractually required contribution	(990,430)	(1,523,329)	(2,062,167)	(2,829,069)	(3,773,365)	(4,232,688)	(5,710,359)	(7,911,532)	(7,877,815)	
Contribution deficiency/(excess)	\$ 4,294,692	\$ 5,546,591	\$ 9,183,745	\$ 6,044,382	\$ 3,351,330	\$ 2,712,197	\$ 2,191,515	\$ (5,689,310)	\$ (5,209,252)	
District's covered employee payroll	\$ 19,192,534	\$ 19,844,835	\$ 19,986,894	\$ 20,041,852	\$ 21,277,553	\$ 20,867,622	\$ 21,847,764	\$ 23,386,058	\$ 23,983,200	
Contributions as a percentage of covered employee payroll	5.16%	7.68%	10.32%	14.12%	17.73%	20.28%	26.14%	33.83%	32.85%	

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

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

	Fiscal Year Ending				
	2017	2018	2019	2020	2021
Total OPEB Liability					
Service Cost	\$ 4,020,436	\$ 3,332,759	\$ 2,893,665	\$ 3,180,040	\$ 5,696,959
Interest Cost	2,729,412	3,171,406	2,913,734	2,434,550	2,508,589
Change in Benefit Terms					(102,929)
Difference between Actual and Expected Experience		(8,991,572)	(10,912,475)	17,282,921	(17,684,973)
Changes in Assumptions	(11,337,090)	(8,421,777)	1,003,197	19,746,576	95,405
Member Contributions	73,513	67,824	61,224	57,043	64,132
Gross Benefit Payments	(1,996,412)	(1,962,401)	(2,065,392)	(1,881,972)	(1,976,065)
Net Change in Total OPEB Liability	(6,510,141)	(12,803,761)	(6,106,047)	40,819,158	(11,398,882)
Total OPEB Liability - Beginning	92,703,092	86,192,951	73,389,190	67,283,143	108,102,301
Total OPEB Liability - Ending	<u>\$ 86,192,951</u>	<u>\$ 73,389,190</u>	<u>\$ 67,283,143</u>	<u>\$ 108,102,301</u>	<u>\$ 96,703,419</u>
District's Covered Employee Payroll *	\$ 23,715,564	\$ 23,837,765	\$ 24,053,567	\$ 25,807,406	\$ 25,220,494
Total OPEB Liability as a Percentage of Covered Employee Payroll	363%	308%	280%	419%	383%
					314%

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

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

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

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2022 was 3.54%. The discount rate for June 30, 2021 was 2.16%, a change of 1.38%.

The salary increases for TPAF/ABP thereafter were 1.55% - 4.45% through 2026 and 2.75% - 5.65% for thereafter in the valuation as of June 30, 2021. The salary increases for TPAF/ABP were 2.75% - 4.25% in the valuation as of June 30, 2022.

The salary increases for PERS were 2.00% - 6.00% through 2026 and 3.00% - 7.00% for thereafter in the valuation as of June 30, 2021. The salary increases for PERS were 2.75% - 6.55% in the valuation as of June 30, 2022.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

The salary increases for PFRS were 3.25% - 15.25% through 2026 and not applicable for thereafter in the valuation as of June 30, 2021. The salary increases for PFRS were 3.25% - 16.25% in the valuation as of June 30, 2022.

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.

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

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

BUDGETARY COMPARISON SCHEDULES

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 44,476,745		\$ 44,476,745	\$ 44,476,745	
Tuition From Individuals	115,874		115,874	133,844	\$ 17,970
Tuition From Other LEAs Within the State	1,971,328		1,971,328	1,821,152	(150,176)
Transportation Fees From Individuals	10,000		10,000	3,347	(6,653)
Rents and Royalties	50,000		50,000	31,256	(18,744)
Unrestricted Miscellaneous Revenues	229,584		229,584	305,749	76,165
Interest Earned on Maintenance Reserve	2,000		2,000	17,685	15,685
Interest Earned on Capital Reserve Funds	3,000		3,000	53,150	50,150
Other Restricted Miscellaneous Revenues				6,202	6,202
Total Revenues from Local Sources	<u>46,858,531</u>		<u>46,858,531</u>	<u>46,849,130</u>	<u>(9,401)</u>
Revenues from Intermediate Sources:					
PILOT Payments to School District	215,000		215,000	431,254	216,254
Total Revenues from Intermediate Sources	<u>215,000</u>		<u>215,000</u>	<u>431,254</u>	<u>216,254</u>
Revenues from State Sources:					
Categorical Transportation Aid	255,898		255,898	255,898	
Extraordinary Aid	200,000		200,000	724,848	524,848
Categorical Special Education Aid	2,193,412		2,193,412	2,193,412	
Categorical Security Aid	205,379		205,379	205,379	
Excess Nonpublic Transportation Costs	50,000		50,000	55,605	5,605
TPAF Post Retirement Contributions (Non-Budgeted)				2,098,195	2,098,195
TPAF Pension Contributions (Non-Budgeted)				7,877,815	7,877,815
TPAF Non-Contributory Insurance (Non-Budgeted)				109,296	109,296
TPAF Long-Term Disability Insurance (Non-Budgeted)				3,486	3,486
Reimbursed TPAF Social Security Contributions				1,732,254	1,732,254
Total Revenues from State Sources	<u>2,904,689</u>		<u>2,904,689</u>	<u>15,256,188</u>	<u>12,351,499</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Federal Sources:					
Medicaid Reimbursement	\$ 33,849		\$ 33,849	\$ 9,442	\$ (24,407)
FEMA Reimbursements	33,849		33,849	51,749	17,900
Total Revenues from Federal Sources	50,012,069		50,012,069	62,597,763	12,585,694
TOTAL REVENUE					
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	560,778	\$ 32,185	592,963	540,336	52,627
Grades 1-5 - Salaries of Teachers	4,553,478	79,627	4,633,105	4,607,024	26,081
Grades 6-8 - Salaries of Teachers	3,177,813	(7,217)	3,170,596	3,153,945	16,651
Grades 9-12 - Salaries of Teachers	5,312,485	(136,409)	5,176,076	5,172,880	3,196
Regular Programs - Home Instruction:					
Salaries of Teachers	40,325		40,325	30,303	10,022
Purchased Professional - Educational Services	100,000		100,000	66,414	33,586
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	1,712,300	13,154	1,725,454	1,638,812	86,642
Other Purchased Services (400-500 series)	197,229	3,628	200,857	173,215	27,642
General Supplies	637,785	(8,491)	629,294	609,002	20,292
Textbooks	167,850	(20,380)	147,470	99,428	48,042
Other Objects	6,858		6,858	5,090	1,768
Total Regular Programs - Instruction	16,466,901	(43,903)	16,422,998	16,096,449	326,549
Learning and/or Language Disabilities:					
Salaries of Teachers	226,469	(1,283)	225,186	225,186	
General Supplies	20,044	(261)	19,783	19,783	
Total Learning and/or Language Disabilities	246,513	(1,544)	244,969	244,969	
Behavioral Disabilities:					
Salaries of Teachers	250,190	(25,952)	224,238	223,395	843
Total Behavioral Disabilities	250,190	(25,952)	224,238	223,395	843

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource Room/Resource Center:					
Salaries of Teachers	\$ 2,972,304	\$ 71,660	\$ 3,043,964	\$ 3,043,964	
General Supplies	13,520	(1,056)	12,464	12,464	
Textbooks	1,500	(7)	1,493	1,493	
Total Resource Room/Resource Center	2,987,324	70,597	3,057,921	3,057,921	
Autism:					
Salaries of Teachers	212,449	(26,445)	186,004	186,004	
Other Salaries for Instruction		28,384	28,384	28,384	
Purchased Professional-Educational Services	3,500		3,500	3,500	
General Supplies	10,000		10,000	10,000	
Total Autism	225,949	1,939	227,888	227,888	
Preschool Disabilities - Part-Time:					
General Supplies	3,500	51	3,551	3,551	
Total Preschool Disabilities - Part-Time	3,500	51	3,551	3,551	
Preschool Disabilities - Full-Time:					
Salaries of Teachers	285,325	(39,040)	246,285	245,927	\$ 358
Total Preschool Disabilities - Full-Time	285,325	(39,040)	246,285	245,927	358
TOTAL SPECIAL EDUCATION - INSTRUCTION	3,998,801	6,051	4,004,852	4,003,651	1,201
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	678,669	(23,236)	655,433	651,501	3,932
Total Basic Skills/Remedial - Instruction	678,669	(23,236)	655,433	651,501	3,932
Bilingual Education - Instruction:					
Salaries of Teachers	410,967	17,185	428,152	412,263	15,889
Total Bilingual Education - Instruction	410,967	17,185	428,152	412,263	15,889

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	\$ 275,535	\$ 15,566	\$ 291,101	\$ 284,779	\$ 6,322
Purchased Services (300-500 series)	15,000		15,000	14,861	139
Supplies and Materials	20,450		20,450	17,233	3,217
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	310,985	15,566	326,551	316,873	9,678
School-Sponsored Athletics - Instruction:					
Salaries	663,774	(2,005)	661,769	644,565	17,204
Purchased Services (300-500 series)	187,308	(25,000)	162,308	154,913	7,395
Supplies and Materials	71,794	25,000	96,794	96,238	556
Other Objects	9,000		9,000	8,039	961
Total School-Sponsored Athletics - Instruction	931,876	(2,005)	929,871	903,755	26,116
TOTAL INSTRUCTION	22,798,199	(30,342)	22,767,857	22,384,492	383,365
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Special	293,162	(9,800)	283,362	106,985	176,377
Tuition to County Voc. School Dist. - Regular	315,179	(8,012)	307,167	240,895	66,272
Tuition to County Voc. School Dist. - Special	5,250	8,012	13,262	13,262	
Tuition to Priv. Sch. for the Handicap. Within the State	2,362,793	(444,013)	1,918,780	1,531,221	387,559
Total Undistributed Expenditures - Instruction	2,976,384	(453,813)	2,522,571	1,892,363	630,208
Undistributed Expenditures - Health Services:					
Salaries	491,942	(20,941)	471,001	456,303	14,698
Purchased Professional and Technical Services	10,500		10,500	9,401	1,099
Supplies and Materials	5,974	3,512	9,486	9,107	379
Total Undistributed Expenditures - Health Services	508,416	(17,429)	490,987	474,811	16,176
Undistributed Expenditures - Speech, OT, PT, Related Serv.:					
Salaries	687,260	17,918	705,178	705,178	
Purchased Professional - Educational Services	596,000	(29,749)	566,251	534,273	31,978
Supplies and Materials	12,000		12,000	11,992	8
Total Undistributed Expenditures - Speech, OT, PT, Related Serv.	1,295,260	(11,831)	1,283,429	1,251,443	31,986

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Other Supp. Serv. Students - Extra. Serv.:					
Salaries	\$ 775,206	\$ (72,329)	\$ 702,877	\$ 675,770	\$ 27,107
Purchased Professional - Educational Services	113,277	97,899	211,176	205,222	5,954
Total Undistributed Expenditures. - Other Supp. Serv. Students - Extra. Serv.	888,483	25,570	914,053	880,992	33,061
Undistributed Expenditures - Guidance:					
Salaries of Other Professional Staff	763,043	(548)	762,495	761,159	1,336
Salaries of Secretarial and Clerical Assistants	88,033	247	88,280	88,280	
Other Purchased Services (400-500 series)	2,500	(2,500)			
Supplies and Materials	1,400	2,500	3,900	3,680	220
Other Objects	3,645		3,645	3,584	61
Total Undistributed Expenditures - Guidance	858,621	(301)	858,320	856,703	1,617
Undistributed Expenditures - Child Study Team:					
Salaries of Other Professional Staff	1,425,407	122,833	1,548,240	1,548,240	
Salaries of Secretarial and Clerical Assistants	68,989	(809)	68,180	68,180	
Other Purchased Professional and Technical Services	139,001	(10,523)	128,478	123,610	4,868
Other Purchased Services (400-500 series)	3,200		3,200	147	3,053
Supplies and Materials	25,000		25,000	24,701	299
Other Objects	7,000		7,000	6,177	823
Total Undistributed Expenditures - Child Study Team	1,668,597	111,501	1,780,098	1,771,055	9,043
Undistributed Expenditures - Improv. of Inst. Serv.:					
Salaries of Other Professional Staff	597,158	88,094	685,252	626,847	58,405
Other Salaries		3,150	3,150	3,150	
Other Purchased Services (400-500 series)	2,400		2,400	867	1,533
Supplies and Materials	195,457	8,000	203,457	193,628	9,829
Other Objects	39,129		39,129	38,220	909
Total Undistributed Expenditures - Improv. of Inst. Serv.	834,144	99,244	933,388	862,712	70,676

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Edu. Media Serv./Sch. Library:					
Salaries	\$ 274,009	\$ 3,546	\$ 277,555	\$ 277,231	\$ 324
Salaries of Technology Coordinators	135,802		135,802	135,802	
Other Purchased Services (400-500 series)	2,500		2,500	2,500	
Supplies and Materials	61,718		61,718	48,904	12,814
Total Undistributed Expenditures - Edu. Media Serv./Sch. Library	474,029	3,546	477,575	464,437	13,138
Undistributed Expenditures - Support Serv. - Gen. Admin.:					
Salaries	713,825	(133,619)	580,206	548,940	31,266
Legal Services	224,585		224,585	114,714	109,871
Audit Fees	50,800		50,800	49,585	1,215
Architectural/Engineering Services	177,275	(57,180)	120,095	51,460	68,635
Other Purchased Professional Services	32,467	(1)	32,466	25,780	6,686
Communications/Telephone	195,000	(26,262)	168,738	135,233	33,505
BOE Other Purchased Services	3,000		3,000	2,843	157
Other Purchased Services (400-500 series other than 530 & 585)	28,084		28,084	14,567	13,517
General Supplies	6,000		6,000	5,454	546
Miscellaneous Expenditures	118,627		118,627	114,530	4,097
BOE Membership Dues and Fees	18,500		18,500	18,294	206
Total Undistributed Expenditures - Support Serv. - Gen. Admin.	1,568,163	(217,062)	1,351,101	1,081,400	269,701
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	1,360,840	35,156	1,395,996	1,395,996	
Salaries of Secretarial and Clerical Assistants	493,775	(13,136)	480,639	480,639	
Other Purchased Services (400-500 series)	16,615	(735)	15,880	15,880	
Supplies and Materials	56,998	(1,380)	55,618	55,618	
Total Undistributed Expenditures - Support Serv. - School Adm.	1,928,228	19,905	1,948,133	1,948,133	
Undistributed Expenditures - Central Services:					
Salaries	454,241	(7,470)	446,771	419,981	26,790
Miscellaneous Purchased Services (400-500 series other than 594)	30,490		30,490	28,270	2,220

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Central Services: (Cont'd)					
Supplies and Materials	\$ 3,000	\$	\$ 3,000	\$ 620	\$ 2,380
Other Objects	1,500		1,500	19	1,481
Total Undistributed Expenditures - Central Services	489,231	\$ (7,470)	481,761	448,890	32,871
Undistributed Expenditures - Admin. Info. Technology:					
Salaries	208,155	1,025	209,180	209,180	
Purchased Technical Services	366,585	76,105	442,690	419,764	22,926
Other Purchased Services (400-500 series)	9,600		9,600	9,600	
Total Undistributed Expenditures - Admin. Info. Technology	584,340	77,130	661,470	638,544	22,926
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	362,322	(25,000)	337,322	332,293	5,029
Cleaning, Repair, and Maintenance Services	782,769	345,666	1,128,435	1,038,904	89,531
General Supplies	94,601	5,000	99,601	98,004	1,597
Other Objects	5,143		5,143	5,143	
Total Undistributed Expenditures - Required Maint. for School Facilities	1,244,835	325,666	1,570,501	1,474,344	96,157
Undistributed Expenditures - Custodial Services:					
Salaries	1,369,348	70,413	1,439,761	1,435,760	4,001
Purchased Professional and Technical Services	13,550		13,550	7,263	6,287
Other Purchased Property Services	97,888	(8,192)	89,696	84,233	5,463
Insurance	325,837	(10,774)	315,063	314,256	807
Miscellaneous Purchased Services		10,774	10,774	10,774	
General Supplies	179,028	(14,194)	164,834	146,551	18,283
Energy (Natural Gas)	212,000	2,028	214,028	214,028	
Energy (Electricity)	400,000	28,549	428,549	418,638	9,911
Other Objects	22,400	6,694	29,094	29,094	
Total Undistributed Expenditures - Custodial Services	2,620,051	85,298	2,705,349	2,660,597	44,752

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Care and Upkeep of Grounds:					
Salaries	\$ 155,372	\$ 3,493	\$ 158,865	\$ 158,665	\$ 200
Cleaning, Repair, and Maintenance Services	298,110	(5,758)	292,352	278,825	13,527
General Supplies	11,870		11,870	10,062	1,808
Total Care And Upkeep Of Grounds	465,352	(2,265)	463,087	447,552	15,535
Security:					
Salaries	103,000	(103,000)			
Purchased Professional and Technical Services		85,190	85,190	85,190	
Total Security	103,000	(17,810)	85,190	85,190	
Total Undistributed Expenditures - Oper. and Maint. of Plant Serv.	4,433,238	390,889	4,824,127	4,667,683	156,444
Undistributed Expenditures - Student Transportation Serv.:					
Sal. for Pupil Trans. (Oth. than Bet. Home & Sch)	40,000	20,126	60,126	60,126	
Cleaning, Repair, and Maint. Services	29,499		29,499	19,706	9,793
Contract. Serv. - Aid in Lieu of Payments - Nonpublic Students	138,000		138,000	135,206	2,794
Contract. Serv. (Bet. Home & Sch.) - Vendors	546,308	56,885	603,193	572,963	30,230
Contract. Serv. (Oth. than Bet. Home & Sch.) - Vendors	80,000	90,834	170,834	170,834	
Contract. Serv. (Spl. Ed. Students) - Vendors	1,282,789	298,469	1,581,258	1,553,851	27,407
Transportation Supplies	16,537	12,500	29,037	22,436	6,601
Total Undistributed Expenditures - Student Transportation Serv.	2,133,133	478,814	2,611,947	2,535,122	76,825
UNALLOCATED BENEFITS					
Social Security Contributions	500,000		500,000	498,240	1,760
Other Retirement Contributions - PERS	700,000	(263)	699,737	656,359	43,378
Other Retirement Contributions - Regular	12,800	8,721	21,521	11,937	9,584
Unemployment Compensation		22,998	22,998		22,998
Workers Compensation	300,000	(35,045)	264,955	137,031	127,924
Health Benefits	6,042,027	(149,999)	5,892,028	5,770,266	121,762
Tuition Reimbursement	129,050		129,050	121,380	7,670
Other Employee Benefits	153,000		153,000	65,405	87,595
TOTAL UNALLOCATED BENEFITS	7,836,877	(153,588)	7,683,289	7,260,618	422,671

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				\$ 2,098,195	\$ (2,098,195)
TPAF Pension Contributions (Non-Budgeted)				7,877,815	(7,877,815)
TPAF Non-Contributory Insurance (Non-Budgeted)				109,296	(109,296)
TPAF Long-Term Disability Insurance (Non-Budgeted)				3,486	(3,486)
Reimbursed TPAF Social Security Contributions				1,732,254	(1,732,254)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				11,821,046	(11,821,046)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 7,836,877	\$ (153,588)	\$ 7,683,289	19,081,664	(11,398,375)
TOTAL UNDISTRIBUTED EXPENDITURES	28,477,144	345,105	28,822,249	38,855,952	(10,033,703)
TOTAL GENERAL CURRENT EXPENSE	51,275,343	314,763	51,590,106	61,240,444	(9,650,338)
CAPITAL OUTLAY					
Equipment					
School-Sponsored and Other Instructional Programs	17,110		17,110	17,110	
Undistributed Expenditures - Admin. Info. Technology		27,314	27,314	23,932	3,382
Undist. Expend. - Care and Upkeep of Grounds		49,484	49,484	49,484	
School Buses - Regular	231,331		231,331	231,331	
Total Equipment	248,441	76,798	325,239	321,857	3,382
Facilities Acquisition and Construction Serv.:					
Architectural/Engineering Services		88,242	88,242	64,428	23,814
Construction Services	3,589	981,758	981,758	511,619	470,139
Assessment for Debt Service on SDA Funding				3,589	
Total Facilities Acquisition and Construction Serv.	3,589	1,070,000	1,073,589	579,636	493,953
TOTAL CAPITAL OUTLAY	252,030	1,146,798	1,398,828	901,493	497,335
Transfer of Funds to Charter Schools	61,411	3,589	65,000		65,000

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL EXPENDITURES	\$ 51,588,784	\$ 1,465,150	\$ 53,053,934	\$ 62,141,937	\$ (9,088,003)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(1,576,715)	(1,465,150)	(3,041,865)	455,826	3,497,691
Fund Balance, July 1	10,393,061		10,393,061	10,393,061	
Fund Balance, June 30	<u>8,816,346</u>	<u>(1,465,150)</u>	<u>7,351,196</u>	<u>10,848,887</u>	<u>3,497,691</u>
<u>Recapitulation:</u>					
Restricted Fund Balance:				\$ 1,034,034	
Excess Surplus - Restricted For 2024-2025				1,034,034	
Excess Surplus - Restricted For 2023-2024				3,722,077	
Capital Reserve				1,219,400	
Maintenance Reserve				284,991	
Unemployment Compensation				506,537	
Assigned Fund Balance:				1,510,943	
Year End Encumbrances				1,536,871	
Designated for Subsequent Year's Expenditures				<u>10,848,887</u>	
Unassigned Fund Balance				<u>(259,610)</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				<u>\$ 10,589,277</u>	
Fund Balance per Governmental Funds (GAAP)					

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources		\$ 892,599	\$ 892,599	\$ 777,076	\$ (115,523)
State Sources	\$ 223,847	126,655	350,502	273,494	(77,008)
Federal Sources	624,486	955,517	1,580,003	1,370,764	(209,239)
Total Revenues	<u>848,333</u>	<u>1,974,771</u>	<u>2,823,104</u>	<u>2,421,334</u>	<u>(401,770)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers		265,457	265,457	192,301	73,156
Purchased Professional and Technical Services	149,334	88,256	237,590	207,524	30,066
Tuition	519,341	96,497	615,838	614,424	1,414
General Supplies	8,500	162,850	171,350	36,770	134,580
Textbooks	19,029	5,193	24,222	23,269	953
Total Instruction	<u>696,204</u>	<u>618,253</u>	<u>1,314,457</u>	<u>1,074,288</u>	<u>240,169</u>
Support Services:					
Other Salaries	96,645	(27,413)	69,232	51,104	18,128
Personal Services - Employee Benefits		99,504	99,504	20,356	79,148
Purchased Professional and Technical Services		90,025	90,025	89,914	111
Other Purchased Services		161,930	161,930	99,569	62,361
Supplies and Materials	55,484	19,751	75,235	73,382	1,853
Student Activities		722,447	722,447	702,361	20,086
Scholarships Awarded		14,000	14,000	14,000	
Total Support Services	<u>152,129</u>	<u>1,080,244</u>	<u>1,232,373</u>	<u>1,050,686</u>	<u>181,687</u>
Facilities Acquisition:					
Instructional Equipment		276,274	276,274	276,274	
Total Facilities Acquisition		<u>276,274</u>	<u>276,274</u>	<u>276,274</u>	
Total Expenditures	<u>\$ 848,333</u>	<u>\$ 1,974,771</u>	<u>\$ 2,823,104</u>	<u>\$ 2,401,248</u>	<u>\$ 421,856</u>
Excess/(Deficiency) of Revenues Over/(Under)					
Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 20,086</u>	<u>\$ 20,086</u>

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 62,597,763	\$ 2,421,334
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognized Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Prior Year Encumbrances		56,907
Cancellation of Prior Year Encumbrances		(11,285)
Current Year Encumbrances		(258,428)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	216,773	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(259,610)	
	\$ 62,554,926	\$ 2,208,528
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.		
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 62,141,937	\$ 2,401,248
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Prior Year Encumbrances		56,907
Cancellation of Prior Year Encumbrances		(11,285)
Current Year Encumbrances		(258,428)
	\$ 62,141,937	\$ 2,188,442
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		

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

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2023 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. 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 and scholarships. 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 budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the last two state aid payments for the current year. Since the State is recording the last two 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

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

	Elementary and Secondary Education Act				CRRSA	
	Title I	Title IIA	Title III	Title IV	ESSER II	Learning Accelerated
REVENUES:						
Local Sources						
State Sources						
Federal Sources	\$ 82,969	\$ 46,549	\$ 15,125	\$ 12,448	\$ 30,681	\$ 25,000
Total Revenues	82,969	46,549	15,125	12,448	30,681	25,000
EXPENDITURES:						
Instruction:						
Salaries of Teachers	35,000					22,000
Purchased Professional and Technical Services					30,681	
Tuition						
General Supplies	6,165		5,825			3,000
Textbooks						
Total Instruction	41,165		5,825		30,681	25,000
Support Services:						
Other Salaries	41,804		9,300			
Personal Services - Employee Benefits						
Purchased Professional and Technical Services		2,200		12,448		
Other Purchased Services		44,349				
Supplies and Materials						
Student Activities						
Scholarships Awarded						
Total Support Services	41,804	46,549	9,300	12,448		
Facilities Acquisition:						
Instructional Equipment						
Total Facilities Acquisition						
Total Expenditures	\$ 82,969	\$ 46,549	\$ 15,125	\$ 12,448	\$ 30,681	\$ 25,000

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

	ARP		I.D.E.A.			
	ESSER III	Learning Accelerated	FY23	Basic		
				FY22	FY22 - ARP	
					Preschool FY23	
REVENUES:						
Local Sources						
State Sources						
Federal Sources	\$ 316,237	\$ 152,065	\$ 614,244	\$ 3,304	\$ 599	\$ 23,338
Total Revenues	316,237	152,065	614,244	3,304	599	23,338
EXPENDITURES:						
Instruction:						
Salaries of Teachers	38,456	96,845				
Purchased Professional and Technical Services			566,219			
Tuition						
General Supplies						
Textbooks						
Total Instruction	38,456	96,845	566,219			
Support Services:						
Other Salaries	20,356					
Personal Services - Employee Benefits			48,025	3,304	599	23,338
Purchased Professional and Technical Services						
Other Purchased Services		55,220				
Supplies and Materials						
Student Activities						
Scholarships Awarded						
Total Support Services	20,356	55,220	48,025	3,304	599	23,338
Facilities Acquisition:						
Instructional Equipment	257,425					
Total Facilities Acquisition	257,425					
Total Expenditures	\$ 316,237	\$ 152,065	\$ 614,244	\$ 3,304	\$ 599	\$ 23,338

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

	ACRS	Local Donations	Examination & Classification	Nonpublic		
				Handicapped Services	Supplementary Instruction	Auxiliary Svcs
			Corrective Speech		Compensatory Education	
REVENUES:						
Local Sources		\$ 40,629				
State Sources			\$ 35,837	\$ 16,740	\$ 30,975	\$ 38,346
Federal Sources	\$ 48,205					
Total Revenues	48,205	40,629	35,837	16,740	30,975	38,346
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional and Technical Services			35,837	16,740	30,975	38,346
Tuition	48,205	21,780				
General Supplies						
Textbooks						
Total Instruction	48,205	21,780	35,837	16,740	30,975	38,346
Support Services:						
Other Salaries						
Personal Services - Employee Benefits						
Purchased Professional and Technical Services						
Other Purchased Services						
Supplies and Materials						
Student Activities						
Scholarships Awarded						
Total Support Services						
Facilities Acquisition:						
Instructional Equipment		18,849				
Total Facilities Acquisition		18,849				
Total Expenditures	\$ 48,205	\$ 40,629	\$ 35,837	\$ 16,740	\$ 30,975	\$ 38,346

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

	Student Activities	Nonpublic						Totals
		Scholarship	Textbooks	Nursing	Technology Initiative	Security Aid		
REVENUES:								
Local Sources	\$ 728,766	\$ 7,681					\$ 777,076	
State Sources			\$ 23,269	\$ 39,949	\$ 14,996	\$ 73,382	\$ 273,494	
Federal Sources							1,370,764	
Total Revenues	728,766	7,681	23,269	39,949	14,996	73,382	2,421,334	
EXPENDITURES:								
Instruction:								
Salaries of Teachers							192,301	
Purchased Professional and Technical Services				39,949	14,996		207,524	
Tuition							614,424	
General Supplies							36,770	
Textbooks			23,269				23,269	
Total Instruction			23,269	39,949	14,996		1,074,288	
Support Services:								
Other Salaries							51,104	
Personal Services - Employee Benefits							20,356	
Purchased Professional and Technical Services							89,914	
Other Purchased Services							99,569	
Supplies and Materials						73,382	73,382	
Student Activities	702,361						702,361	
Scholarships Awarded		14,000					14,000	
Total Support Services	702,361	14,000				73,382	1,050,686	
Facilities Acquisition:								
Instructional Equipment							276,274	
Total Facilities Acquisition							276,274	
Total Expenditures	\$ 702,361	\$ 14,000	\$ 23,269	\$ 39,949	\$ 14,996	\$ 73,382	\$ 2,401,248	

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

BOROUGH OF MADISON SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

	Non-Major Funds			Total
	Food Service	Summer Program	Integrated Preschool	
<u>ASSETS:</u>				
Current Assets:				
Cash and Cash Equivalents	\$ 457,302	\$ 186,444	\$ 95,250	\$ 738,996
Intergovernmental Accounts Receivable:				
State	455			455
Federal	8,274			8,274
Inventories	11,984			11,984
Total Current Assets	<u>478,015</u>	<u>186,444</u>	<u>95,250</u>	<u>759,709</u>
Non-Current Assets:				
Capital Assets	472,118			472,118
Less: Accumulated Depreciation	<u>(279,026)</u>			<u>(279,026)</u>
Total Non-Current Assets	<u>193,092</u>			<u>193,092</u>
Total Assets	<u>671,107</u>	<u>186,444</u>	<u>95,250</u>	<u>952,801</u>
<u>LIABILITIES:</u>				
Current Liabilities:				
Accounts Payable	42,646			42,646
Unearned Revenue:				
Donated Commodities	2,367			2,367
Prepaid Sales/Fees	9,035	82,535	8,500	100,070
Supply Chain Assistance	58,702			58,702
Total Current Liabilities	<u>112,750</u>	<u>82,535</u>	<u>8,500</u>	<u>203,785</u>
Total Liabilities	<u>112,750</u>	<u>82,535</u>	<u>8,500</u>	<u>203,785</u>
<u>NET POSITION:</u>				
Investment in Capital Assets	193,092			193,092
Unrestricted	<u>365,265</u>	<u>103,909</u>	<u>86,750</u>	<u>555,924</u>
Total Net Position	<u>\$ 558,357</u>	<u>\$ 103,909</u>	<u>\$ 86,750</u>	<u>\$ 749,016</u>

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

	Non-Major Funds			Total
	Food Service	Summer Program	Integrated Preschool	
Operating Revenue:				
Daily Sales:				
Reimbursable Programs	\$ 408,481			\$ 408,481
Non-Reimbursable Programs	358,482			358,482
Charges for Services:				
Program Fees		\$ 126,567	\$ 23,300	149,867
Total Operating Revenue	766,963	126,567	23,300	916,830
Operating Expenses:				
Cost of Sales:				
Reimbursable Programs	218,585			218,585
Non-Reimbursable Programs	210,013			210,013
Salaries	261,829	132,671		394,500
Employee Benefits	91,448			91,448
Purchased Professional and Technical Services	42,960			42,960
Other Purchased Services	23,316			23,316
Supplies and Materials	36,890			36,890
Miscellaneous Expense	12,259			12,259
Depreciation Expense	29,277			29,277
Total Operating Expenses	926,577	132,671		1,059,248
Operating Income/(Loss)	(159,614)	(6,104)	23,300	(142,418)
Non-Operating Revenue:				
State Sources:				
State School Lunch Program	9,693			9,693
Federal Sources:				
National School Lunch Program	171,856			171,856
Food Distribution Program	15,352			15,352
Supply Chain Assistance	66,524			66,524
Paycheck Protection Program Reimbursement from FSMC	32,998			32,998
Total Non-Operating Income	296,423			296,423
Change in Net Position Before Other Item	136,809	(6,104)	23,300	154,005
Other Item:				
Cancellation of Prior Year's Accounts Payable	486			486
Change in Net Position After Other Item	137,295	(6,104)	23,300	154,491
Net Position - Beginning of Year	421,062	110,013	63,450	594,525
Net Position - End of Year	\$ 558,357	\$ 103,909	\$ 86,750	\$ 749,016

BOROUGH OF MADISON SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Non-Major Funds			Total
	Food Service	Summer Program	Integrated Preschool	
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 759,563	\$ 110,724	\$ 26,600	\$ 896,887
Payments to Food Service Contractor	(891,825)			(891,825)
Payments to/for Employees		(61,437)		(61,437)
Payments to Suppliers	(10,098)	(71,234)		(81,332)
Net Cash Provided by/(Used for) Operating Activities	(142,360)	(21,947)	26,600	(137,707)
Cash Flows from Capital and Related Financing Activities:				
Purchase of Capital Assets	(5,520)			(5,520)
Net Cash Used for Capital and Related Financing Activities	(5,520)			(5,520)
Cash Flows from Noncapital Financing Activities:				
State Sources	12,527			12,527
Federal Sources	473,097			473,097
Net Cash Provided by Noncapital Financing Activities	485,624			485,624
Net Increase/(Decrease) in Cash and Cash Equivalents	337,744	(21,947)	26,600	342,397
Cash and Cash Equivalents, July 1	119,558	208,391	68,650	396,599
Cash and Cash Equivalents, June 30	<u>\$ 457,302</u>	<u>\$ 186,444</u>	<u>\$ 95,250</u>	<u>\$ 738,996</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Operating Income/(Loss)	\$ (159,614)	\$ (6,104)	\$ 23,300	\$ (142,418)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Depreciation	29,277			29,277
Food Distribution Program	15,352			15,352
Changes in Assets and Liabilities:				
Decrease in Inventory	1,859			1,859
(Decrease) in Accounts Payable	(17,619)			(17,619)
Increase/(Decrease) in Unearned Revenue	(11,615)	(15,843)	3,300	(24,158)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (142,360)</u>	<u>\$ (21,947)</u>	<u>\$ 26,600</u>	<u>\$ (137,707)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$11,136 and utilized U.S.D.A. Commodities valued at \$15,352.

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM LIABILITIES

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding			Interest Rate	Retired or Matured	Balance July 1, 2022	Balance June 30, 2023
			Date	Amount	Rate				
School Refunding Bonds	05/30/12	\$ 9,955,000				\$ 65,000	\$ 65,000		
School Refunding Bonds	09/26/12	21,075,000				1,225,000	1,225,000		
School Refunding Bonds	12/29/15	7,060,000	09/15/23	\$ 350,000	4.000%				
			09/15/24	365,000	4.000%				
			09/15/25	380,000	4.000%				
			09/15/26	390,000	4.000%				
			09/15/27	400,000	4.000%				
			09/15/28	420,000	4.000%				
			09/15/29	430,000	2.875%				
			09/15/30	445,000	2.875%				
			09/15/31	460,000	4.000%				
			09/15/32	480,000	4.000%				
			09/15/33	490,000	4.000%				
			09/15/34	515,000	4.000%				
			09/15/35	545,000	4.000%		6,005,000	\$ 5,670,000	
School Refunding Bonds	02/24/21	23,550,000	12/15/23	1,610,000	0.429%				
			12/15/24	1,620,000	0.596%				
			12/15/25	1,630,000	0.809%				
			12/15/26	1,655,000	0.979%				
			12/15/27	1,670,000	1.255%				
			12/15/28	1,695,000	1.475%				
			12/15/29	1,725,000	1.680%				
			12/15/30	1,755,000	1.780%				
			12/15/31	1,785,000	1.860%				
			12/15/32	1,885,000	2.010%				
			12/15/33	1,930,000	2.160%				
			12/15/34	1,975,000	2.260%				
			12/15/35	2,020,000	2.360%				
							23,255,000	22,955,000	
							\$ 30,550,000	\$ 28,625,000	

BOROUGH OF MADISON SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2022</u>	<u>Matured</u>	<u>Balance June 30, 2023</u>
Maintenance Trucks	3.98%	\$ 147,954	\$ 91,300	\$ 29,254	\$ 62,046
			<u>\$ 91,300</u>	<u>\$ 29,254</u>	<u>\$ 62,046</u>

BOROUGH OF MADISON SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER LEASES

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2022</u>	<u>Matured</u>	<u>Balance June 30, 2023</u>
Chromebooks	3.950%	\$ 987,027	\$ 591,627	\$ 189,638	\$ 401,989
Xerox Copiers	0.258%	264,529	<u>256,355</u>	<u>49,939</u>	<u>206,416</u>
			<u>\$ 847,982</u>	<u>\$ 239,577</u>	<u>\$ 608,405</u>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,082,335		\$ 2,082,335	\$ 2,082,335	
State Sources:					
Debt Service Aid Type II	441,505		441,505	441,505	
Total Revenues	<u>2,523,840</u>		<u>2,523,840</u>	<u>2,523,840</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	598,841		598,841	598,841	
Redemption of Principal	1,925,000		1,925,000	1,925,000	
Total Regular Debt Service	<u>2,523,841</u>		<u>2,523,841</u>	<u>2,523,841</u>	
Total Expenditures	<u>2,523,841</u>		<u>2,523,841</u>	<u>2,523,841</u>	
(Deficit) of Revenue (Under) Expenditures	(1)		(1)	(1)	
Fund Balance, July 1	<u>2</u>		<u>2</u>	<u>2</u>	
Fund Balance, June 30	<u>\$ 1</u>	<u>\$ -0-</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -0-</u>
<u>Recapitulation:</u>					
Restricted				<u>\$ 1</u>	
				<u>\$ 1</u>	

STATISTICAL SECTION

(UNAUDITED)

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

Contents

Exhibit

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.

BOROUGH OF MADISON SCHOOL DISTRICT
NET POSITION BY COMPONENT,
LAST TEN FISCAL YEARS
ACCURAL BASIS OF ACCOUNTING
UNAUDITED

June 30,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net Investment in Capital Assets	\$ 11,332,466	\$ 15,653,963	\$ 16,342,044	\$ 16,311,254	\$ 20,162,837	\$ 22,109,941	\$ 26,929,496	\$ 25,609,884	\$ 25,706,050	\$ 25,643,572
Restricted	502,063	3,012,878	12,835,643	11,567,657	5,301,619	2,661,655	5,024,822	6,915,442	7,240,925	7,800,329
Unrestricted/(Deficit)	(3,594,860)	(8,440,515)	(9,636,859)	(10,260,343)	(9,360,684)	(8,945,774)	(13,062,246)	(12,141,442)	(8,811,879)	(7,592,816)
Total Governmental Activities Net Position	\$ 8,239,669	\$ 10,226,326	\$ 19,540,828	\$ 17,618,568	\$ 16,103,772	\$ 15,825,822	\$ 18,892,072	\$ 20,383,884	\$ 24,135,096	\$ 25,851,085
Business-type Activities										
Investment in Capital Assets	\$ 81,297	\$ 74,143	\$ 71,712	\$ 65,626	\$ 58,360	\$ 51,979	\$ 257,093	\$ 230,432	\$ 216,849	\$ 193,092
Unrestricted	172,199	316,844	482,596	703,719	924,208	1,112,194	371,400	126,309	377,676	555,924
Total Business-type Activities Net Position	\$ 253,496	\$ 390,987	\$ 554,308	\$ 769,345	\$ 982,568	\$ 1,164,173	\$ 628,493	\$ 356,741	\$ 594,525	\$ 749,016
District-wide										
Net Investment in Capital Assets	\$ 11,413,763	\$ 15,728,106	\$ 16,413,756	\$ 16,376,880	\$ 20,221,197	\$ 22,161,920	\$ 27,186,589	\$ 25,840,316	\$ 26,621,451	\$ 25,836,664
Restricted	502,063	3,012,878	12,835,643	11,567,657	5,301,619	2,661,655	5,024,822	6,915,442	7,240,925	7,800,329
Unrestricted/(Deficit)	(3,422,661)	(8,123,671)	(9,154,263)	(9,556,624)	(8,436,476)	(7,833,580)	(12,690,846)	(12,015,133)	(9,132,755)	(7,036,892)
Total District Net Position	\$ 8,493,165	\$ 10,617,313	\$ 20,095,136	\$ 18,387,913	\$ 17,086,340	\$ 16,989,995	\$ 19,520,565	\$ 20,740,625	\$ 24,729,621	\$ 26,600,101

Source: School District Financial Reports

BOROUGH OF MADISON SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
ACCURAL BASIS OF ACCOUNTING
UNAUDITED

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 17,173,580	\$ 20,709,510	\$ 22,134,753	\$ 25,910,729	\$ 29,009,506	\$ 26,214,463	\$ 26,035,421	\$ 26,962,517	\$ 25,380,410	\$ 24,642,384
Special Education	3,571,209	4,766,540	5,410,247	5,715,609	6,779,627	6,546,143	6,729,692	6,591,547	6,643,111	6,335,017
Other Special Education	819,199	1,139,843	1,118,974	1,125,055	1,251,166	1,292,875	1,417,784	1,415,386	2,012,028	1,762,980
School Sponsored/Other Instruction	1,486,849	1,825,173	1,913,513	2,210,472	1,541,826	1,527,333	1,389,761	1,261,491	1,309,578	1,402,304
Support Services:										
Tuition	1,284,815	1,618,438	1,510,444	1,707,515	1,975,166	2,236,459	2,404,553	2,632,472	2,113,658	2,506,787
Student & Instruction Related Services	7,204,111	8,505,628	9,214,701	9,960,425	10,279,696	10,248,883	9,418,747	10,061,424	9,970,432	9,791,201
General Administrative Services	1,115,311	1,348,501	1,342,234	1,287,818	1,359,652	1,618,751	1,901,647	1,828,117	1,775,795	1,454,572
School Administrative Services	1,995,306	2,426,228	2,569,426	2,593,190	2,644,749	2,621,275	2,919,048	2,709,345	2,701,282	2,911,361
Central Services	641,578	666,171	684,642	821,804	923,069	936,514	803,316	571,277	547,847	595,373
Administrative Information Technology	171,171	183,035	288,293	325,150	333,399	403,745	476,736	479,899	577,744	696,970
Plant Operations and Maintenance	3,244,363	4,334,959	4,804,932	4,914,974	5,284,412	5,266,251	4,698,971	4,702,870	4,383,787	5,169,521
Pupil Transportation	1,008,031	1,178,059	1,173,062	1,254,338	1,353,378	1,766,188	1,690,340	1,708,784	2,297,121	2,667,408
Transfer of Funds to Charter School		8,606	24,192	24,261	35,227	25,191	26,326	111,654	62,514	
Interest on Long-term Debt	1,591,920	1,529,594	1,488,674	1,269,124	1,272,725	1,293,088	1,250,765	1,676,613	1,012,683	1,215,648
Unallocated Depreciation	1,540,461	1,537,042	1,527,119	1,407,342						
Total Governmental Activities Expenses	42,847,904	51,777,327	55,205,206	60,527,806	64,043,598	61,997,159	61,163,107	62,713,396	60,787,990	61,151,326
Business-type Activities:										
Food Service	728,307	686,979	694,629	700,715	655,069	683,975	530,149	313,441	989,226	926,577
Kindergarten Wrap Around	160,336	182,627	246,240	181,812	243,432	276,296	8,704			
Integrated Preschool	13,600	16,250	12,200	12,300		8,000				
Summer Program						54,504	50,545	36,050	64,877	132,671
Total Business-type Activities Expense	902,243	885,856	953,069	894,827	898,501	1,022,775	589,398	349,491	1,054,103	1,059,248
Total District Expenses	43,750,147	52,663,183	56,158,275	61,422,633	64,942,099	63,019,934	61,752,505	63,062,887	61,842,093	62,210,774
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 1,805,518	\$ 1,806,176	\$ 1,815,704	\$ 1,754,597	\$ 1,755,262	\$ 1,760,571	\$ 1,840,774	\$ 2,044,245	\$ 2,009,939	\$ 1,954,996
School Sponsored/Other Instruction (Student Activity Fees)	93,135	92,775	95,825	87,300	97,180	84,950	86,570	145,522	91,868	93,393
Student and Instruction Related Services	5,214	8,125	9,750	12,480	12,870	14,820	13,000	354,242	383,703	728,766
Pupil Transportation (Subscription Busing)	5,866,662	10,865,042	12,754,451	16,482,287	18,133,228	14,718,076	13,101,450	14,868,985	14,808,922	12,068,141
Operating Grants and Contributions				343,102						
Capital Grants and Contributions	7,770,529	12,772,118	14,675,730	18,679,766	19,998,540	16,578,417	15,041,794	17,412,994	17,294,432	14,848,643
Total Governmental Activities Program Revenues	18,816,058	23,747,136	26,055,960	37,757,022	39,849,080	33,342,024	34,062,638	41,377,486	44,597,934	49,639,939
Business-type Activities:										
Charges for Services:										
Food Service	609,166	570,857	576,339	565,458	555,058	586,871	416,837	1,245	235,093	766,963
Kindergarten Wrap Around	300,550	316,950	410,600	418,300	448,200	455,650	13,350	21,100	23,750	23,300
Integrated Preschool	13,600	16,250	12,200	15,250	1,100	9,200	98,200	124,531	126,567	126,567
Summer Program						103,309	95,438	303,251	908,513	296,423
Operating Grants and Contributions - Food Service	127,258	119,290	117,251	110,856	107,366	120,530	62,825	366,354	1,291,887	1,213,253
Total Business-type Activities Program Revenues	1,050,574	1,023,347	1,116,390	1,109,864	1,111,724	1,207,530	623,825	1,779,348	18,586,319	16,061,896
Total District Program Revenues	8,821,103	13,795,465	15,792,120	19,789,630	21,110,264	17,785,947	15,665,619	17,779,348	18,586,319	16,061,896

BOROUGH OF MADISON SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
ACCURAL BASIS OF ACCOUNTING
UNAUDITED
(Continued)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense)/Revenue:										
Governmental Activities	\$ (35,077,375)	\$ (39,005,209)	\$ (40,529,476)	\$ (41,848,040)	\$ (44,045,058)	\$ (45,418,742)	\$ (46,121,313)	\$ (45,300,402)	\$ (43,493,558)	\$ (46,302,883)
Business-type Activities	148,331	137,491	163,321	215,037	213,223	184,755	34,427	16,863	237,784	154,005
Total District-wide Net Expense	\$ (34,929,044)	\$ (38,867,718)	\$ (40,366,155)	\$ (41,633,003)	\$ (43,831,835)	\$ (45,233,987)	\$ (46,086,886)	\$ (45,283,539)	\$ (43,255,774)	\$ (46,148,878)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 33,979,228	\$ 36,110,120	\$ 37,961,408	\$ 38,740,759	\$ 39,515,574	\$ 40,806,822	\$ 41,913,914	\$ 43,178,077	\$ 44,041,638	\$ 44,476,745
Taxes Levied for Debt Service	2,425,545	2,404,748	2,397,198	2,302,922	2,070,457	2,090,015	2,089,335	2,092,952	1,983,546	2,082,335
Unrestricted Grants and Contributions	38,056	81,021	100,346	592,828	658,667	805,104	746,100	746,292	746,384	707,889
Sale of Property		2,000,000	9,000,000							
Investment Earnings and Miscellaneous Income	299,290	395,977	353,245	433,653	285,564	529,732	589,993	472,327	473,202	751,903
Transfers			31,781				776,000	288,615		
Capital Reserve - Reimbursement for Local Share						343,560				
Maintenance Reserve - Reimbursement for Local Share						565,559				
Total Governmental Activities	36,742,119	40,991,866	49,843,978	42,070,162	42,530,262	45,140,792	46,115,342	46,778,263	47,244,770	48,018,872
Business-type Activities:										
Transfers							(776,000)	(288,615)		486
Cancellation of Prior Year Accounts Receivable						(3,150)	(278)			486
Accounts (Receivable)/ Payable						(3,150)	(776,278)	(288,615)		
Total Business-type Activities										
Total District-wide	\$ 36,742,119	\$ 40,991,866	\$ 49,843,978	\$ 42,070,162	\$ 42,530,262	\$ 45,137,642	\$ 45,339,064	\$ 46,489,648	\$ 47,244,770	\$ 48,019,358
Change in Net Position										
Governmental Activities	\$ 1,664,744	\$ 1,986,657	\$ 9,314,502	\$ 222,122	\$ (1,514,796)	\$ (277,950)	\$ (5,971)	\$ 1,477,861	\$ 3,751,212	\$ 1,715,989
Business-type Activities	148,331	137,491	163,321	215,037	213,223	181,605	(741,851)	(271,752)	237,784	154,491
Total District	\$ 1,813,075	\$ 2,124,148	\$ 9,477,823	\$ 437,159	\$ (1,301,573)	\$ (96,345)	\$ (747,822)	\$ 1,206,109	\$ 3,988,996	\$ 1,870,480

Source: School District Financial Reports

BOROUGH OF MADISON SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

June 30,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted	\$ 498,230	\$ 3,005,954	\$ 12,810,789	\$ 11,542,803	\$ 5,301,618	\$ 2,661,654	\$ 4,296,774	\$ 6,414,316	\$ 6,755,217	\$ 7,294,536
Assigned	2,231,086	1,504,758	1,401,219	1,888,758	1,848,979	3,999,086	504,494	425,727	1,081,715	2,017,480
Unassigned	733,937	841,580	809,169	883,318	995,383	961,274	1,144,216	2,201,072	2,339,356	1,277,261
Total General Fund	\$ 3,463,253	\$ 5,352,292	\$ 15,021,177	\$ 14,314,879	\$ 8,145,980	\$ 7,622,014	\$ 5,945,484	\$ 9,041,115	\$ 10,176,288	\$ 10,589,277
All Other Governmental Funds										
Restricted	\$ 3,833	\$ 773	\$ 24,854	\$ 24,854	\$ 1	\$ 1	\$ 728,048	\$ 501,126	\$ 485,708	\$ 505,793
Committed	834,864	120,868	57,143		1,500,533					
Total All Other Governmental Funds	\$ 838,697	\$ 121,641	\$ 81,997	\$ 24,854	\$ 1,500,534	\$ 1	\$ 728,048	\$ 501,126	\$ 485,708	\$ 505,793
Total Governmental Funds	\$ 4,301,950	\$ 5,473,933	\$ 15,103,174	\$ 14,339,733	\$ 9,646,514	\$ 7,622,015	\$ 6,673,532	\$ 9,542,241	\$ 10,661,996	\$ 11,095,070

Source: School District Financial Reports

BOROUGH OF MADISON SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Local Tax Levy	\$ 36,404,773	\$ 38,514,868	\$ 40,358,606	\$ 41,043,681	\$ 41,586,031	\$ 42,896,837	\$ 44,003,249	\$ 45,271,029	\$ 46,025,184	\$ 46,559,080
Tuition from Individuals	161,000	192,000	192,000	114,200	119,000	104,000	33,500	84,823	117,407	133,844
Tuition from Other LEAs	1,805,518	1,645,176	1,623,704	1,640,397	1,636,262	1,656,571	1,807,274	1,959,422	1,892,532	1,821,152
Transportation Fees from Individuals							13,000			3,347
Rents and Royalties							23,644	25,098	26,403	31,256
Sale of Property		2,000,000	9,000,000							
Interest Earned on Maintenance Reserve Funds				12,098	6,143	3,993	2,000	2,000	2,000	17,685
Interest Earned on Capital Reserve Funds				49,700	52,969	34,430	3,971	10,502	3,509	53,150
Miscellaneous	481,170	647,114	527,833	552,156	459,355	645,321	442,182	826,690	799,052	1,117,513
PILOT Payments							225,542	208,048	198,681	431,254
State Sources	5,146,078	5,792,884	6,520,667	7,507,355	8,162,427	9,512,926	10,273,151	12,507,297	15,532,651	15,944,483
Federal Sources	675,109	708,250	718,526	646,596	755,318	864,148	644,262	844,245	1,473,869	1,174,530
Total Revenue	44,512,648	49,469,292	58,941,336	51,566,183	52,777,505	55,718,226	57,471,775	61,739,154	66,071,288	67,287,294
Expenditures										
Instruction										
Regular Instruction	12,429,568	13,199,725	13,143,131	13,888,476	14,197,956	14,129,779	14,675,645	15,564,418	15,844,061	16,600,932
Special Education Instruction	2,572,376	2,974,315	3,164,512	3,008,557	3,201,559	3,482,345	3,603,654	3,523,625	3,910,865	4,003,651
Other Special Instruction	575,907	691,851	642,121	578,439	511,710	584,475	663,992	635,624	1,055,517	1,063,764
School-Sponsored/Other Instruction	1,131,269	1,268,741	1,240,510	1,256,684	1,200,133	1,259,165	1,110,126	1,025,227	1,166,059	1,220,628
Support Services:										
Tuition	1,284,815	1,618,438	1,510,444	1,707,515	1,975,166	2,236,459	2,404,553	2,632,472	2,113,658	2,506,787
Student & Other Instruction Related Services	5,196,987	5,417,963	5,553,692	5,405,491	5,815,654	6,392,497	6,156,904	6,876,295	7,505,493	7,612,839
General Administrative Services	996,607	1,218,958	1,174,552	1,078,846	1,082,549	1,319,968	1,335,664	1,217,633	1,327,443	1,081,400
School Administrative Services	1,431,167	1,491,094	1,462,833	1,481,899	1,461,313	1,548,666	1,714,934	1,652,543	1,755,423	1,948,133
Central Services	519,845	533,683	541,470	584,620	557,217	590,670	563,076	369,678	393,616	448,890
Administrative Information Technology	139,044	148,000	230,474	236,322	243,705	342,081	381,637	414,163	484,966	638,544
Plant Operations and Maintenance	3,033,566	3,871,096	4,276,237	5,244,997	4,390,148	4,448,770	3,757,148	3,787,580	3,835,668	4,667,683
Student Transportation	981,635	1,156,477	1,152,415	1,238,534	1,257,488	1,698,578	1,597,168	1,617,035	2,191,134	2,535,122
Unallocated Benefits	9,657,039	10,768,388	11,956,911	12,548,561	14,121,028	15,262,290	15,887,422	16,928,861	18,514,444	19,081,664
Transfer of Funds to Charter School		8,606	24,192	24,261	35,227	25,191	26,326	111,654	62,514	
Capital Outlay	74,197	975,878	351,020	1,145,019	4,783,850	2,701,573	3,623,814	317,179	2,532,934	920,342
Debt Service:										
Principal	1,465,000	1,510,000	1,560,000	1,620,000	1,405,000	1,445,000	1,490,000	1,540,000	1,875,000	1,925,000
Interest and Other Charges	1,502,800	1,444,096	1,359,362	1,281,403	1,231,021	1,184,337	1,138,478	1,093,027	647,267	598,841
Total Expenditures	42,991,822	48,297,309	49,343,876	52,329,624	57,470,724	58,651,844	60,130,541	59,307,014	65,216,062	66,854,220
Excess/(Deficit) of Revenues										
Over/(Under) Expenditures	1,520,826	1,171,983	9,597,460	(763,441)	(4,693,219)	(2,933,618)	(2,658,766)	2,432,140	855,226	433,074

BOROUGH OF MADISON SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
UNAUDITED
(Continued)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Other Financing Sources/(Uses)										
Leases (Non-budgeted)										
Financed Purchases (Non-Budgeted)										
Capital Reserve - Reimbursement						\$ 343,560		\$ 147,954	\$ 264,529	
for Local Share										
Maintenance Reserve - Reimbursement						565,559				
for Local Share										
Long Term Debt Issued			\$ 7,060,000					23,550,000		
Bond Premium			626,844					268,271		
Serial Bonds Defeased			(6,945,000)					(22,145,000)		
Bond Issuance Costs			(51,174)					(194,475)		
Deferred Amount on Refunding			(690,670)					(1,478,796)		
Transfers			31,781				\$ 776,000	288,615		
Total Other Financing Sources/(Uses)			31,781			909,119	776,000	436,569	264,529	
Net Change in Fund Balances	\$ 1,520,826	\$ 1,171,983	\$ 9,629,241	\$ (763,441)	\$ (4,693,219)	\$ (2,024,499)	\$ (1,882,766)	\$ 2,868,709	\$ 1,119,755	\$ 433,074
Debt Service as a Percentage of										
Noncapital Expenditures	6.92%	6.24%	5.92%	5.54%	4.96%	4.69%	4.37%	4.44%	3.87%	3.78%

BOROUGH OF MADISON SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL AND INTERMEDIATE REVENUE BY SOURCE
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

Fiscal Year Ending June 30,	Student Activities Fees		Subscription Busing		Chromebook Insurance Fees		Interest on Investments		Use of Facilities		Sale of Property,**		Miscellaneous		PILOT Payments		Total
	Tuition	Fees	Busing		Insurance	Fees	Investments	Facilities	Property,**	Miscellaneous	Payments	Total					
2014	\$ 1,805,518	\$ 93,135	\$ 5,214				\$ 5,885	\$ 80,742		\$ 212,663		\$ 2,203,157					\$ 2,203,157
2015	1,806,176	92,775	8,125				8,433	69,968	\$ 2,000,000	317,576		4,303,053					4,303,053
2016	1,815,704	95,825	9,750	\$ 22,641			60,765	82,503	9,000,000	187,336		11,274,524					11,274,524
2017	1,754,597	87,300	12,480	27,947			102,519	73,140		150,725		2,208,708					2,208,708
2018	1,755,262	97,180	12,870	26,133			95,291	60,503		103,637		2,150,876					2,150,876
2019	1,760,571	84,950	14,820	745			70,032	76,308		235,134	\$ 147,513	2,390,073					2,390,073
2020	1,840,774	86,570	13,000				50,988	23,644		289,819	225,542	2,530,337					2,530,337
2021	2,044,245	145,522					51,628	25,098		187,553	208,048	2,662,094					2,662,094
2022	2,009,939	91,868					27,908	26,403		220,210	198,681	2,575,009					2,575,009
2023	1,954,996	93,393	3,347				233,462	31,256		55,931	431,254	2,803,639					2,803,639

** Proceeds from sale of Green Village Road School.

Source: Borough of Madison School District records.

BOROUGH OF MADISON 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	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2013*	\$ 23,333,600	\$ 2,798,024,100	\$ 465,483,400	\$ 4,072,500	\$ 91,118,500	\$ 3,382,032,100	\$ -	\$ 3,382,032,100	\$ 555,040,400	\$ 1.067	\$ 3,571,446,562
2014	15,176,600	2,814,994,500	508,259,600	4,072,500	87,621,200	3,430,124,400	-	3,430,124,400	557,518,000	1.093	3,624,640,053
2015	23,800,200	2,838,276,000	505,452,600	4,072,500	85,139,200	3,456,740,500	-	3,456,740,500	545,316,700	1.142	3,846,608,045
2016	25,010,100	2,850,881,700	516,116,100	4,072,500	86,176,700	3,482,257,100	-	3,482,257,100	541,464,300	1.169	3,882,843,683
2017	33,059,700	2,869,521,100	513,866,300	4,072,500	91,676,700	3,512,196,300	-	3,512,196,300	532,430,100	1.178	4,061,499,410
2018	31,821,400	2,892,646,400	522,826,000	4,072,500	91,036,700	3,542,403,000	-	3,542,403,000	533,431,600	1.193	4,037,538,804
2019	32,692,900	2,915,013,200	523,854,800	4,072,500	91,036,700	3,566,670,100	-	3,566,670,100	565,424,000	1.222	4,323,326,284
2020	19,894,700	2,930,731,000	547,559,500	4,072,500	90,155,500	3,592,413,200	-	3,592,413,200	607,548,500	1.243	4,468,033,471
2021	19,591,700	2,948,605,900	536,722,000	4,072,500	90,155,500	3,599,147,600	-	3,599,147,600	598,963,700	1.267	4,334,831,992
2022	18,244,500	2,951,570,700	534,561,500	4,072,500	89,405,500	3,597,854,700	-	3,597,854,700	607,134,300	1.294	4,365,283,589

* - Property revaluation became effective in this year.

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

b - Tax rates are per \$100 of assessed value.

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.

Source: Municipal Tax Assessor.

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

Year Ended December 31,	Borough of Madison School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Madison	Morris County	
2013*	\$ 0.9919	\$ 0.0751	\$ 1.067	\$ 0.420	\$ 0.267	\$ 1.754
2014	1.0202	0.0728	1.093	0.415	0.270	1.778
2015	1.0707	0.0713	1.142	0.417	0.281	1.840
2016	1.0996	0.0694	1.169	0.367	0.284	1.820
2017	1.1194	0.0586	1.178	0.429	0.300	1.907
2018	1.1349	0.0581	1.193	0.434	0.296	1.923
2019	1.1640	0.0580	1.222	0.433	0.317	1.972
2020	1.1855	0.0575	1.243	0.437	0.324	2.004
2021	1.2124	0.0546	1.267	0.446	0.313	2.026
2022	1.2362	0.0579	1.294	0.454	0.304	2.052

* - Property revaluation became effective in this year.

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.

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.

Source: Municipal Tax Collector and School Business Administrator.

BOROUGH OF MADISON SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2022		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Giralda Farms LLC	\$ 76,237,500	1	2.12%
175 Park Ave LLC	66,150,000	2	1.84%
7 Giralda Realty LLC	33,027,600	3	0.92%
ARC LLC	29,400,000	4	0.82%
1 Giralda Realty LLC	21,984,000	5	0.61%
Fazio Farms, LLC	21,600,000	6	0.60%
AHS Hospital Corp.	18,959,400	7	0.53%
HCP Inc.	17,600,000	8	0.49%
HS Investors c/o Heller Group	17,428,300	9	0.48%
Rose City Assoc.	12,772,900	10	0.36%
	<u>\$ 315,159,700</u>		<u>8.76%</u>

Taxpayer	2013		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Route 24 Holdings, Inc.	\$ 75,000,000	1	2.22%
Rex 7 Giralda Farms, LLC	32,500,000	2	0.96%
3 Giralda Farms LLC	21,600,000	3	0.64%
Maersk, Inc.	20,900,000	4	0.62%
Rex 1 Giralda Farms LLC	20,000,000	5	0.59%
HCP Sun 1 Madison	17,600,000	6	0.52%
HS Investors c/o Heller Group	17,178,300	7	0.51%
175 Park Avenue, LLC	16,490,800	8	0.49%
Rose City Associates LP of NJ	12,772,900	9	0.38%
Town Gardens LLC	10,500,000	10	0.31%
	<u>\$ 244,542,000</u>		<u>7.23%</u>

Note: A property revaluation was effective in 2013.

Source: Municipal Tax Assessor

BOROUGH OF MADISON 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	
2014	\$ 36,404,773	\$ 36,404,773	100.00%	\$ -0-
2015	38,514,868	38,514,868	100.00%	-0-
2016	40,358,606	40,358,606	100.00%	-0-
2017	41,043,681	41,043,681	100.00%	-0-
2018	41,586,031	41,586,031	100.00%	-0-
2019	42,896,837	42,896,837	100.00%	-0-
2020	44,003,249	44,003,249	100.00%	-0-
2021	45,271,029	45,271,029	100.00%	-0-
2022	46,025,184	46,025,184	100.00%	-0-
2023	46,559,080	46,559,080	100.00%	-0-

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.

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

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

<u>Governmental Activities</u>						
Fiscal Year Ended June 30,	General Obligation Bonds	Financed Purchases and Leases	Bond Anticipation Notes (BANs)	Total District	Percentage of Personal Income ^a	Per Capita ^a
2014	\$ 41,475,000	\$ 52,043	\$ -0-	\$ 41,527,043	3.10%	\$ 2,614.56
2015	39,965,000	26,375	-0-	39,991,375	2.85%	2,517.56
2016	38,520,000	-0-	-0-	38,520,000	2.66%	2,429.52
2017	36,900,000	-0-	-0-	36,900,000	2.50%	2,337.37
2018	35,495,000	-0-	-0-	35,495,000	2.22%	2,163.41
2019	34,050,000	-0-	-0-	34,050,000	1.96%	1,938.96
2020	32,560,000	-0-	-0-	32,560,000	1.81%	1,848.74
2021	32,425,000	926,518	-0-	33,351,518	1.83%	1,967.87
2022	30,550,000	939,282	-0-	31,489,282	1.80%	1,936.49
2023	28,625,000	670,451	-0-	29,295,451	1.67%	1,801.58

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.

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

Source: School District Financial Reports.

BOROUGH OF MADISON 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	Deductions	Net General Bonded Debt Outstanding		
2014	\$ 41,475,000	\$ -0-	\$ 41,475,000	1.226%	\$ 2,611.28
2015	39,965,000	-0-	39,965,000	1.165%	2,515.90
2016	38,520,000	-0-	38,520,000	1.114%	2,429.52
2017	36,900,000	-0-	36,900,000	1.060%	2,337.37
2018	35,495,000	-0-	35,495,000	1.011%	2,163.41
2019	34,050,000	-0-	34,050,000	0.961%	1,938.96
2020	32,560,000	-0-	32,560,000	0.913%	1,848.74
2021	32,425,000	-0-	32,425,000	0.903%	1,913.21
2022	30,550,000	-0-	30,550,000	0.849%	1,878.73
2023	28,625,000	-0-	28,625,000	0.796%	1,760.35

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

b - See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

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

Source: School District Financial Reports.

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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Madison	\$ 18,427,672	100.00%	\$ 18,427,672
Morris County General Obligation Debt	253,387,955	4.02%	10,188,069
Subtotal, Overlapping Debt			28,615,742
Borough of Madison School District Direct Debt			28,625,000
Total Direct and Overlapping Debt			\$ 57,240,742

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 another governmental unit's equalized property value that is within the district's boundaries and dividing it by each unit's total equalized property value.

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 residents and businesses of Madison. 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.

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

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

Legal Debt Margin Calculation for Fiscal Year 2023

Year Ended December 31,	Equalized Valuation Basis
2020	\$ 4,316,247,988
2021	4,356,794,093
2022	4,412,921,256
	<u>\$ 13,085,963,337</u>
Average Equalized Valuation of Taxable Property	<u>\$ 4,361,987,779</u>
Debt Limit (4% of Average Equalization Value) a	\$ 174,479,511
Net Bonded School Debt	<u>28,625,000</u>
Legal Debt Margin	<u>\$ 145,854,511</u>

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt Limit	\$ 141,638,856	\$ 145,425,277	\$ 149,533,924	\$ 155,575,556	\$ 158,054,593
Total Net Debt Applicable to Limit	<u>41,475,000</u>	<u>39,965,000</u>	<u>38,520,000</u>	<u>36,900,000</u>	<u>35,495,000</u>
Legal Debt Margin	<u>\$ 100,163,856</u>	<u>\$ 105,460,277</u>	<u>\$ 111,013,924</u>	<u>\$ 118,675,556</u>	<u>\$ 122,559,593</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	29.28%	27.48%	25.76%	23.72%	22.46%

	Fiscal Year				
	2019	2020	2021	2022	2023
Debt Limit	\$ 163,917,471	\$ 169,368,013	\$ 173,678,691	\$ 174,649,869	\$ 174,479,511
Total Net Debt Applicable to Limit	<u>34,050,000</u>	<u>32,560,000</u>	<u>32,425,000</u>	<u>30,550,000</u>	<u>28,625,000</u>
Legal Debt Margin	<u>\$ 129,867,471</u>	<u>\$ 136,808,013</u>	<u>\$ 141,253,691</u>	<u>\$ 144,099,869</u>	<u>\$ 145,854,511</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	20.77%	19.22%	18.67%	17.49%	16.41%

a - Limit set by NJSA 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.

BOROUGH OF MADISON SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Borough of Madison Income Personal Income ^b	Morris County Per Capita Personal Income ^c	Unemployment Rate ^d
2014	15,883	\$ 1,338,730,421	\$ 84,287	4.80%
2015	15,885	1,402,613,730	88,298	4.00%
2016	15,855	1,446,800,460	91,252	3.70%
2017	15,787	1,476,779,128	93,544	3.40%
2018	16,407	1,595,482,308	97,244	3.10%
2019	17,561	1,740,997,540	99,140	2.70%
2020	17,612	1,800,421,924	102,227	6.00%
2021	16,948	1,826,435,116	107,767	4.40%
2022	16,261	1,752,399,187	107,767 *	2.90%
2023	16,261 **	1,752,399,187 ***	107,767 *	N/A

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

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

*** - Latest available population data (2022) and latest available Morris County per capita personal income (2021) was used for calculation purposes.

N/A - Information not available

Sources:

^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

BOROUGH OF MADISON SCHOOL DISTRICT
PRINCIPAL EMPLOYERS, COUNTY OF MORRIS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	2022		
	Employees	Rank (Optional)	Percentage of Total Employment
Atlantic Health System	10,552	1	4.05%
Novartis	6,500	2	2.49%
Picatinny Arsenal	6,000	3	2.30%
Barclays	3,374	4	1.29%
ADP	2,400	5	0.92%
Accenture	2,344	6	0.90%
PricewaterhouseCoopers	2,095	7	0.80%
Cigna	1,686	8	0.65%
Deloitte & Touche	1,646	9	0.63%
Saint Clare's Health	1,473	10	0.57%
	<u>38,070</u>		<u>14.61%</u>
Total Employment	<u>260,558</u>		
Employer	2013		
	Employees	Rank (Optional)	Percentage of Total Employment
U.S Army Armament R&D	5,841	1	2.27%
Novartis	5,035	2	1.96%
Atlantic Health	4,463	3	1.74%
Automatic Data Processing, Inc.	2,060	4	0.80%
Bayer Healthcare, LLC	1,900	5	0.74%
County of Morris	1,674	6	0.65%
Wyndham Worldwide Corporation	1,653	7	0.64%
Saint Clare's Health System	1,642	8	0.64%
BASF Corporation	1,500	9	0.58%
Accenture	1,480	10	0.58%
	<u>27,248</u>		<u>10.60%</u>
Total Employment	<u>257,024</u>		

Source: County of Morris

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

<u>Function/Program</u>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction:										
Regular	152	152	161	167	168	169	169	174	157	161
Special Education	45	53	57	55	55	56	59	56	52	64
Other Special Instruction	30	30	26	40	58	59	44	34	28	22
Support Services:										
Student & Instruction Related Services	43	41	44	32	35	35	43	45	48	49
General Administrative Services	3	3	3	4	4	4	6	6	6	4
School Administrative Services	19	16	15	16	16	15	18	18	18	18
Central Services	17	20	20	19	6	5	5	4	4	5
Administration Information Technology	3	3	5	5	4	4	4	4	4	4
Plant Operations and Maintenance	22	25	27	28	31	29	29	28	30	31
Total	334	343	358	366	377	376	377	369	347	358

Source: District Personnel Records.

BOROUGH OF MADISON SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Pupil/Teacher Ratio											Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
	Elementary					Middle									
	Enrollment	Operating Expenditures ^a	Cost per Pupil ^b	Percentage Change	Teaching Staff ^c	Central Avenue	Kings Road	Torey J. Sabatini	Madison Junior School	Madison High School	Madison School				
2014	2,503	\$ 39,949,825	\$ 15,961	-5.53%	227	11.0:1	9.2:1	12.0:1	11.2:1	11.3:1	11.3:1	2,509	2,410	3.81%	96.05%
2015	2,524	44,367,335	17,578	10.13%	235	9.2:1	9.9:1	11.0:1	10.0:1	10.9:1	10.9:1	2,528	2,424	0.76%	95.89%
2016	2,565	46,073,494	17,962	2.19%	244	9.8:1	9.6:1	11.1:1	11.9:1	11.2:1	11.2:1	2,568	2,464	1.58%	95.95%
2017	2,600	48,283,202	18,570	3.39%	262	8.2:1	7.8:1	10.8:1	10.6:1	11.7:1	11.7:1	2,607	2,492	1.52%	95.59%
2018	2,603	50,050,853	19,228	3.54%	281	7.1:1	7.2:1	10.1:1	10.8:1	10.9:1	10.9:1	2,620	2,488	0.50%	94.96%
2019	2,597	53,320,934	20,532	6.78%	284	6.5:1	8.0:1	10.1:1	10.6:1	10.7:1	10.7:1	2,629	2,504	0.34%	95.25%
2020	2,571	53,878,249	20,956	2.07%	277	8.0:1	8.9:1	8.5:1	10.2:1	9.9:1	9.9:1	2,597	2,507	-1.22%	96.53%
2021	2,526	56,356,808	22,311	6.46%	264	8.0:1	8.9:1	8.5:1	10.2:1	9.9:1	9.9:1	2,477	2,507	-4.62%	101.21%
2022	2,526	60,160,861	23,817	6.75%	267	8.0:1	8.9:1	8.5:1	10.2:1	9.9:1	9.9:1	2,478	2,357	0.04%	95.12%
2023	2,525	63,410,037	25,113	5.44%	271	8.0:1	8.9:1	8.5:1	10.2:1	9.9:1	9.9:1	2,517	2,380	1.57%	94.56%

a - Operating expenditures equal total expenditures less debt service and capital outlay.

b - Cost per pupil is the sum of operating expenditures divided by enrollment. This cost per pupil and may be different from other cost per pupil calculations.

c - Teaching staff includes only full-time equivalents of certificated staff.

d - Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Note: Enrollment based on annual October District count.

Source: Borough of Madison School District records.

BOROUGH OF MADISON SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

<u>District Building</u>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Green Village Road School (1948)*	26,159	26,159	*							
Square Feet										
Central Avenue School (1910)	62,109	62,109	62,109	62,109	62,109	62,109	62,109	62,109	62,109	62,109
Square Feet										
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	505	480	488	502	499	489	476	497	497	496
Kings Road School (1948)	44,772	44,772	44,772	44,772	44,772	44,772	44,772	44,772	44,772	44,772
Square Feet										
Capacity (students)	300	300	300	300	300	300	300	300	300	300
Enrollment	281	286	286	311	310	311	307	286	286	284
Torey J. Sabatini School (1969)	53,964	53,964	53,964	53,964	53,964	53,964	53,964	53,964	53,964	53,964
Square Feet										
Capacity (students)	350	350	350	350	350	350	350	350	350	350
Enrollment	333	343	337	323	332	314	296	272	272	311
Madison Junior School (1926)	98,476	98,476	98,476	98,476	98,476	98,476	98,476	98,476	98,476	98,476
Square Feet										
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	548	589	610	635	624	617	612	590	590	584
Madison High School (1958)	151,810	151,810	151,810	151,810	151,810	151,810	151,810	151,810	151,810	151,810
Square Feet										
Capacity (students)	950	950	950	950	950	950	950	950	950	950
Enrollment	836	826	844	829	838	866	880	881	881	850
Board Office										
Square Feet	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700
Number of Schools at June 30, 2023										
Elementary = 3										
Middle School = 1										
High School = 1										
Other = 1										

* - The sale of the Green Village Road School was completed during the 2015-16 fiscal year.

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October District count.

Source: Borough of Madison School District Board Office.

BOROUGH OF MADISON SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance
 For School Facilities - Account #11-000-261-XXX:

<u>School Facilities*</u>	Project # (s)	Fiscal Year Ended June 30,				
		2014	2015	2016	2017	2018
Central Avenue	N/A	\$ 109,524	\$ 200,355	\$ 279,273	\$ 452,058	\$ 272,277
Kings Road	N/A	79,133	144,760	201,779	326,619	236,574
Torey J. Sabatini	N/A	95,163	174,083	242,653	392,781	431,857
Junior School	N/A	173,716	317,782	442,952	717,005	196,725
High School	N/A	267,790	489,875	682,831	1,105,296	665,727
Grand Total		<u>\$ 725,326</u>	<u>\$ 1,326,855</u>	<u>\$ 1,849,488</u>	<u>\$ 2,993,759</u>	<u>\$ 1,803,160</u>

<u>School Facilities*</u>	Project # (s)	Fiscal Year Ended June 30,				
		2019	2020	2021	2022	2023
Central Avenue	N/A	\$ 258,915	\$ 184,210	\$ 194,964	\$ 80,814	\$ 304,341
Kings Road	N/A	187,071	115,131	121,852	141,819	339,631
Torey J. Sabatini	N/A	224,965	161,184	170,593	177,506	213,309
Junior School	N/A	410,664	264,802	280,260	199,690	266,818
High School	N/A	638,046	425,987	450,854	392,725	350,245
Grand Total		<u>\$ 1,719,661</u>	<u>\$ 1,151,314</u>	<u>\$ 1,218,523</u>	<u>\$ 992,554</u>	<u>\$ 1,474,344</u>

N/A - Not Applicable.

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

Source: Borough of Madison School District records.

BOROUGH OF MADISON SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2023
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy - School Alliance Insurance Fund:		
<u>PROPERTY SECTION:</u>		
Blanket Building and Contents (fund limit)	\$ 500,000,000	\$ 2,500
Accounts Receivable	2,500,000	2,500
Automobile Physical Damage	In Blanket Limit	1,000
Builders Risk	25,000,000	2,500
Electronic Data Processing Equipment	In Blanket Limit	2,500
<u>LIABILITY SECTION:</u>		
Comprehensive General Liability	10,000,000	
Automobile Liability	1,000,000	
Employee Benefit Liability	5,000,000	1,000
<u>EXCESS LIABILITY:</u>		
Excludes School Board Legal Liability	5,000,000	
<u>CRIME:</u>		
Blanket Employee Dishonesty	500,000	1,000
Forgery	50,000	1,000
Theft/Disappearance/Destruction:		
Inside	50,000	1,000
Outside	50,000	1,000
Computer Fraud	50,000	1,000
Funds Transfer Fraud	50,000	1,000
Chartis:		
<u>SCHOOL BOARD LEGAL LIABILITY</u>	5,000,000	5,000
Morris Essex Insurance Group:		
<u>WORKERS' COMPENSATION:</u>		
Employer's Liability	5,000,000	
ACE American Insurance Company:		
<u>ENVIRONMENTAL IMPAIRMENT LIABILITY:</u>		
Limit of Liability:		
Incident	1,000,000	10,000
Fund Annual Aggregate	10,000,000	
<u>STUDENT ACCIDENT</u>		
All Student Coverage - US Fire Co	25,000	
Catastrophic Coverage - US Fire Co	7,500,000	25,000
Public Employees' Faithful Performance Blanket Position Bond -		
Business Administrator	300,000	
Treasurer	300,000	

Source: Borough of Madison School District records.

SINGLE AUDIT SECTION

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

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Borough of Madison School District
County of Morris, 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 "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Madison School District (the "District"), in the County of Morris, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 1, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

The Honorable President and Members
of the Board of Education
Borough of Madison School District
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Report on 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.

Mount Arlington, New Jersey
December 1, 2023

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant

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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2023.

Basis for Opinion on Each Major Federal and State Program

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

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

The Honorable President and Members
of the Board of Education
Borough of Madison 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.

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.

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

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.

Mount Arlington, New Jersey
December 1, 2023

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant

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

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Assistance Listing Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2022			Cash Received	Budgetary Expendi- tures	Adjust- ments	Prior Year Enumb- rances Cancelled	Balance at June 30, 2023		Amounts Provided to Subre- cipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor					Budgetary Accounts Receivable	Budgetary Unearned Revenue	
<u>U.S. Department of Agriculture:</u>														
Passed-through State Department of Agriculture:														
Child Nutrition Cluster:														
Food Distribution Program	10.555	N/A	7/1/22-6/30/23	\$ 11,136	\$	6,583	\$ 11,136	\$ (8,769)				\$ 2,367		
Food Distribution Program	10.555	N/A	7/1/21-6/30/22	10,744				(6,583)						
National School Lunch Program	10.555	N/A	7/1/22-6/30/23	171,856			163,582	(171,856)				\$ (8,274)		
COVID-19 - Supply Chain Assistance	10.555	N/A	7/1/22-6/30/23	125,226			125,226	(66,524)				58,702		
COVID-19 - Seamless Summer Option	10.555	N/A	7/1/21-6/30/22	877,272			151,291							
Total Child Nutrition Cluster / U.S. Department of Agriculture					(151,291)	6,583	451,235	(253,732)				(8,274)	61,069	
<u>U.S. Department of Education:</u>														
Passed-through State Department of Education:														
<u>Special Revenue Fund:</u>														
Elementary and Secondary Education Act:														
Title I	84.010	ESEA287023	7/1/22-6/30/23	92,027				(82,969)				(82,969)		
Total Title I	84.010	ESEA287022	7/1/21-9/30/22	113,496	(27,279)		27,279	(82,969)				(82,969)		
Title II	84.367	ESEA287023	7/1/22-6/30/23	62,960			8,075	(46,549)				(46,549)		
Total Title II	84.367	ESEA287022	7/1/21-9/30/22	58,367	(8,075)		8,075	(46,549)				(46,549)		
Title III	84.365	ESEA287023	7/1/22-6/30/23	33,254			28	(15,125)		\$ 2,464		(15,125)		
Total Title III	84.365	ESEA287022	7/1/21-9/30/22	29,646	(2,492)		28	(15,125)		2,464		(15,125)		
Title IV	84.424	ESEA287023	7/1/22-9/30/23	20,000				(12,448)				(12,448)		
Total U.S. Department of Education					(11,007)		11,007							
<u>Education Stabilization Fund:</u>														
COVID 19 - CARES Emergency Relief														
COVID 19 - CRRSA:	84.425D	CARES287022	3/13/20-9/30/22	56,354										
ESSER II	84.425D	S425D210027	3/13/20-9/30/23	198,415	(104,279)			(30,681)				(134,960)		
Learning Accelerated	84.425D	S425D210027	3/13/20-9/30/23	25,000				(25,000)				(25,000)		
COVID 19 - ARP:	84.425U	S425U210027	3/13/20-9/30/24	445,925	(69,252)			(316,237)				(385,489)		
Learning Accelerated	84.425U	S425U210027	3/13/20-9/30/24	203,065	(184,538)			(152,065)				(152,065)		
Total Education Stabilization Fund					(184,538)		11,007	(523,983)				(697,514)		
<u>Special Education Cluster (IDEA):</u>														
COVID 19 - ARP - I.D.E.A. Part B, Basic	84.027X	IDEA287022	7/1/21-9/30/22	128,297	(7,181)			(599)				(65,895)		
I.D.E.A. Part B, Basic	84.027	IDEA287023	7/1/22-9/30/23	615,102			7,780	(614,244)						
I.D.E.A. Part B, Basic	84.027	IDEA287022	7/1/21-9/30/22	653,079	(158,994)		548,349	(3,304)			3,304			
COVID 19 - ARP - I.D.E.A. Part B, Preschool	84.173X	IDEA287022	7/1/21-9/30/22	10,953	(10,953)		10,953	(23,338)				(6,663)		
I.D.E.A. Preschool	84.173	IDEA287023	7/1/22-9/30/23	23,338	(177,128)		742,751	(641,485)			3,304	(72,558)		
Total Special Education Cluster (IDEA)					(399,512)		789,140	(1,322,559)		2,464	3,304	(927,163)		
Total U.S. Department of Education														

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

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Assistance Listing Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2022		Cash Received	Budgetary Expendi- tures	Adjust- ments	Prior Year Encumb- rances Cancelled	Balance at June 30, 2023		Amounts Provided to Subre- cipients	
					Budgetary Accounts Receivable	Budgetary Unearned Revenue					Budgetary Accounts Receivable	Budgetary Unearned Revenue		
<u>U.S. Department of Treasury:</u>														
Passed-through State Department of Education:														
Special Revenue Fund:														
COVID 19 - Coronavirus Relief Fund	21.019	N/A	7/1/20-12/30/20	\$ 84,011	\$ 32						\$ 32			
COVID 19 - Additional or Compensatory Special Education and Related Services (ACSERS)	21.027	SLFRFDOEISES	7/1/22-6/30/23	48,205		\$ 24,103	\$ (48,205)				\$ (24,102)			
	21.027	SLFRFDOEISES	7/1/21-6/30/22	150,413		150,413					(24,102)			
						174,516	(48,205)							
Total U.S. Department of Treasury					32	174,516	(48,205)				(24,102)		32	
Total Special Revenue Fund					32	963,656	(1,370,764)	\$ 2,464	\$ 3,304		(951,265)		32	
<u>U.S. Department of Health and Human Services:</u>														
Medicaid Cluster:														
Medicaid Assistance Program	93.778	N/A	7/1/22-6/30/23	9,442		9,442	(9,442)							
Medicaid Assistance Program	93.778	N/A	7/1/21-6/30/22	2,285		836								
Total U.S. Department of Health and Human Services / Medicaid Cluster						10,278	(9,442)							
<u>U.S. Department of Homeland Security:</u>														
Passed-through State Department of Law and Public Safety:														
Disaster Grants - Public Assistance - FEMA:														
Hurricane Ida	97.036	N/A	9/1/21-12/31/22	83,609		83,609	(83,609) *							
Total U.S. Department of Homeland Security						83,609	(83,609)							
Total Federal Awards					\$ (702,052)	\$ 6,583	\$ 1,508,778	\$ (1,717,547)	\$ 2,464	\$ 3,304	\$ (959,539)	\$ 61,069	\$ 32	\$ -0-

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

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

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022		Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2023		MEMO	
				Budgetary Accounts Receivable	Due to Grantor					GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:													
General Fund State Aid:													
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	\$ 2,193,412			\$ 1,978,912	\$ (2,193,412)			\$ (214,500)	\$ 2,193,412	\$ (214,500)	\$ 2,193,412
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	205,379			185,294	(205,379)			(20,085)	205,379	(20,085)	205,379
Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	2,558,988			230,873	(2,558,988)			(25,025)	2,558,988	(25,025)	2,558,988
Excess Nonpublic Transportation Costs	23-495-034-5120-014	7/1/22-6/30/23	55,605				(55,605)			(55,605)		(55,605)	55,605
Extraordinary Special Education Costs Aid	23-495-034-5120-044	7/1/22-6/30/23	724,848				(724,848)			(724,848)		(724,848)	724,848
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	7/1/22-6/30/23	1,732,254				(1,732,254)			(7,426)	1,732,254	(7,426)	1,732,254
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22-6/30/23	2,098,195				(2,098,195)				2,098,195		2,098,195
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22-6/30/23	7,877,815				(7,877,815)				7,877,815		7,877,815
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22-6/30/23	109,296				(109,296)				109,296		109,296
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	3,486				(3,486)				3,486		3,486
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	1,776,039	\$ (172,080)		172,080					1,776,039		1,776,039
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	205,379	(19,899)		19,899					205,379		205,379
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	2,558,988	(24,794)		24,794					2,558,988		2,558,988
Excess Nonpublic Transportation Costs	22-495-034-5120-014	7/1/21-6/30/22	50,089	(50,089)		50,089					50,089		50,089
Extraordinary Special Education Costs Aid	22-495-034-5120-044	7/1/21-6/30/22	712,448	(712,448)		712,448					712,448		712,448
Securing Our Children's Future Bond Act	N/A	7/1/20-6/30/22	148,864	(148,864)		148,864					148,864		148,864
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	7/1/21-6/30/22	1,694,914	(7,175)		7,175					1,694,914		1,694,914
Subtotal - General Fund				(1,135,349)		15,344,048	(15,256,188)			(787,879)		(1,047,489)	20,099,819
Special Revenue Fund Aid:													
Nonpublic Auxiliary Services:													
Compensatory Education	23-100-034-5120-067	7/1/22-6/30/23	38,742			38,742	(38,346)						38,346
Home Instruction	17-100-034-5120-067	7/1/16-6/30/17	6,767								\$ 396		6,767
Nonpublic Handicapped Services:													
Supplementary Instruction	23-100-034-5120-067	7/1/22-6/30/23	31,883			31,883	(30,975)				908		30,975
Supplementary Instruction	22-100-034-5120-067	7/1/21-6/30/22	31,388						\$ (4,378)				27,010
Corrective Speech	23-100-034-5120-067	7/1/22-6/30/23	18,972			18,972	(16,740)				2,232		16,740
Corrective Speech	22-100-034-5120-067	7/1/21-6/30/22	19,344						(1,767)				17,577
Examination and Classification	23-100-034-5120-067	7/1/22-6/30/23	43,794			43,794	(35,837)				7,957		35,837
Examination and Classification	22-100-034-5120-067	7/1/21-6/30/22	43,414						(11,369)				32,045
N.J. Nonpublic Textbook Aid	23-100-034-5120-064	7/1/22-6/30/23	24,222			24,222	(23,269)				953		24,222
N.J. Nonpublic Textbook Aid	22-100-034-5120-064	7/1/21-6/30/22	22,387						(273)				22,114
N.J. Nonpublic Textbook Aid	21-100-034-5120-067	7/1/20-6/30/21	32,805								283		32,522
N.J. Nonpublic Nursing Aid	23-100-034-5120-070	7/1/22-6/30/23	41,104			41,104	(39,949)				1,155		41,104
N.J. Nonpublic Nursing Aid	22-100-034-5120-070	7/1/21-6/30/22	41,776						(156)				41,620
N.J. Nonpublic Technology Initiative	23-100-034-5120-067	7/1/22-6/30/23	15,414			15,414	(14,996)				418		14,996
N.J. Nonpublic Security Aid	23-100-034-5120-067	7/1/22-6/30/22	75,235			75,235	(73,382)				1,853		73,382
N.J. Nonpublic Security Aid	22-100-034-5120-067	7/1/21-6/30/22	65,275						\$ 176		176		65,451
N.J. Nonpublic Security Aid	21-100-034-5120-067	7/1/20-6/30/21	93,975								2,707		91,268
School Development Authority: Emergent & Capital Maintenance Needs	N/A	7/1/21-6/30/22	63,736	(63,736)		63,736							63,736
Subtotal - Special Revenue Fund				(63,736)		353,102	(273,494)	176			25,805		603,494

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at		Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at		MEMO	
				June 30, 2022	June 30, 2023					GAAP Accounts Receivable	Due to Grantor		Budgetary Receivable
<u>State Department of Education:</u>													
<u>Debt Service Fund Aid:</u>													
Debt Service Aid - State Support	23-495-034-5120-075	7/1/22-6/30/23	\$ 441,505	\$	\$ 441,505	\$	\$ (441,505)					\$ 441,505	
Subtotal - Debt Service Fund					441,505		(441,505)					441,505	
Total State Department of Education				\$ (1,199,085)	\$ 29,663	16,138,655	(15,971,187)	\$ 176	\$ (19,906)	\$ (787,879)	\$ 25,805	\$ (1,047,489)	21,144,818
<u>State Department of Agriculture:</u>													
<u>Food Service Fund:</u>													
State School Lunch Program	23-100-010-3350-023	7/1/22-6/30/23	9,693		9,238	(9,693)				(455)		(455)	9,693
COVID-19 - Seamless Summer Option	22-100-010-3350-023	7/1/21-6/30/22	19,491		3,289								19,491
Total State Department of Agriculture / Food Service Fund				(3,289)		12,527	(9,693)			(455)		(455)	29,184
Total State Awards				\$ (1,202,374)	\$ 29,663	\$ 16,151,182	\$ (15,980,880)	\$ 176	\$ (19,906)	\$ (788,334)	\$ 25,805	\$ (1,047,944)	\$ 21,174,002
Less: State Awards Not Subject to Single Audit Major Program Determination													
<u>On-Behalf TPAF Pension System Contributions:</u>													
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/21-6/30/22	(2,098,195)			2,098,195							
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/21-6/30/22	(7,877,815)			7,877,815							
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/21-6/30/22	(109,296)			109,296							
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/21-6/30/22	(3,486)			3,486							
Subtotal - On-Behalf TPAF Pension System Contributions						10,088,792							
Total State Awards Subject to Single Audit Major Program Determination						\$ (5,892,088)							

N/A - Not Available/Applicable

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

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

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Borough of Madison School District under programs of the federal and state governments for the fiscal year ended June 30, 2023. The information in these schedules is 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 elected not 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 and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent fiscal 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 June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes these payments are not recognized until the subsequent budget year due to the state deferral and recording of the June state aid payments in the subsequent fiscal 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. Grant revenue in the capital projects fund is recognized on the budgetary basis in the fiscal year of award but is not recognized on the GAAP basis until expended and submitted for reimbursement.

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

(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$74,697) of which (\$31,860) represents a portion of FEMA reimbursement posted as a refund against current year expenditures for the general fund and (\$212,806) for the special revenue fund (of which \$28,486 relates to local grants). See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. The District’s Food Service Management Company was granted forgiveness on their Paycheck Protection Program (PPP Loan). Schools that participated in the USDA’s National School Lunch Program (NSLP) received a credit for Labor Cost for the period of May 16, 2020 through October 30, 2020. Based on USDA guidance, the PPP forgiven funds of \$32,998 were credited to the District and is included as a federal award in the District’s Food Service Fund but are not to be reported on the Schedules of Expenditures of Federal Awards. Awards and financial assistance revenue are reported on the Board’s basic financial statements on a GAAP basis as presented below:

	<u>Federal Sources</u>	<u>State Sources</u>	<u>Total</u>
General Fund	\$ 61,191	\$ 15,213,351	\$ 15,274,542
Special Revenue Fund	1,113,339	289,627	1,402,966
Debt Service Fund		441,505	441,505
Proprietary Fund	286,730	9,693	296,423
Total Awards	<u>\$ 1,461,260</u>	<u>\$ 15,954,176</u>	<u>\$ 17,415,436</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. OTHER

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

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

Summary of Auditors' Results:

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

	<u>Assistance Listing/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Special Education Cluster (IDEA):				
COVID-19 - ARP:				
I.D.E.A. Part B, Basic	84.027X	7/1/21-9/30/23	\$ 128,297	\$ 599
I.D.E.A. Part B, Basic	84.027	7/1/22-9/30/23	615,102	614,244
I.D.E.A. Part B, Basic	84.027	7/1/21-9/30/22	653,079	3,304
I.D.E.A. Preschool	84.173	7/1/22-9/30/23	23,338	23,338
<u>State:</u>				
State Aid Public:				
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	\$ 2,193,412	\$ 2,193,412
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	205,379	205,379

- The threshold used for distinguishing between federal and state Type A and Type B programs was \$750,000.
- The District was determined to be a "low-risk" auditee for federal programs.
- The District was determined to be a "low-risk" auditee for state programs.

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

(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

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

Status of Prior Fiscal Year Findings:

The District had no prior fiscal year audit findings.

**MILLBURN TOWNSHIP
SCHOOL DISTRICT**

**Millburn Township School District
Millburn, New Jersey**

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

**Annual Comprehensive
Financial Report**

of the

**Millburn Township School District
Board of Education**

Millburn, New Jersey

For the Fiscal Year Ended June 30, 2023

Prepared by

**Millburn Township School District
Board Office**

MILLBURN TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)



MILLBURN TOWNSHIP PUBLIC SCHOOLS

Office of the Business Administrator

434 Millburn Avenue

Millburn, NJ 07041

(973) 376-3600, Ext . 40156 (voice)

Cheryl Schneider, Business Administrator/Board Secretary

October 16, 2023

The Honorable President and Members of
the Board of Education
Millburn Township School District
County of Essex, New Jersey

Dear Board Members:

The annual comprehensive financial report of the Millburn Township School District (the "District") for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The annual comprehensive financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. 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 financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 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 Millburn Township 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. Millburn Township encompasses Millburn and Short Hills. The Millburn Township School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels PreK through 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2022-2023 fiscal year with an average daily enrollment of 4,764 students which is an increase of 8 students from the previous year.

The Honorable President and Members of
the Board of Education
Millburn Township School District
Page 2
October 16, 2023

2) ECONOMIC CONDITION AND OUTLOOK: The Township's cash surplus at December 31, 2022 amounted to \$18,678,062.30. A systematic and active investment program has been followed; income earned from investments of the Township's surplus cash amounted to \$334,907.67 in 2022. The current tax rate is \$1.956 per one hundred dollars of assessed valuation and is one of the lowest of Essex County's twenty-two municipalities.

The Township is composed of two areas, the older area comprising the so-called center (Millburn) and the adjoining residential sections. To the north and west lies Short Hills with its own post office and railroad station, but still an integral part of the Township and comprising one of the finest residential areas in the nation. It is also the home of one of the nation's premier shopping areas, The Mall at Short Hills.

The residential marketability is enhanced by the nationally recognized excellence of the Township's Public Schools and by the New Jersey Transit Direct Midtown rail line to Manhattan.

The Downtown area of Millburn is 95% occupied. The Downtown Millburn Development Alliance is an independent, non-profit corporation that has been very active in attracting new businesses and promoting existing areas. The organization sponsors special events including the Farmers Market and Country Fair. Some 770 businesses and 300 doctors, lawyers, and dentists are located in the Township.

3) MAJOR INITIATIVES:

District Goals for FY 2022-2023

1. To promote and support a healthy and balanced environment for teaching and learning. (Year 2)
2. To promote a collaborative environment for teaching, learning and assessment that inspires creativity, innovation, and differentiation to support all learners. (Year 2)
3. To promote a culture of belongingness, equity, and access for all students by fortifying an inclusive instructional program and environment for learning. (Year 2)

Board of Education Goal for FY 2022-2023

1. To review the district legal expenses and evaluate the structure of the legal services.
2. To support the sustainability of our facility infrastructure and implementation of the long-range facilities plan.
3. To develop the rules and responsibilities for the new structure of the Board's committees.

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 major 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 fund balance restrictions, commitments and assignments at June 30, 2023.

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

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. A schedule of insurance coverage is found on Exhibit J-20.

The Honorable President and Members of
the Board of Education
Millburn Township School District
Page 4
October 16, 2023

9) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia, LLP, CPAs, was selected by the Board. 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*, 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 are included in the financial section of this report. The auditors’ reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

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

Respectfully submitted,

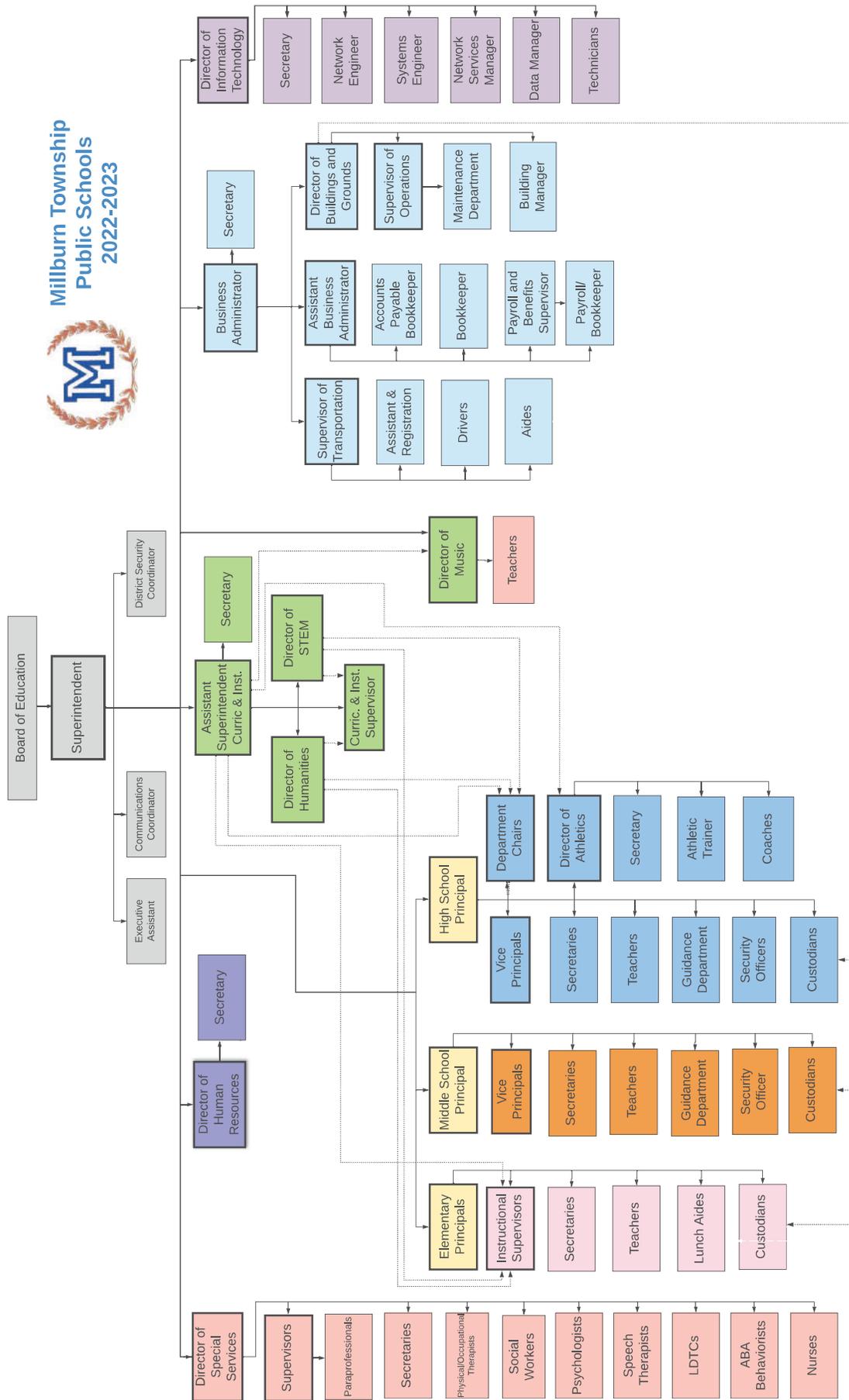


Dr. Christine Burton
Superintendent of Schools



Cheryl Schneider
Business Administrator/Board Secretary

**Millburn Township
Public Schools
2022-2023**



**MILLBURN TOWNSHIP SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2023**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Louie Shen, President	2024
Agnes Sym, Vice President	2025
Jennifer Bhathena	2026
Kris Heinrichs	2026
Brian Lawrence	2025
Jack Merimee	2024
Viswa Reddy	2026
Neetu Salhorta	2025
Alex Zaltsman	2024

Other Officers

Title

Dr. Christine Burton	Superintendent of Schools
Dr. Kate Diskin	Assistant Superintendent
Cheryl Schneider	Business Administrator/Board Secretary
Cheryl Nardino	Treasurer
Dennis McKeever, Esq.	School Board Attorney
Athina L. Cornell, Esq.	Special Education Attorney

MILLBURN TOWNSHIP BOARD OF EDUCATION

Consultants and Advisors

Architect

Parette Somjen Architects
439 Route 46 East
Rockaway, NJ 07866

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road Suite 300
Mount Arlington, NJ 07856-1320

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238 St. Paul Street
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Bond Counsel

Andrea Kahn
McManimon, Scotland & Baumann
75 Livingston Avenue
Roseland, NJ 07068

Financial Advisor

Phoenix Advisors, LLC
4 West Park Street
Bordentown, NJ 08505

Official Depositories

Citizens Bank
45 Essex Street
Millburn, NJ 07041

New Jersey Asset & Rebate Management Program (NJARM)
821 Alexander Road, Suite 110
Princeton, NJ 08540

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Millburn Township School District
County of Essex, 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 Millburn Township School District (the “District”), in the County of Essex, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

October 16, 2023
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

This section of Millburn Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2023. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

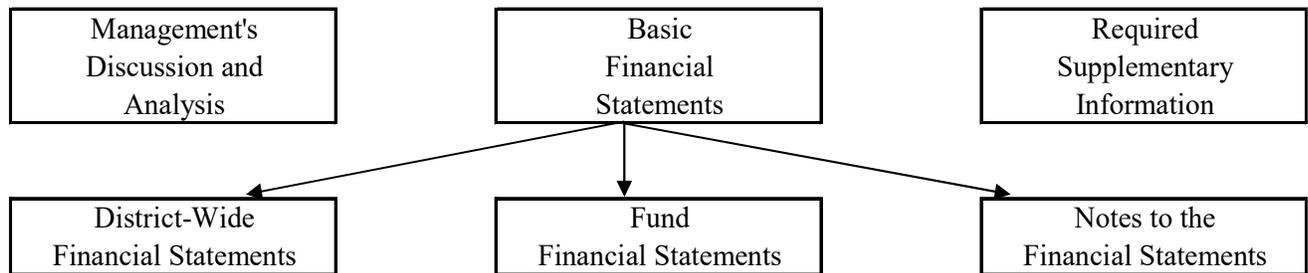
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- 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 and field rental/joint facilities.

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.

Figure A-1

Organization of the School District's Financial Report



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

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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and field rental/joint facilities.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • 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 resources 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

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

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.

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

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

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, tuition, subscription busing fees and state formula aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service and field rental/joint facilities are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term liabilities) or to show that it is properly using certain revenue (such as federal grants).

The District has two kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

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

Fund Financial Statements

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for other programs and activities. The District currently does not maintain any internal service funds.

Notes to Basic 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

Net Position. The District's combined net position increased by \$10,237,036. Net position from governmental activities increased by \$10,085,248 and net position from business-type activities increased by \$151,788. Net investment in capital assets increased by \$9,825,534, restricted net position increased by \$3,958,107, and unrestricted net position decreased by \$3,546,605.

**Figure A-3
Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Percentage
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	Change
Current and Other Assets	\$35,740,939	\$38,395,072	\$ 561,161	\$ 419,500	\$36,302,100	\$38,814,572	
Capital Assets, Net	94,160,614	87,369,049	102,395	89,928	94,263,009	87,458,977	
Total Assets	<u>129,901,553</u>	<u>125,764,121</u>	<u>663,556</u>	<u>509,428</u>	<u>130,565,109</u>	<u>126,273,549</u>	3.40%
Deferred Outflows of Resources	<u>2,984,993</u>	<u>2,634,954</u>			<u>2,984,993</u>	<u>2,634,954</u>	13.28%
Other Liabilities	8,435,227	6,713,022	59,656	57,316	8,494,883	6,770,338	
Long-Term Liabilities	69,448,765	71,089,908			69,448,765	71,089,908	
Total Liabilities	<u>77,883,992</u>	<u>77,802,930</u>	<u>59,656</u>	<u>57,316</u>	<u>77,943,648</u>	<u>77,860,246</u>	0.11%
Deferred Inflows of Resources	<u>3,771,815</u>	<u>9,450,654</u>			<u>3,771,815</u>	<u>9,450,654</u>	-60.09%
Net Position:							
Net Investment in Capital Assets	51,561,349	41,748,282	102,395	89,928	51,663,744	41,838,210	
Restricted	19,815,629	15,857,522			19,815,629	15,857,522	
Unrestricted/(Deficit)	<u>(20,146,239)</u>	<u>(16,460,313)</u>	<u>501,505</u>	<u>362,184</u>	<u>(19,644,734)</u>	<u>(16,098,129)</u>	
Total Net Position	<u>\$51,230,739</u>	<u>\$41,145,491</u>	<u>\$ 603,900</u>	<u>\$ 452,112</u>	<u>\$51,834,639</u>	<u>\$41,597,603</u>	24.61%

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

Changes in Net Position. The District's *combined* net position was \$51,834,639 on June 30, 2023, an increase of \$10,237,036 or 24.61% over the previous year (see Figure A-3). Net position in the Governmental Activities increased due primarily to the maturity of long term liabilities, capital assets additions offset by depreciation expense, a decrease in deferred amount on refunding and an increase in the capital and maintenance reserves; offset by changes in net pension liability and related deferred outflows and inflows and an increase in encumbrances. An explanation for the change in Net Position for Business-Type Activities is included later in this section of the report.

**Figure A-4
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Percent
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	Change 2022/23
Revenue:							
Program Revenue:							
Charges for Services	\$ 2,239,734	\$ 1,659,954	\$ 1,138,467	\$ 760,640	\$ 3,378,201	\$ 2,420,594	
Operating Grants and Contributions	27,405,454	28,211,172			27,405,454	28,211,172	
Capital Grants and Contributions	29,598				29,598		
General Revenue:							
Property Taxes	97,048,705	95,029,025			97,048,705	95,029,025	
Unrestricted State and Federal Aid	1,761,534	1,733,218			1,761,534	1,733,218	
Other	1,585,074	708,014	4,925	962	1,589,999	708,976	
Total Revenue	<u>130,070,099</u>	<u>127,341,383</u>	<u>1,143,392</u>	<u>761,602</u>	<u>131,213,491</u>	<u>128,102,985</u>	2.43%
Expenses:							
Instruction	67,432,339	69,381,071			67,432,339	69,381,071	
Pupil/Instruction Services	24,548,804	21,712,081			24,548,804	21,712,081	
Administrative & Business	9,289,244	8,532,940			9,289,244	8,532,940	
Maintenance & Operations	12,721,510	8,907,077			12,721,510	8,907,077	
Transportation	4,525,863	3,877,816			4,525,863	3,877,816	
Other	1,467,091	1,627,857	991,604	733,867	2,458,695	2,361,724	
Total Expenses	<u>119,984,851</u>	<u>114,038,842</u>	<u>991,604</u>	<u>733,867</u>	<u>120,976,455</u>	<u>114,772,709</u>	5.41%
Increase/(Decrease) in Net Position	<u>\$ 10,085,248</u>	<u>\$ 13,302,541</u>	<u>\$ 151,788</u>	<u>\$ 27,735</u>	<u>\$ 10,237,036</u>	<u>\$ 13,330,276</u>	-23.20%

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

Governmental Activities

The financial position of the District improved significantly. However, maintaining existing programs while experiencing changes in enrollment, combined with rising salary and benefits costs, places great demands on the District's resources.

The District continues to pursue and implement cost savings strategies in order to sustain its financial health. Some examples are:

- Participation in multiple cooperative purchasing programs for district supplies.
- Shared service agreements with other public entities for busing services.
- Membership in purchasing cooperatives for purchases of energy and various types of insurance.
- Participation with the Township of Millburn in a Joint Facilities Committee for the maintenance of township and board owned athletic fields.
- The use of state contracts.
- The District has been pursuing grants for supplemental funding of District initiatives.

The District will continue its practice of examining all expenses carefully and being mindful of pressure to reduce taxes while maintaining and/or expanding programs.

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:

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

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2022/23	2022/23	2021/22	2021/22
Instruction	\$ 67,432,339	\$ 47,312,893	\$ 69,381,071	\$ 47,623,391
Pupil and Instruction Services	24,548,804	18,318,237	21,712,081	16,331,141
Administrative and Business	9,289,244	8,452,059	8,532,940	7,517,051
Maintenance and Operations	12,721,510	12,228,123	8,907,077	8,778,107
Transportation	4,525,863	2,531,662	3,877,816	2,290,169
Other	1,467,091	1,467,091	1,627,857	1,627,857
	<u>\$ 119,984,851</u>	<u>\$ 90,310,065</u>	<u>\$ 114,038,842</u>	<u>\$ 84,167,716</u>

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

Business-Type Activities

Net position from the District's business-type activity increased by \$151,788. (Refer to Figure A-4). Factors contributing to these results included:

- Field Rental/Joint Facilities Fund revenue exceeded expenses by \$66,554, which was primarily due to an increase in program fees.
- Food Service Fund revenue exceeded expenses by \$85,234, which was primarily due to an increase in daily sales.

Financial Analysis of the District's Funds

The District's financial position decreased overall on a fund basis. However, the District remains fiscally responsible and efficient in what discretionary purchases the District makes.

To maintain a stable financial position, the District will continue to practice sound fiscal management, including efficiency/cost containment practices, evaluation of services and programs, energy conservation, and seeking additional sources of revenues.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments are due to:

- Changes made within budgetary line items for school-based needs for programs, supplies and equipment.

Capital Assets

Figure A-6

Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percentage
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	Change 2022/23
Sites	\$ 109,045	\$ 109,045			\$ 109,045	\$ 109,045	
Construction in Progress	17,551,202	37,407,579			17,551,202	37,407,579	
Site Improvements	4,812,892	4,028,703			4,812,892	4,028,703	
Buildings & Building Improvements	68,837,423	43,081,767			68,837,423	43,081,767	
Machinery and Equipment	2,850,052	2,741,955	\$ 102,395	\$ 89,928	2,952,447	2,831,883	
Total Capital Assets, Net	\$ 94,160,614	\$ 87,369,049	\$ 102,395	\$ 89,928	\$ 94,263,009	\$ 87,458,977	7.78%

During the fiscal year, the District acquired or constructed \$9,878,999 in capital additions (\$9,848,150 from its governmental activities and \$30,849 from its business-type activities). The District also recorded \$2,929,067 in current year depreciation expense (\$2,910,685 from its governmental activities and \$18,382 from its business-type activities) and \$145,900 of capital asset disposals, net of accumulated depreciation, from its governmental activities.

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

Long-term Liabilities

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Percentage Change 2022/23
	2022/23	2021/22	
General Obligation Bonds (Financed with Property Taxes)	\$ 47,343,000	\$ 52,033,000	
Net Pension Liability	16,175,712	12,906,304	
Other Long-Term Liabilities	5,930,053	6,150,604	
	<u>\$ 69,448,765</u>	<u>\$ 71,089,908</u>	-2.31%

- The District continued to pay down its bonded debt, retiring \$4,690,000 of outstanding bonds.
- Compensated absences payable increased by a net amount of \$279,205.
- Net pension liability increased by \$3,269,408.
- The District paid down \$244,038 in financed purchase agreement principal during the fiscal year.
- The District amortized \$255,718 of bond issuance premiums.

More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements.

Factors Bearing on the District's Future Revenue/Expense Changes

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- The Covid-19 Pandemic introduced many unprecedented challenges resulting in unbudgeted expenditures and a reduction in budgeted revenues. Federal funding was made available during the 2021-22 school year that offset these additional expenditures while also allowing for expanded programming. Many of the funds continued into the 2022-23 school year with some still available in 2023-24. Careful planning was necessary to ensure that programs requiring recurring funding do not create unsustainable burdens on future operating budgets, as this additional funding has begun expiring and will be completely expired after the 2023-24 school year. Management is closely monitoring the financial impact of all responsive decision-making.
- The district is committed to maintaining facilities. In January 2020, a bond referendum was approved that included the construction of security vestibules at seven of the District's schools, an expansion of the Middle School cafeteria, and upgrades throughout the District. Regular assessment of the District facilities identifies future projects to be included in the Long Range Facility Plan. Projects identified will be addressed through future operating budgets, use of reserve accounts and the expectation of funding through future bond sales. The Board has identified a schedule to allow for new issuances of bonds as prior debt service expires, to allow for continued funding for capital improvements while maintaining a level debt service schedule. This "Investing in Excellence" meets the aspirations of the community and the competitive educational needs of our students. The next referendum vote is planned for the 2023-24 school year.

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

Factors Bearing on the District's Future Revenue/Expense Changes (Cont'd)

- Contracts with the Millburn Administrators Association, the Millburn Education Association and the Communications Workers of America will expire on June 30, 2024. The Board will be renegotiating these contracts. Most recent contracts included salary increases exceeding 3%. Given the 2% tax cap, salary increases exceeding 2% will have to be paid for with spending reductions in other areas. The Board will also continue to explore new sources of revenue.
- While overall enrollment in the District has remained relatively stable during the past several years, school-specific spikes have occurred requiring an increase in staffing. This past year the High School enrollment increased by nearly 3%, while the Middle School enrollment decreased by approximately 2.5%, with the overall enrollment district-wide staying flat. This followed a 2% increase in the prior year enrollment. Continued enrollment increases are projected in the future based on construction of new residential units in town and with a recent surge in house sales in a highly competitive housing market. These increases are continuously monitored and resources are reallocated as necessary.

Contracting 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 Board of Education Office, 434 Millburn Avenue, Millburn, New Jersey 07041.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 16,318,097	\$ 550,392	\$ 16,868,489
Receivables from State Government	1,929,774		1,929,774
Receivables from Federal Government	1,135,779		1,135,779
Inventories		10,769	10,769
Restricted Cash and Cash Equivalents	16,357,289		16,357,289
Capital Assets, Net:			
Sites (Land) and Construction in Progress	17,660,247		17,660,247
Depreciable Site Improvements, Buildings & Building Improvements and Machinery and Equipment	76,500,367	102,395	76,602,762
Total Assets	<u>129,901,553</u>	<u>663,556</u>	<u>130,565,109</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Deferred Amount on Refunding	440,211		440,211
Deferred Outflows Related to Pensions	2,544,782		2,544,782
Total Deferred Outflows of Resources	<u>2,984,993</u>		<u>2,984,993</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	6,415,358	4,130	6,419,488
Accrued Interest Payable	692,115		692,115
Payable to Federal Government	8		8
Payable to State Government	63,726		63,726
Unearned Revenue	1,264,020	55,526	1,319,546
Noncurrent Liabilities:			
Due Within One Year	5,362,762		5,362,762
Due Beyond One Year	64,086,003		64,086,003
Total Liabilities	<u>77,883,992</u>	<u>59,656</u>	<u>77,943,648</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Deferred Inflows Related to Pensions	3,771,815		3,771,815
Total Deferred Inflows of Resources	<u>3,771,815</u>		<u>3,771,815</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	51,561,349	102,395	51,663,744
Restricted for:			
Capital Projects	9,160,712		9,160,712
Debt Service	112,345		112,345
Maintenance	4,202,578		4,202,578
Emergency	450,000		450,000
Excess Surplus	4,841,487		4,841,487
Unemployment Compensation	644,967		644,967
Student Activities	403,540		403,540
Unrestricted/(Deficit)	<u>(20,146,239)</u>	<u>501,505</u>	<u>(19,644,734)</u>
Total Net Position	<u>\$ 51,230,739</u>	<u>\$ 603,900</u>	<u>\$ 51,834,639</u>

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 53,754,047	\$ 294,677	\$ 11,346,217		\$ (42,113,153)		\$ (42,113,153)
Special Education	9,559,425		8,003,905		(1,555,520)		(1,555,520)
Other Special Instruction	2,239,814		474,647		(1,765,167)		(1,765,167)
Other Instruction	1,879,053				(1,879,053)		(1,879,053)
Support Services:							
Tuition	4,874,987		1,162,192		(3,712,795)		(3,712,795)
Student and Instruction Related Services	19,673,817	895,735	4,172,640		(14,605,442)		(14,605,442)
General Administrative Services	1,550,821		83,448		(1,467,373)		(1,467,373)
School Administrative Services	5,118,264		684,846		(4,433,418)		(4,433,418)
Central Services	1,467,345		68,891		(1,398,454)		(1,398,454)
Administrative Information Technology	1,152,814				(1,152,814)		(1,152,814)
Plant Operations and Maintenance	12,721,510		463,789	\$ 29,598	(12,228,123)		(12,228,123)
Pupil Transportation	4,525,863	1,049,322	944,879		(2,531,662)		(2,531,662)
Interest on Long-Term Debt	1,467,091				(1,467,091)		(1,467,091)
Total Governmental Activities	119,984,851	2,239,734	27,405,454	29,598	(90,310,065)		(90,310,065)
Business-Type Activities:							
Field Rental/Joint Facilities	29,351	95,905				\$ 66,554	66,554
Food Service	962,253	1,042,562				80,309	80,309
Total Business-Type Activities	991,604	1,138,467				146,863	146,863

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Total Primary Government	\$ 120,976,455	\$ 3,378,201	\$ 27,405,454	\$ 29,598	\$ (90,310,065)	\$ 146,863	\$ (90,163,202)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					92,137,785		92,137,785
Taxes Levied for Debt Service					4,910,920		4,910,920
Federal, State and Local Aid not Restricted					1,761,534		1,761,534
Interest Earnings					249,727	4,925	254,652
Miscellaneous Income					1,335,347		1,335,347
Total General Revenues					100,395,313	4,925	100,400,238
Change in Net Position					10,085,248	151,788	10,237,036
Net Position - Beginning					41,145,491	452,112	41,597,603
Net Position - Ending					\$ 51,230,739	\$ 603,900	\$ 51,834,639

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

FUND FINANCIAL STATEMENTS

MILLBURN TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 11,770,060		\$ 4,541,203	\$ 6,834	\$ 16,318,097
Interfund Receivable	1,072,321			105,511	1,177,832
Receivables From State Government	1,929,774				1,929,774
Receivables From Federal Government		\$ 1,135,779			1,135,779
Restricted Cash and Cash Equivalents	15,953,749	403,540			16,357,289
Total Assets	\$ 30,725,904	\$ 1,539,319	\$ 4,541,203	\$ 112,345	\$ 36,918,771
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable		\$ 575,039	\$ 602,793		\$ 1,177,832
Accounts Payable	\$ 3,841,119	355,100	789,139		4,985,358
Payable to Federal Government		8			8
Payable to State Government		63,726			63,726
Unearned Revenue	1,122,114	141,906			1,264,020
Total Liabilities	4,963,233	1,135,779	1,391,932		7,490,944
Fund Balances:					
Restricted:					
Capital Reserve Account	10,656,204				10,656,204
Emergency Reserve	450,000				450,000
Maintenance Reserve	4,202,578				4,202,578
Excess Surplus - For 2024-2025	2,300,000				2,300,000
Excess Surplus - For 2023-2024	2,541,487				2,541,487
Unemployment Compensation	644,967				644,967
Student Activities		403,540			403,540
Capital Projects			5,363,022		5,363,022
Debt Service				\$ 112,345	112,345
Assigned:					
Year End Encumbrances	1,534,445				1,534,445
Designated for Subsequent Year's Expenditures	500,000				500,000
Unassigned / (Deficit)	2,932,990		(2,213,751)		719,239
Total Fund Balances	25,762,671	403,540	3,149,271	112,345	29,427,827
Total Liabilities and Fund Balances	\$ 30,725,904	\$ 1,539,319	\$ 4,541,203	\$ 112,345	\$ 36,918,771

MILLBURN TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

Amounts reported for *Governmental Activities* in the Statement of Net Position (Exhibit A-1) are different because:

Total Fund Balances from previous page	\$ 29,427,827
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	94,160,614
Deferred Amount on Refunding is not Reported as an Expenditure in the Governmental Funds in the Year of the Expenditure	440,211
Interest on Long-Term Debt is not accrued in Governmental Funds, but rather is recognized as an expenditure when due.	(692,115)
Long-Term Liabilities, including the Net Pension Liability for PERS, Bonds Payable and Financed Purchases Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(68,419,847)
Bond Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are sold.	(1,028,918)
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	<u>(2,657,033)</u>
Net Position of Governmental Activities (Exhibit A-1)	<u>\$ 51,230,739</u>

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 92,137,785			\$ 4,910,920	\$ 97,048,705
Tuition from Individuals	125,727				125,727
Tuition from Other LEAs	168,950				168,950
Transportation Fees From Individuals	1,049,322				1,049,322
Interest Earned on Capital Reserve Funds	91,886				91,886
Restricted Miscellaneous Revenue	2,985	\$ 895,735			898,720
Unrestricted Miscellaneous Revenue	1,415,672	466,723	\$ 74,531		1,956,926
Total - Local Sources	94,992,327	1,362,458	74,531	4,910,920	101,340,236
State Sources	31,971,831	489,920		1,358,729	33,820,480
Federal Sources	477,265	3,176,497	29,598		3,683,360
Total Revenues	127,441,423	5,028,875	104,129	6,269,649	138,844,076
EXPENDITURES:					
Current:					
Regular Instruction	35,573,432	1,090,652			36,664,084
Special Education Instruction	6,283,972	28,237			6,312,209
Other Special Instruction	1,465,463				1,465,463
School-Sponsored/Other Instruction	1,637,043				1,637,043
Support Services and Undistributed Costs:					
Tuition	3,712,795	1,162,192			4,874,987
Student/Other Instruction Related Services	12,548,127	2,763,768			15,311,895
General Administrative Services	1,367,172				1,367,172
School Administrative Services	3,689,266				3,689,266
Central Services	1,223,153				1,223,153
Administrative Information Technology	1,065,459				1,065,459
Plant Operations and Maintenance	12,383,281				12,383,281
Student Transportation	4,410,234				4,410,234
Unallocated Benefits	39,044,698				39,044,698
Capital Outlay	1,632,004	29,189	5,736,799		7,397,992
Debt Service:					
Principal				4,690,000	4,690,000
Interest and Other Charges				1,694,070	1,694,070
Total Expenditures	126,036,099	5,074,038	5,736,799	6,384,070	143,231,006
Excess/(Deficit) of Revenue Over/(Under)					
Expenditures	1,405,324	(45,163)	(5,632,670)	(114,421)	(4,386,930)
Other Financing Sources/(Uses):					
Transfers	(170,827)		96,520	74,307	
Total Other Financing Sources/(Uses)	(170,827)		96,520	74,307	

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ 1,234,497	\$ (45,163)	\$ (5,536,150)	\$ (40,114)	\$ (4,386,930)
Fund Balance - July 1	<u>24,528,174</u>	<u>448,703</u>	<u>8,685,421</u>	<u>152,459</u>	<u>33,814,757</u>
Fund Balance - June 30	<u>\$ 25,762,671</u>	<u>\$ 403,540</u>	<u>\$ 3,149,271</u>	<u>\$ 112,345</u>	<u>\$ 29,427,827</u>

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)		\$ (4,386,930)
Amounts reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are different because:		
Capital outlays related to capital assets 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 deleted assets in the period.		
	Depreciation Expense	\$ (2,910,685)
	Disposal of Capital Assets, Net of Accumulated Depreciation	(145,900)
	Capital Asset Additions	<u>9,848,150</u>
		6,791,565
In the Statement of Activities, interest on Long-Term Debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).		
		65,592
Repayment of serial bonds 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.		
		4,690,000
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.		
		244,038
The governmental funds report the effect of bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
		255,718
The governmental funds report the effect of deferred amount on refunding when debt is first issued, whereas this amount is deferred and amortized in the statement of activities.		
		(94,331)
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 reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		(279,205)
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:		
	Change in Net Pension Liability	(3,269,408)
	Changes in Deferred Outflows and Inflows Related to Pensions	<u>6,068,209</u>
Change in Net Position of Governmental Activities (Exhibit A-2)		<u><u>\$ 10,085,248</u></u>

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Business-Type Activities - Enterprise Funds	
	Total Non-Major Funds	Total
<u>ASSETS:</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 550,392	\$ 550,392
Inventories	10,769	10,769
Total Current Assets	561,161	561,161
Non-Current Assets:		
Capital Assets	276,065	276,065
Less: Accumulated Depreciation	(173,670)	(173,670)
Total Non-Current Assets	102,395	102,395
Total Assets	663,556	663,556
<u>LIABILITIES:</u>		
Current Liabilities:		
Accounts Payable - Vendors	4,130	4,130
Unearned Revenue	55,526	55,526
Total Current Liabilities	59,656	59,656
<u>NET POSITION:</u>		
Investment in Capital Assets	102,395	102,395
Unrestricted	501,505	501,505
Total Net Position	\$ 603,900	\$ 603,900

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

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

	Business-Type Activities - Enterprise Funds	
	Total Non-Major Funds	Total
Operating Revenue:		
Local Sources:		
Daily Sales - Non-Reimbursable Programs	\$ 826,830	\$ 826,830
Charges for Services - Program Fees	95,905	95,905
Miscellaneous Revenue	215,732	215,732
Total Operating Revenue	<u>1,138,467</u>	<u>1,138,467</u>
Operating Expenses:		
Cost of Sales - Non-Reimbursable Programs	435,279	435,279
Salaries	264,414	264,414
Employee Benefits & Payroll Taxes	97,907	97,907
Purchased Professional and Technical Services	86,458	86,458
Other Purchased Services	4,291	4,291
Cleaning, Repair and Maintenance Services	29,351	29,351
Supplies and Materials	51,158	51,158
Miscellaneous Expense	4,364	4,364
Depreciation Expense	18,382	18,382
Total Operating Expenses	<u>991,604</u>	<u>991,604</u>
Operating Income/ (Loss)	146,863	146,863
Non-Operating Revenue:		
Local Sources:		
Interest Income	4,925	4,925
Total Non-Operating Revenue	<u>4,925</u>	<u>4,925</u>
Change in Net Position	151,788	151,788
Net Position - Beginning of Year	<u>452,112</u>	<u>452,112</u>
Net Position - End of Year	<u>\$ 603,900</u>	<u>\$ 603,900</u>

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

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

	<u>Business-Type Activities</u> <u>- Enterprise Funds</u>	
	<u>Total</u> <u>Non-Major</u> <u>Funds</u>	<u>Total</u>
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 1,151,444	\$ 1,151,444
Payments to Food Service Contractors	(944,828)	(944,828)
Payments to Suppliers	(34,510)	(34,510)
Net Cash Provided by Operating Activities	<u>172,106</u>	<u>172,106</u>
Cash Flows from Investing Activities:		
Interest Income	<u>4,925</u>	<u>4,925</u>
Net Cash Provided by Investing Activities	<u>4,925</u>	<u>4,925</u>
Cash Flows from Capital and Related Financing Activities:		
Purchase of Capital Assets	<u>(30,849)</u>	<u>(30,849)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(30,849)</u>	<u>(30,849)</u>
Net Increase in Cash and Cash Equivalents	146,182	146,182
Cash and Cash Equivalents, July 1	<u>404,210</u>	<u>404,210</u>
Cash and Cash Equivalents, June 30	<u>\$ 550,392</u>	<u>\$ 550,392</u>
Reconciliation of Operating Income		
to Net Cash Provided by Operating Activities:		
Operating Income	\$ 146,863	\$ 146,863
Adjustment to Reconcile Operating Income		
to Net Cash Provided by Operating Activities:		
Depreciation	18,382	18,382
Changes in Assets and Liabilities:		
Decrease in Inventory	4,521	4,521
(Decrease) in Accounts Payable	(10,637)	(10,637)
Increase in Unearned Revenue	<u>12,977</u>	<u>12,977</u>
Net Cash Provided by Operating Activities	<u>\$ 172,106</u>	<u>\$ 172,106</u>

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Millburn Township 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 nonexchange 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.

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

(Continued)

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

B. Basis of Presentation (Cont'd)

District-Wide Financial Statements: (Cont'd)

Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues 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 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 expenses 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 expenditure 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.

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.

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

(Continued)

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

B. Basis of Presentation (Cont'd)

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 Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's Food Service and Field Rental/Joint Facilities programs. The Food Service and Field Rental/Joint Facilities programs are 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 and community 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. Nonexchange 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 liabilities, 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 the Governmental Funds. Proceeds of general long-term liabilities 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.

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.

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

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budget for the fiscal year ended June 30, 2023 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. 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 budget 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.

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

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of NJ Clean Energy Program grants. Grants are recognized in the full year the grants are awarded on the budgetary basis; but are not recognized on the GAAP basis until certain milestones are accomplished and the required documentation is submitted to the grantor for reimbursement.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	Capital Projects Fund	
	Revenue	Fund Balance
Revenue/Restricted or Committed Fund Balance	\$ 5,073,633	\$ 4,838,156
Restricted or Committed - Year End Encumbrances		3,280,619
	5,073,633	8,118,775
Reconciliation to Governmental Funds Statements (GAAP):		
Grant Revenue not Recognized on GAAP Basis	(4,969,504)	(4,969,504)
Revenue/Fund Balance per Governmental Funds (GAAP)	\$ 104,129	\$ 3,149,271

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

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

D. Budgets/Budgetary Control (Cont'd)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 127,533,579	\$ 4,828,115
Differences - Budget 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		(90,657)
Cancellation of Prior Year Encumbrances		(730)
Prior Year Encumbrances		292,147
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	436,133	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(528,289)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 127,441,423	\$ 5,028,875
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 126,036,099	\$ 4,873,278
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(90,657)
Cancellation of Prior Year Encumbrances		(730)
Prior Year Encumbrances		292,147
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 126,036,099	\$ 5,074,038

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

(Continued)

E. Cash and Cash Equivalents and Investments

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

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to the 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 17:9-41et 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 market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all 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 fund. 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 or governmental and agency funds, 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

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

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

H. Encumbrances: (Cont'd)

as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

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

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service.

Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment. The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	50 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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

(Continued)

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

K. Capital Assets: (Cont'd)

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

L. Lease Assets

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

M. Subscription Assets

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

N. Long Term Liabilities:

In the District-wide and Enterprise Fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable Government activities, Business-type activities, or Enterprise Funds. Bond premiums 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 related to this as of June 30, 2023.

P. Compensated Absences:

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's various employee contracts/agreements. Upon termination, employees are paid for accrued vacation. The District's various employee contracts/agreements permit 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 various employee contracts/agreements.

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

(Continued)

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

P. Compensated Absences: (Cont'd)

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

Q. Lease Payable

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

R. Subscriptions Payable

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

S. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned.

T. Fund Balance Appropriated:

General Fund: Of the \$25,762,671 General Fund balance at June 30, 2023, \$1,534,445 is assigned for year-end encumbrances; \$10,656,204 is restricted in the capital reserve account; \$4,202,578 is restricted in a maintenance reserve; \$450,000 is restricted in an emergency reserve; \$644,967 is restricted for unemployment compensation; \$2,541,487 is restricted as prior year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2024; \$2,300,000 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2025; \$500,000 is assigned and included as anticipated budget revenue for the fiscal year ending June 30, 2024; and \$2,932,990 is unassigned, which is \$528,289 less than the calculated unassigned fund balance, on a GAAP basis, due to the last two state aid payments, which are not recognized until the fiscal year ended June 30, 2024.

Special Revenue Fund: The \$403,540 fund balance in the Special Revenue Fund at June 30, 2023 is restricted for student activities.

Capital Projects Fund: Of the \$3,149,271 Capital Projects Fund balance at June 30, 2023, \$5,363,022 is restricted and (\$2,213,751) is an unassigned deficit balance which is \$4,969,504 less on a GAAP basis due to the NJ Clean Energy Program 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: Of the \$112,345 restricted fund balance in the Debt Service Fund at June 30, 2023, \$38,038 is anticipated revenue for the fiscal year ended June 30, 2024.

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

(Continued)

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

T. Fund Balance Appropriated: (Cont'd)

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (§1701), 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 as outlined above.

P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the last two state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. 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 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 last two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments noted above.

U. Deficit Net Position/Fund Balance:

The District has a deficit in unrestricted net position of \$20,146,239 in its governmental activities, which is primarily due to deferred inflows, outflows and liabilities related to pensions and compensated absences. The District also has a deficit of \$2,213,751 in Capital Projects Fund fund balance due to a difference in the recognition of grant revenue. These deficits do not indicate the District is in financial difficulties and is a permitted practice under 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 outflow of resources for the deferred amount on refunding bonds and deferred outflows and inflows of resources related to pensions at June 30, 2023.

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 of 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.

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

(Continued)

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

V. Net Position: (Cont'd)

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

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

W. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, capital reserve, maintenance reserve, emergency reserve, unemployment compensation, student activities and the capital projects and debt service funds.

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 no committed funds on the GAAP basis at June 30, 2023.

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

X. Revenue - Exchange and Nonexchange Transactions:

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

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

(Continued)

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

X. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

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

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

Y. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activities of the Enterprise Funds. These revenues are sales for Food Service, and program fees for Field Rental/Joint Facilities. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the Enterprise Funds.

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.

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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 section of this note on investments.

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

Deposits:

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

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

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

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

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board, 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;

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

(Continued)

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

Investments: (Cont'd)

- (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;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of 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.

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

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

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

	Restricted Cash and Cash Equivalents	Cash and Cash Equivalents	Total
Checking/Money Market Accounts	\$ 5,701,085	\$ 16,838,891	\$ 22,539,976
NJ ARM	10,656,204	29,598	10,685,802
	\$ 16,357,289	\$ 16,868,489	\$ 33,225,778

During the period ended June 30, 2023, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2023, was \$33,225,778 and the bank balance was \$36,220,746. The balance of \$10,658,802 in NJ ARM is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$1 on October 10, 2000 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 State Department of Education, 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-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning Balance, July 1, 2022	\$ 5,764,494
Add: Interest Earnings	91,886
Transfer from Unassigned Fund Balance per Board Resolution - June 2023	4,800,000
Less: Budgeted Withdrawal from Capital Reserve	(176)
Ending Balance, June 30, 2023	\$ 10,656,204

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

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

(Continued)

NOTE 5. CAPITAL ASSETS

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

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 109,045			\$ 109,045
Construction in Progress	37,407,579	\$ 5,736,799	\$ (25,593,176)	17,551,202
Total Capital Assets Not Being Depreciated	<u>37,516,624</u>	<u>5,736,799</u>	<u>(25,593,176)</u>	<u>17,660,247</u>
Capital Assets Being Depreciated:				
Site Improvements	7,929,575	1,133,724		9,063,299
Buildings and Building Improvements	83,562,736	2,003,273	25,593,176	111,159,185
Machinery and Equipment	7,657,039	974,354	(304,547)	8,326,846
Total Capital Assets Being Depreciated	<u>99,149,350</u>	<u>4,111,351</u>	<u>25,288,629</u>	<u>128,549,330</u>
Governmental Activities Capital Assets	<u>136,665,974</u>	<u>9,848,150</u>	<u>(304,547)</u>	<u>146,209,577</u>
Less Accumulated Depreciation for:				
Site Improvements	(3,900,872)	(349,535)		(4,250,407)
Buildings and Building Improvements	(40,480,969)	(1,840,793)		(42,321,762)
Machinery and Equipment	(4,915,084)	(720,357)	158,647	(5,476,794)
	<u>(49,296,925)</u>	<u>(2,910,685)</u>	<u>158,647</u>	<u>(52,048,963)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 87,369,049</u>	<u>\$ 6,937,465</u>	<u>\$ (145,900)</u>	<u>\$ 94,160,614</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 245,216	\$ 30,849		\$ 276,065
Less: Accumulated Depreciation	(155,288)	(18,382)		(173,670)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 89,928</u>	<u>\$ 12,467</u>	<u>\$ -0-</u>	<u>\$ 102,395</u>

The District expended \$9,848,150 on various capital projects during the fiscal year, which included \$5,736,799 of construction projects in progress. As of June 30, the District has \$8,118,775 in active construction projects, \$3,280,619 of which has been encumbered for awarded contracts.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 2,228,806
Special Education Instruction	245,765
Other Instruction	136,715
Student and Other Instruction Related Services	42,094
General Administration	5,228
School Administration	60,742
Central Services	39,062
Operations and Maintenance of Plant	93,673
Student Transportation	58,600
	<u>\$ 2,910,685</u>

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

NOTE 6. LONG-TERM LIABILITIES

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

	Balance 6/30/2022	Accrued	Retired	Balance 6/30/2023	Due Within One Year
Serial Bonds Payable	\$ 52,033,000		\$ 4,690,000	\$ 47,343,000	\$ 4,850,000
Unamortized Bond					
Issuance Premium	1,284,636		255,718	1,028,918	255,718
Financed Purchases Payable	2,799,028		244,038	2,554,990	257,044
Compensated Absences Payable	2,066,940	\$ 411,857	132,652	2,346,145	
Net Pension Liability	12,906,304	3,269,408		16,175,712	
	<u>\$ 71,089,908</u>	<u>\$ 3,681,265</u>	<u>\$ 5,322,408</u>	<u>\$ 69,448,765</u>	<u>\$ 5,362,762</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.

A referendum passed on September 27, 2016, authorizing the issuance of \$25,593,176 in bonds to finance several projects including the purchase and renovation of the former Millburn Regional Day School, which became a 5th grade school known as the Washington School, health and safety improvements in all District buildings, and the construction/renovation of innovative research and design spaces at all seven schools. On December 6, 2016, the District issued serial bonds of \$25,593,000 with interest rates ranging from 3.5% to 4.0% to fund the referendum projects. The bonds mature on August 1, 2018 through 2041 and are non-callable until after August 1, 2027.

A referendum passed on January 28, 2020, authorizing the issuance of \$20,500,000 in bonds to finance several projects including building system improvements and security vestibule upgrades in seven schools and windows replacement at the Washington School. On April 21, 2020, the District issued serial bonds of \$20,500,000 with interest rates ranging from 2.0% to 2.5% to fund the referendum projects. The bonds mature on February 15, 2021 through 2035 and are non-callable until after February 15, 2028.

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

Purpose	<u>Serial Bonds</u>		Amount
	Final Maturity Date	Interest Rate	
Refunding Bonds	09/15/23	4.00%	\$ 745,000
Refunding Bonds	07/15/27	5.00%	6,805,000
School Bonds	08/01/41	3.50%-4.00%	22,343,000
School Bonds	02/15/35	2.00%-2.50%	17,450,000
			<u>\$ 47,343,000</u>

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

NOTE 6. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

Principal and interest due on serial bonds outstanding will be liquidated through the Debt Service Fund and are as follows:

Fiscal Year Ending June 30,	Bonds		
	Principal	Interest	Total
2024	\$ 4,850,000	\$ 1,529,245	\$ 6,379,245
2025	4,055,000	1,375,095	5,430,095
2026	4,060,000	1,236,720	5,296,720
2027	4,065,000	1,090,095	5,155,095
2028	4,170,000	941,470	5,111,470
Thereafter 5 Years (2029-2033)	13,400,000	3,306,100	16,706,100
Thereafter 5 Years (2034-2038)	8,000,000	1,552,350	9,552,350
Thereafter 5 Years (2039-2042)	4,743,000	374,520	5,117,520
	<u>\$ 47,343,000</u>	<u>\$ 11,405,595</u>	<u>\$ 58,748,595</u>

B. Unamortized Bond Issuance 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 \$255,718 and is separated from the long-term portion of \$773,200.

C. Financed Purchases Payable:

On August 7, 2015, the District entered into a \$4,483,000 financed purchase agreement, with a fifteen year term, to fund the implementation of the District's Energy Savings Improvement Program (ESIP), entailing various permitted energy conservation measures under the ESIP Law, throughout the District. As of June 30, 2023, \$1,928,010 has matured and been repaid.

N.J.S.A. 18A:18A-4.6(c), Implementation of an energy savings improvement program by a board of education/board of trustees, provides the authority for public school districts/charter schools to finance an energy savings improvement program through a financed purchase agreement or through the issuance of energy savings obligations. The ESIP law provides that energy savings obligation shall be funded through appropriations in the General Fund annual budget, on the basis that the costs of implemented energy conservation measures should be fully offset by energy savings to be generated by such measures (on both an annual and aggregate basis).

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

NOTE 6. LONG-TERM LIABILITIES (Cont'd)

C. Financed Purchases Payable: (Cont'd)

The following is a schedule of the future minimum financed purchases payments, and the present value of the net minimum financed purchases payments at June 30, 2023.

<u>Fiscal Year</u>	<u>Amount</u>
2024	\$ 317,080
2025	324,286
2026	332,185
2027	339,185
2028	346,898
Thereafter 4 Years (2029-2032)	<u>1,181,747</u>
Total Minimum Financed Purchases Payments	2,841,381
Less: Amount Representing Interest	<u>(286,391)</u>
Present Value Net of Minimum Financed Purchase Payments	<u><u>\$ 2,554,990</u></u>

The current portion of financed purchases payable at June 30, 2023 is \$257,044 and the long-term portion is \$2,297,946. The General Fund will be used to liquidate the financed purchases payable.

D. Compensated Absences Payable:

The liability for compensated absences of the Governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$-0- and is separated from the long-term portion of compensated absences of \$2,346,145. The General Fund will be used to liquidate compensated absences payable. There is no liability for compensated absences in the Proprietary fund types.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2023 is \$-0- and the long-term portion is \$16,175,712. See Note 7 for further information on the PERS.

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

NOTE 7. PENSION PLANS

Substantially all of the Board’s employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers’ Pension and Annuity Fund (TPAF) or the Public Employee’s Retirement System (PERS) of New Jersey; 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 50 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.

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

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

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

District contributions to PERS amounted to \$1,395,733 for fiscal year 2023. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$34,034 to the PERS for normal pension benefits on behalf of the District.

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

Special Funding Situation

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

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

At June 30, 2023, the District reported a liability of \$16,175,712 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the District's proportion was 0.107%, which was a decrease of 0.002% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized an actual pension benefit in the amount of \$1,439,606. Additionally, for the fiscal year ended June 30, 2022, the State recognized pension benefit on behalf of the District in the amount of \$34,034 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

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

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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

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

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

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2018	5.63		\$ 388,832
	2019	5.21		485,910
	2020	5.16		1,428,838
	2021	5.13		118,564
	2022	5.04	\$ 50,117	
			50,117	2,422,144
Changes in Proportion	2018	5.63	42,099	
	2019	5.21		50,190
	2020	5.16	236,319	
	2021	5.13		928,025
	2022	5.04		268,500
			278,418	1,246,715
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	16,002	
	2020	5.00	480,853	
	2021	5.00	(2,999,252)	
	2022	5.00	3,171,895	
			669,498	
Difference Between Expected and Actual Experience	2018	5.63		14,808
	2019	5.21	37,143	
	2020	5.16	79,606	
	2021	5.13		39,856
	2022	5.04		48,292
			116,749	102,956
District Contribution Subsequent to the Measurement Date	2022	1.00	1,430,000	
			\$ 2,544,782	\$ 3,771,815

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

NOTE 7. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2023	\$ (1,640,463)
2024	(969,162)
2025	(690,192)
2026	647,096
2027	(4,312)
	\$ (2,657,033)

Actuarial Assumptions

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

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

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

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

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

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

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

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

Discount Rate

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

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

NOTE 7. 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 District's proportionate share of the collective net pension liability as of June 30, 2022 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 20,747,475	\$ 16,175,712	\$ 12,236,580

Pension plan Fiduciary Net Position

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

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.

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

NOTE 7. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for TPAF:

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

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

Contributions

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

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2023, the State of New Jersey contributed \$16,469,559 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$5,569,831. The employee contribution rate was 7.50% effective July 1, 2018.

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

NOTE 7. PENSION PLANS (Cont'd)

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

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

At June 30, 2023, the State's proportionate share of the net pension liability associated with the District was \$206,958,473. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the District's proportion was 0.401%, which was a decrease of 0.004% from its proportion measured as of June 30, 2021.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>206,958,473</u>
Total	<u>\$ 206,958,473</u>

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$5,569,831 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2015	8.30	\$ 213,742,984	
	2016	8.30	1,695,809,748	
	2017	8.30		\$ 3,681,530,748
	2018	8.29		2,705,362,525
	2019	8.04		2,012,738,111
	2020	7.99	1,007,402,060	
	2021	7.93		11,041,509,093
	2022	7.83	<u>96,143,072</u>	
			<u>3,013,097,864</u>	<u>19,441,140,477</u>

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

NOTE 7. PENSION PLANS (Cont'd)

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

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	2015	8.50	13,201,022	
	2016	8.30		21,088,845.00
	2017	8.30	65,502,212	
	2018	8.29	474,592,771	
	2019	8.04		78,198,040
	2020	7.99		5,368,990
	2021	7.93	146,524,969	
	2022	7.83		18,009,041
			<u>699,820,974</u>	<u>122,664,916</u>
Net Difference Between Projected and Actual Actual Investment Earnings on Pension Plan Investments	2019	5.00	36,220,692	
	2020	5.00	482,791,080	
	2021	5.00	(2,665,975,358)	
	2022	5.00	3,319,334,659	
			<u>1,172,371,073</u>	
			<u>\$ 4,885,289,911</u>	<u>\$ 19,563,805,393</u>

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:

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

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

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

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

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

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

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

Long Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%

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

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate – TPAF

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

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

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

	June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 242,663,207	\$ 206,958,473	\$ 176,881,720

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

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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 \$50,857 for the fiscal year ended June 30, 2023. Employee contributions to DCRP amounted to \$68,038 for the fiscal year ended June 30, 2023.

NOTE 8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtained its health benefit coverage through the New Jersey State Health Benefits Program.

Property and Liability Insurance

The Millburn Township School District obtains commercial insurance coverage for general liability, property and automobile coverage from Utica National Insurance Group and is a member of the Pooled Insurance Program of New Jersey (the "Fund") for workers' compensation insurance. This public entity risk management pool provides workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report. The Fund 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 Fund are elected.

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

NOTE 8. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

As a member of this Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The Fund 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.

The June 30, 2023 audit report for the Fund is not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2022 is as follows:

Total Assets	\$ 20,734,051
Net Position	\$ 6,279,806
Total Revenue	\$ 9,242,784
Total Expenses	\$ 10,198,425
Change in Net Position	\$ (955,641)
Members Dividends	\$ 1,137,231

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

Office of the Executive Director
44 Bergen Street
P.O. Box 270
Westwood, NJ 07675

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, interest earned, employee contributions, 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>	District Contributions	Interest Earned	Employee Contributions	Amount Reimbursed	Ending Balance
2022-2023	\$ -0-	\$ 7,064	\$ 94,516	\$ 98,595	\$ 644,967
2021-2022	-0-	1,662	87,258	1,319	641,982
2020-2021	-0-	3,545	96,932	42,659	554,381

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

NOTE 9. 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 10. INTERFUND BALANCES AND TRANSFERS

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 1,072,321	
Special Revenue Fund		\$ 575,039
Capital Projects Fund		602,793
Debt Service Fund	105,511	
	\$ 1,177,832	\$ 1,177,832

The interfund between the General Fund and the Capital Projects Fund is due to a cash advance to the Capital Projects Fund. The interfund between the General Fund and the Special Revenue Fund is due to a deficit in cash and cash equivalents in the Special Revenue Fund. This deficit is due to the timing between expenditure and reimbursement of grants from the State of New Jersey. The interfund receivable in the Debt Service Fund is comprised of the prior year's and current year's interest due from the Capital Projects Fund.

During the fiscal year, the District transferred \$74,307 of interest earned in the Capital Projects Fund to the Debt Service Fund and transferred \$224 of interest earned in the Capital Projects Fund to the General Fund.

NOTE 11. 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 (VALIC) AXA Equitable	Lincoln Investment Planning Prudential
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AXA Equitable, Lincoln Investment Planning and VALIC are the plan administrators for the District's Internal Revenue Code Section 457 plans.

NOTE 12. TAX CALENDAR

Property taxes are levied 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.

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

NOTE 12. TAX CALENDAR (Cont'd)

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 local school district on a predetermined mutually agreed-upon schedule.

NOTE 13. CONTINGENT LIABILITIES

Grant Programs

The School District participates in state and federally 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 faced with claims and lawsuits arising from its operations. The District is vigorously contesting these lawsuits and estimates that any potential claims or judgments resulting from any litigation and not covered by insurance would not materially affect its financial position.

Encumbrances

At June 30, 2023, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 1,534,445	\$ 90,657	\$ 3,280,619	\$ 4,905,721

On the District's Governmental Funds Balance Sheet as of June 30, 2023, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$90,657 less than the actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue. The \$3,280,619 year-end encumbrances in the Capital Projects Fund are included in the \$3,149,271 of total fund balance.

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

NOTE 14. ACCOUNTS PAYABLE

Accounts payable recorded in the District’s Governmental Activities as of June 30, 2023 consisted of the following:

	<u>Governmental Funds</u>			District Contribution Subsequent to the Measure- ment Date	Total Governmental Activities	Business- Type Activities Proprietary Funds
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>			
Due to State of New Jersey		\$ 80,012		\$ 1,430,000	\$ 1,510,012	
Vendors	\$ 3,445,546	258,683	\$ 789,139		4,493,368	\$ 4,130
Accrued Salaries and Wages	238,562	16,405			254,967	
Payroll Deductions and Withholdings	157,011				157,011	
	<u>\$ 3,841,119</u>	<u>\$ 355,100</u>	<u>\$ 789,139</u>	<u>\$ 1,430,000</u>	<u>\$ 6,415,358</u>	<u>\$ 4,130</u>

NOTE 15. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2023, the District made no transfers to the capital outlay accounts.

NOTE 16. EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by Board resolution on June 16, 2008 by inclusion of \$300,000 for the accumulation of funds for use as unanticipated general fund expenditures in subsequent fiscal years. The emergency reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

The emergency reserve is restricted to be used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The Department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1st and June 30th. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or the withdrawal is included in the original budget certified for taxes or to finance school security improvements pursuant to N.J.S.A. 18A:7G-6(c)1.

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

Beginning Balance, July 1, 2022	\$ 450,000
Ending Balance, June 30, 2023	<u>\$ 450,000</u>

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

NOTE 17. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$260,000 was established by the District on June 20, 2016. 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.

Beginning Balance, July 1, 2022	\$ 3,607,695
Add: Transfer from Unassigned Fund Balance per Board Resolution - June 2023	1,005,289
Less: Budgeted Withdrawal from Maintenance Reserve	<u>(410,406)</u>
Ending Balance, June 30, 2023	<u><u>\$ 4,202,578</u></u>

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

A. 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.

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

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

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

General Information about the OPEB Plan (Cont'd)

A. Plan Description and Benefits Provided (Cont'd)

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-notice-oheb.shtml>.

Employees Covered by Benefit Terms

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

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

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

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

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, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

Actuarial Assumptions and Other Inputs

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

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

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

Mortality Rates

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

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

(Continued)

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

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

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

	Total OPEB Liability
Balance at June 30, 2021	\$ 177,604,074
Changes for Year:	
Service Cost	8,781,773
Interest on the Total OPEB Liability	3,967,948
Difference between Actual and Expected Experience	3,343,939
Changes of Assumptions	(40,165,789)
Contributions from Members	126,088
Gross Benefit Payments by the State	(3,930,370)
Net Changes	(27,876,411)
Balance at June 30, 2022	\$ 149,727,663

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

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

	June 30, 2022		
	At 1% Decrease (2.54%)	At Discount Rate (3.54%)	At 1% Increase (4.54%)
	Total OPEB Liability Attributable to the District	\$ 175,989,118	\$ 149,727,663

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

(Continued)

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

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 Healthcare Trend Rate

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

	June 30, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 123,759,065	\$ 149,727,663	\$ 183,838,993

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

For the fiscal year ended June 30, 2023 the District recognized OPEB expense of \$6,512,290 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

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

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 7,774,021
	2018	9.51		7,418,627
	2019	9.29	\$ 1,047,398	
	2020	9.24	24,729,532	
	2021	9.24	137,138	
	2022	9.13		35,766,469
			25,914,068	50,959,117
Differences between Expected and Actual Experience	2018	9.51		7,012,912
	2019	9.29		12,327,933
	2020	9.24	23,048,894	
	2021	9.24		26,372,742
	2022	9.13	3,683,433	
			26,732,327	45,713,587
Changes in Proportion	N/A	N/A	6,145,599	195,189
			\$ 58,791,994	\$ 96,867,893

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

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

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

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

Amounts reported as deferred outflows and inflows of resources related to OPEB (excluding specific amounts for changes in proportion) will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2023	\$ (7,441,531)
2024	(7,441,531)
2025	(7,441,531)
2026	(6,431,348)
2027	(3,677,530)
Thereafter	(11,592,838)
	\$ (44,026,309)

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

MILLBURN TOWNSHIP SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF DISTRICTS PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST NINE FISCAL YEARS

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's Proportion of the Net Pension Liability	0.1076168755%	0.1078048987%	0.11151853278%	0.1126986898%	0.1143666831%	0.1134126488%	0.1159201523%	0.1089461467%	0.1071851330%
District's Proportionate Share of the Net Pension Liability	\$ 20,148,822	\$ 24,200,039	\$ 34,114,590	\$ 26,234,454	\$ 22,518,230	\$ 20,435,239	\$ 18,903,545	\$ 12,906,304	\$ 16,175,712
District's Covered Employee Payroll	\$ 7,249,288	\$ 7,677,902	\$ 7,774,941	\$ 7,917,692	\$ 7,973,891	\$ 8,076,501	\$ 7,950,746	\$ 7,748,483	\$ 7,844,819
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	277.94%	315.19%	438.78%	331.34%	282.40%	253.02%	237.76%	166.57%	206.20%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%

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

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

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually Required Contribution	\$ 887,178	\$ 926,833	\$ 1,032,163	\$ 1,070,057	\$ 1,151,998	\$ 1,145,460	\$ 1,268,109	\$ 1,275,886	\$ 1,395,733
Contributions in relation to the Contractually Required Contribution	(887,178)	(926,833)	(1,032,163)	(1,070,057)	(1,151,998)	(1,145,460)	(1,268,109)	(1,275,886)	(1,395,733)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Covered Employee Payroll	\$ 7,677,902	\$ 7,774,941	\$ 7,917,692	\$ 7,973,891	\$ 8,076,501	\$ 7,950,746	\$ 7,748,483	\$ 7,844,819	\$ 8,715,379
Contributions as a Percentage of Covered Employee Payroll	11.55%	11.92%	13.04%	13.42%	14.26%	14.41%	16.37%	16.26%	16.01%

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

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

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
State's Proportion of the Net Pension Liability Attributable to the District	0.3926406613%	0.4068492581%	0.4113368574%	0.4125498369%	0.41278666375%	0.4089868782%	0.3918609393%	0.4052783316%	0.4011257212%
State's Proportionate Share of the Net Pension Liability Attributable to the District	\$ 209,853,654	\$ 257,146,105	\$ 323,583,762	\$ 278,155,976	\$ 262,605,992	\$ 250,999,107	\$ 258,035,713	\$ 194,838,322	\$ 206,958,473
District's Covered Employee Payroll	\$ 41,199,177	\$ 42,109,191	\$ 41,787,246	\$ 42,619,709	\$ 41,940,799	\$ 43,748,623	\$ 45,369,717	\$ 45,564,868	\$ 45,174,696
State's proportionate share of the net pension liability attributable to the District as a Percentage of its Covered Employee Payroll	509.36%	610.67%	774.36%	652.65%	626.13%	573.73%	568.74%	427.61%	458.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%

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

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

	Fiscal Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Contractually required contribution	\$ 11,292,097	\$ 15,701,085	\$ 24,312,817	\$ 19,269,238	\$ 15,309,011	\$ 14,804,598	\$ 16,045,759	\$ 4,584,631	\$ 5,569,831	
Contributions in relation to the contractually required contribution	(2,199,576)	(3,293,323)	(4,478,121)	(6,078,890)	(8,043,783)	(8,595,011)	(11,780,950)	(16,512,967)	(16,469,559)	
Contribution deficiency/(excess)	\$ 9,092,521	\$ 12,407,762	\$ 19,834,696	\$ 13,190,348	\$ 7,265,228	\$ 6,209,587	\$ 4,264,809	\$ (11,928,336)	\$ (10,899,728)	
District's covered employee payroll	\$ 42,109,191	\$ 41,787,246	\$ 42,619,709	\$ 41,940,799	\$ 43,748,623	\$ 45,369,717	\$ 45,564,868	\$ 45,174,696	\$ 48,160,878	
Contributions as a percentage of covered employee payroll	5.22%	7.88%	10.51%	14.49%	18.39%	18.94%	25.86%	36.55%	34.20%	

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST SIX FISCAL YEARS

	Fiscal Year Ending					
	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 7,122,113	\$ 5,906,639	\$ 5,351,212	\$ 5,543,054	\$ 10,020,652	\$ 8,781,773
Interest Cost	4,716,209	5,481,306	5,300,268	4,412,735	4,607,237	3,967,948
Change in Benefit Terms					(189,038)	
Differences between Expected and Actual Experience		(8,134,431)	(20,037,473)	34,349,175	(33,099,591)	3,343,939
Changes in Assumptions	(19,615,191)	(15,309,398)	1,822,092	36,460,248	175,220	(40,165,789)
Member Contributions	127,003	123,292	111,200	105,324	117,784	126,088
Gross Benefit Payments	(3,449,056)	(3,567,320)	(3,751,341)	(3,474,889)	(3,629,212)	(3,930,370)
Net Change in Total OPEB Liability	(11,098,922)	(15,499,912)	(11,204,042)	77,395,647	(21,996,948)	(27,876,411)
Total OPEB Liability - Beginning	160,008,251	148,909,329	133,409,417	122,205,375	199,601,022	177,604,074
Total OPEB Liability - Ending	\$ 148,909,329	\$ 133,409,417	\$ 122,205,375	\$ 199,601,022	\$ 177,604,074	\$ 149,727,663
District's Covered Employee Payroll *	\$ 49,562,187	\$ 50,537,401	\$ 49,914,690	\$ 51,825,124	\$ 53,320,463	\$ 53,313,351
Total OPEB Liability as a Percentage of Covered Employee Payroll	300%	264%	245%	385%	333%	281%

* Covered payroll for the fiscal years ending June 30, 2017, 2018, 2019, 2020, 2021 and 2022 are based on the payroll on the June 30, 2016, 2017, 2018, 2019, 2020 and 2021 census data.

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

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

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2022 was 3.54%. The discount rate for June 30, 2021 was 2.16%, a change of 1.38%.

The salary increases for TPAF/ABP thereafter were 1.55% - 4.45% through 2026 and 2.75% - 5.65% for thereafter in the valuation as of June 30, 2021. The salary increases for TPAF/ABP were 2.75% - 4.25% in the valuation as of June 30, 2022.

The salary increases for PERS were 2.00% - 6.00% through 2026 and 3.00% - 7.00% for thereafter in the valuation as of June 30, 2021. The salary increases for PERS were 2.75% - 6.55% in the valuation as of June 30, 2022.

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

(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

The salary increases for PFRS were 3.25% - 15.25% through 2026 and not applicable for thereafter in the valuation as of June 30, 2021. The salary increases for PFRS were 3.25% - 16.25% in the valuation as of June 30, 2022.

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.

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

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

BUDGETARY COMPARISON SCHEDULES

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 92,137,785		\$ 92,137,785	\$ 92,137,785	
Tuition From Individuals	85,000		85,000	125,727	\$ 40,727
Tuition From Other LEAs Within the State			80,000	168,950	88,950
Tuition From Summer School			10,000		(10,000)
Transportation Fees From Individuals	600,000		600,000	1,049,322	449,322
Rents and Royalties			65,000	144,392	79,392
Unrestricted Miscellaneous Revenues	330,000		175,000	1,271,280	1,096,280
Interest Earned on Current Expense Emergency Reserve	10		10		(10)
Interest Earned on Maintenance Reserve	20		20		(20)
Interest Earned on Capital Reserve Funds	70		70	91,886	91,816
Other Restricted Miscellaneous Revenues				2,985	2,985
Total Revenues from Local Sources	93,152,885		93,152,885	94,992,327	1,839,442
Revenues from State Sources:					
Categorical Transportation Aid	788,722		788,722	788,722	
Extraordinary Aid	500,000		500,000	1,774,086	1,274,086
Categorical Special Education Aid	4,324,483		4,324,483	4,324,483	
Categorical Security Aid	389,098		389,098	389,098	
Excess Nonpublic School Transportation Costs				155,688	155,688
TPAF Post Retirement Contributions (Non-Budgeted)				4,386,539	4,386,539
TPAF Pension Contributions (Non-Budgeted)				16,469,559	16,469,559
TPAF Non-Contributory Insurance (Non-Budgeted)				228,496	228,496
TPAF Long-Term Disability Insurance (Non-Budgeted)				5,163	5,163
Reimbursed TPAF Social Security Contributions				3,542,153	3,542,153
Total Revenues from State Sources	6,002,303		6,002,303	32,063,987	26,061,684
Revenues from Federal Sources:					
Medicaid Reimbursement	17,567		17,567	13,476	(4,091)
COVID 19 - Coronavirus Relief Fund				463,789	463,789
Total Revenues from Federal Sources	17,567		17,567	477,265	459,698

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL REVENUE	\$ 99,172,755		\$ 99,172,755	\$ 127,533,579	\$ 28,360,824
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	214,366	\$ (7,000)	207,366	207,316	50
Kindergarten - Salaries of Teachers	1,997,009	(61,200)	1,935,809	1,935,367	442
Grades 1-5 - Salaries of Teachers	11,338,982	(1,093,052)	10,245,930	10,245,829	101
Grades 6-8 - Salaries of Teachers	8,128,771	(260,808)	7,867,963	7,867,963	
Grades 9-12 - Salaries of Teachers	11,180,938	(438,463)	10,742,475	10,738,087	4,388
Regular Programs - Home Instruction:					
Salaries of Teachers	25,000		25,000	23,325	1,675
Purchased Professional - Educational Services	24,000	(4,338)	19,662	15,625	4,037
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	85,520	(16,912)	68,608	68,544	64
Purchased Professional - Educational Services	352,520	771,530	1,124,050	1,120,925	3,125
Purchased Technical Services	1,254,668	85,922	1,340,590	1,340,569	21
Other Purchased Services (400-500 series)	148,545	(135,295)	13,250	10,774	2,476
General Supplies	1,473,818	333,203	1,807,021	1,767,226	39,795
Textbooks	356,800	(107,154)	249,646	231,882	17,764
Total Regular Programs - Instruction	36,580,937	(933,567)	35,647,370	35,573,432	73,938
Special Education - Instruction:					
Cognitive - Moderate:	4,000	(2,000)	2,000		2,000
Purchased Professional - Educational Services	4,000	(2,000)	2,000		2,000
Total Cognitive - Moderate					

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Learning and/or Language Disabilities:					
Salaries of Teachers	\$ 215,247	\$ 2,500	\$ 217,747	\$ 216,799	\$ 948
Purchased Professional - Educational Services		4,000	4,000	1,309	2,691
General Supplies	8,000	(5,524)	2,476	2,476	
Textbooks	1,000	(1,000)			
Total Learning and/or Language Disabilities	<u>224,247</u>	<u>(24)</u>	<u>224,223</u>	<u>220,584</u>	<u>3,639</u>
Auditory Impairments:					
Salaries of Teachers	108,067	2,115	110,182	110,182	
General Supplies	5,000	(1,365)	3,635	2,630	1,005
Total Auditory Impairments	<u>113,067</u>	<u>750</u>	<u>113,817</u>	<u>112,812</u>	<u>1,005</u>
Multiple Disabilities:					
Salaries of Teachers	224,540	(1,582)	222,958	222,059	899
Other Salaries for Instruction	70,408	(1,800)	68,608	68,081	527
Purchased Professional-Educational Services		3,500	3,500	268	3,232
General Supplies	200	(8)	192	189	3
Textbooks	300		300		300
Total Multiple Disabilities	<u>295,448</u>	<u>110</u>	<u>295,558</u>	<u>290,597</u>	<u>4,961</u>
Resource Room/Resource Center:					
Salaries of Teachers	5,290,673	(410,818)	4,879,855	4,830,368	49,487
Purchased Professional - Educational Services		94,786	94,786	85,342	9,444
General Supplies	29,150	(14,655)	14,495	14,495	
Textbooks	23,511	(7,785)	15,726	15,726	
Total Resource Room/Resource Center	<u>5,343,334</u>	<u>(338,472)</u>	<u>5,004,862</u>	<u>4,945,931</u>	<u>58,931</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Autism:					
Salaries of Teachers	\$ 371,937	\$ 15,241	\$ 387,178	\$ 387,178	
Other Salaries for Instruction	83,200	6,960	90,160	59,803	\$ 30,357
Purchased Professional-Educational Services		3,000	3,000	307	2,693
General Supplies	8,775		8,775	8,677	98
Total Autism	463,912	25,201	489,113	455,965	33,148
Preschool Disabilities - Part-Time:					
Salaries of Teachers	56,000		56,000	52,066	3,934
Other Salaries for Instruction	100,000		100,000	88,461	11,539
General Supplies	2,500	(143)	2,357	2,238	119
Total Preschool Disabilities - Part-Time	158,500	(143)	158,357	142,765	15,592
Preschool Disabilities - Full-Time:					
Salaries of Teachers	70,682	(225)	70,457	69,561	896
Other Salaries for Instruction	35,454	(1,500)	33,954	31,577	2,377
Purchased Professional-Educational Services		7,500	7,500	2,817	4,683
General Supplies	500	(54)	446	446	
Total Preschool Disabilities - Full-Time	106,636	5,721	112,357	104,401	7,956
Home Instruction:					
Salaries of Teachers	40,000	(23,000)	17,000	3,608	13,392
Purchased Professional - Educational Services	27,000	(262)	26,738	7,309	19,429
Total Home Instruction	67,000	(23,262)	43,738	10,917	32,821
TOTAL SPECIAL EDUCATION - INSTRUCTION	6,776,144	(332,119)	6,444,025	6,283,972	160,053

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 1,279,390	\$ (238,336)	\$ 1,041,054	\$ 1,038,158	\$ 2,896
Purchased Professional-Educational Services	6,850	36,639	36,639	35,404	1,235
General Supplies	1,286,240	(284)	6,566	6,063	503
Total Basic Skills/Remedial - Instruction	<u>1,286,240</u>	<u>(201,981)</u>	<u>1,084,259</u>	<u>1,079,625</u>	<u>4,634</u>
Bilingual Education - Instruction:					
Salaries of Teachers	473,117	(90,328)	382,789	381,439	1,350
Purchased Professional - Educational Services	3,400	4,000	4,000	920	3,080
General Supplies	476,517	80	3,480	3,479	1
Total Bilingual Education - Instruction	<u>476,517</u>	<u>(86,248)</u>	<u>390,269</u>	<u>385,838</u>	<u>4,431</u>
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	374,439	6,000	380,439	369,580	10,859
Other Objects	92,750	(4,469)	88,281	87,106	1,175
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	<u>467,189</u>	<u>1,531</u>	<u>468,720</u>	<u>456,686</u>	<u>12,034</u>
School-Sponsored Athletics - Instruction:					
Salaries	878,313	5,139.00	883,452	872,331	11,121
Purchased Services (300-500 series)	171,680	(17,150)	154,530	142,010	12,520
Supplies and Materials	110,764	30,283	141,047	130,990	10,057
Other Objects	21,655	(7,190)	14,465	9,147	5,318
Total School-Sponsored Athletics - Instruction	<u>1,182,412</u>	<u>11,082</u>	<u>1,193,494</u>	<u>1,154,478</u>	<u>39,016</u>
Community Services Programs/Operations:					
Salaries	36,000	100	36,100	25,879	10,221
Total Community Services Programs/Operations	<u>36,000</u>	<u>100</u>	<u>36,100</u>	<u>25,879</u>	<u>10,221</u>
TOTAL INSTRUCTION	<u>46,805,439</u>	<u>(1,541,202)</u>	<u>45,264,237</u>	<u>44,959,910</u>	<u>304,327</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Instruction:					
Tuition to Other LEAs Within the State - Special	\$ 491,095	\$ (187,767)	\$ 303,328	\$ 257,211	\$ 46,117
Tuition to County Voc. School Dist.-Regular	9,000		9,000		9,000
Tuition to County Voc. School Dist. - Special	36,224	(9,224)	27,000	21,000	6,000
Tuition to Priv. Sch. for the Handicap. Within the State	3,592,288		3,592,288	3,267,185	325,103
Tuition to Priv Sch Handicap & Oth LEAs - Spl,O/S St	396,005	(228,606)	167,399	167,399	
Total Undist. Expend. - Instruction	<u>4,524,612</u>	<u>(425,597)</u>	<u>4,099,015</u>	<u>3,712,795</u>	<u>386,220</u>
Undist. Expend. - Health Services:					
Salaries	757,379	(22,200)	735,179	732,287	2,892
Purchased Professional and Technical Services	70,800	(25,878)	44,922	41,241	3,681
Other Purchased Services (400-500 series)	100		100		100
Supplies and Materials	23,750	5,955	29,705	26,357	3,348
Other Objects	2,650		2,650	295	2,355
Total Undist. Expend. - Health Services	<u>854,679</u>	<u>(42,123)</u>	<u>812,556</u>	<u>800,180</u>	<u>12,376</u>
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	1,448,665	(85,150)	1,363,515	1,360,775	2,740
Purchased Professional - Educational Services	195,000	(41,993)	153,007	88,618	64,389
Supplies and Materials	3,200		3,200	3,200	
Total Undist. Expend. - Speech, OT, PT, Related Svcs	<u>1,646,865</u>	<u>(127,143)</u>	<u>1,519,722</u>	<u>1,452,593</u>	<u>67,129</u>
Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.:					
Salaries	3,566,280	(298,061)	3,268,219	3,252,177	16,042
Purchased Professional - Educational Services		142,451	142,451	132,038	10,413
Supplies and Materials	3,800	(2,356)	1,444	1,281	163
Total Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.	<u>3,570,080</u>	<u>(157,966)</u>	<u>3,412,114</u>	<u>3,385,496</u>	<u>26,618</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	\$ 1,074,469	\$ 63,853	\$ 1,138,322	\$ 1,132,662	\$ 5,660
Salaries of Secretarial and Clerical Assistants	222,445	1,793	224,238	222,738	1,500
Other Salaries	71,840	1,616	73,456	73,456	
Purchased Professional - Educational Services		22,413	22,413	21,931	482
Other Purchased Services (400-500 series)	2,000		2,000	743	1,257
Total Undist. Expend. - Guidance	1,370,754	89,675	1,460,429	1,451,530	8,899
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	2,725,461	29,185	2,754,646	2,752,721	1,925
Salaries of Secretarial and Clerical Assistants	240,970	(1,000)	239,970	239,869	101
Purchased Professional - Educational Services		51,892	51,892	77	51,815
Other Purchased Prof. and Tech. Services	90,000	(34,077)	55,923	37,382	18,541
Other Purchased Services (400-500 series)	3,220		3,220	1,958	1,262
Supplies and Materials	59,700	3,500	63,200	61,994	1,206
Other Objects	10,178		10,178	5,693	4,485
Total Undist. Expend. - Child Study Team	3,129,529	49,500	3,179,029	3,099,694	79,335
Undist. Expend. - Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	760,452	20	760,472	760,471	1
Salaries of Other Professional Staff	772,921	(18,563)	754,358	745,707	8,651
Salaries of Secretarial and Clerical Assistants	63,778	(1,892)	61,886	53,158	8,728
Unused Vacation Payment to Terminated/Retired Staff		1,962	1,962	1,962	
Other Purchased Services (400-500 series)	4,500	(2,188)	2,312	1,901	411
Supplies and Materials	24,000	(5,170)	18,830	17,370	1,460
Other Objects	9,885	(533)	9,352	9,297	55
Total Undist. Expend. - Improv. of Inst. Serv.	1,635,536	(26,364)	1,609,172	1,589,866	19,306

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Edu. Media Serv./Sch. Library:					
Salaries	\$ 521,061	\$ (31,409)	\$ 489,652	\$ 489,652	\$ 731
Purchased Professional and Technical Services	118,857	8,000	8,000	7,269	920
Supplies and Materials	639,918	(4,693)	114,164	113,244	1,651
Total Undist. Expend. - Edu. Media Serv./Sch. Library		(28,102)	611,816	610,165	
Undist. Expend. - Instructional Staff Training Services:					
Salaries of Other Professional Staff	30,000	(16,000)	14,000	8,660	5,340
Other Salaries	36,000	(16,000)	20,000	8,212	11,788
Purchased Professional - Educational Service	59,000	56,100	115,100	115,100	
Other Purchased Services (400-500 series)	2,500	616	3,116	1,725	1,391
Supplies and Materials	1,750	(350)	1,400	1,400	
Other Objects	38,040	(2,265)	35,775	23,506	12,269
Total Undist. Expend. - Instructional Staff Training Services	167,290	22,101	189,391	158,603	30,788
Undist. Expend. - Support Serv. - Gen. Admin.:					
Salaries	454,133	(9,524)	444,609	444,373	236
Legal Services	438,335	(182,509)	255,826	174,194	81,632
Audit Fees	67,500	3,250	70,750	70,750	
Architectural/Engineering Services	249,824	105,711	355,535	231,142	124,393
Other Purchased Professional Services	23,208	(2,454)	20,754	11,661	9,093
Communications / Telephone	309,000	(63,565)	245,435	237,111	8,324
BOE Other Purchased Services	3,000		3,000	2,010	990
Other Purch. Serv. (400-500 series other than 530 & 585)	59,000	(7,048)	51,952	50,864	1,088
General Supplies	3,200	(1,700)	1,500	265	1,235
BOE In-house training/ Meeting Supplies	300	200	500	379	121
Judgments Against The School District	645,000		645,000	109,164	535,836
Miscellaneous Expenditures	21,800	(1,152)	20,648	5,881	14,767
BOE Membership Dues and Fees	30,000	(622)	29,378	29,378	
Total Undist. Expend. - Support Serv. - Gen. Admin.	2,304,300	(159,413)	2,144,887	1,367,172	777,715

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	\$ 2,028,573	\$ 19,694	\$ 2,048,267	\$ 2,048,267	\$
Salaries of Other Professional Staff	541,504	5,200	546,704	546,689	15
Salaries of Secretarial and Clerical Assistants	975,210	5,787	980,997	979,609	1,388
Other Salaries	2,500		2,500	500	2,000
Purchased Professional and Technical Services		201	201	201	
Supplies and Materials	146,000	(46,712)	99,288	93,068	6,220
Other Objects	31,781	(10,473)	21,308	20,932	376
Total Undist. Expend. - Support Serv. - School Adm.	3,725,568	(26,303)	3,699,265	3,689,266	9,999
Undist. Expend. - Central Services:					
Salaries	891,416	46,167	937,583	937,117	466
Purchased Professional Services	72,000		72,000	72,000	
Purchased Technical Services	73,450	18,376	91,826	89,738	2,088
Miscellaneous Purchased Services (400-500 series other than 594)	2,500	(1)	2,499	1,305	1,194
Supplies and Materials	27,500	(5,984)	21,516	17,742	3,774
Other Objects	121,550	(10,474)	111,076	105,251	5,825
Total Undist. Expend. - Central Services	1,188,416	48,084	1,236,500	1,223,153	13,347
Undist. Expend. - Admin. Info. Technology:					
Salaries	906,198	(153,708)	752,490	751,574	916
Unused Vacation Payment to Terminated/Retired Staff		24,797	24,797	24,797	
Purchased Professional Services	87,454	(27,606)	59,848	59,848	
Purchased Technical Services	28,823	181,170	209,993	209,993	
Other Purchased Services (400-500 series)	9,100		9,100	191	8,909
Supplies and Materials	13,300	8,168	21,468	18,793	2,675
Other Objects	4,300		4,300	263	4,037
Total Undist. Expend. - Admin. Info. Technology	1,049,175	32,821	1,081,996	1,065,459	16,537

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Required Maintenance for School Facilities:					
Salaries	\$ 417,278	\$ (35,419)	\$ 381,859	\$ 379,385	\$ 2,474
Unused Vacation Payment to Terminated/Retired Staff		738	738	738	
Cleaning, Repair, and Maintenance Services	1,151,184	4,198,767	5,349,951	5,071,512	278,439
Lead Testing of Drinking Water	2,000	(2,000)			
General Supplies	240,325	(21,940)	218,385	193,772	24,613
Other Objects	62,869	(6,274)	56,595	56,370	225
Total Undist. Expend. - Required Maintenance for School Facilities	<u>1,873,656</u>	<u>4,133,872</u>	<u>6,007,528</u>	<u>5,701,777</u>	<u>305,751</u>
Undist. Expend. - Custodial Services:					
Salaries	2,646,804	(80,562)	2,566,242	2,565,742	500
Salaries of Non-Instructional Aides	531,855	(60,626)	471,229	470,881	348
Purchased Professional and Technical Services	50,000	90,714	140,714	110,930	29,784
Cleaning, Repair, and Maintenance Services	457,300	96,168	553,468	476,289	77,179
Lease Purchase Payments - Energy Savings Impr Prog	310,033		310,033	310,033	
Other Purchased Property Services	118,995	12,000	130,995	130,259	736
Insurance	575,000	13,694	588,694	588,069	625
Miscellaneous Purchased Services	3,750	(1,412)	2,338	421	1,917
General Supplies	207,912	10,583	218,495	217,068	1,427
Energy (Natural Gas)	353,401	85,492	438,893	408,957	29,936
Energy (Electricity)	743,430	142,561	885,991	806,761	79,230
Other Objects	1,550	(825)	725	725	
Total Undist. Expend. - Custodial Services	<u>6,000,030</u>	<u>307,787</u>	<u>6,307,817</u>	<u>6,086,135</u>	<u>221,682</u>
Care and Upkeep of Grounds:					
Salaries	246,522	(50,000)	196,522	188,767	7,755
Cleaning, Repair, and Maintenance Services	89,000	32,360	121,360	119,824	1,536
General Supplies	25,000	(18,890)	6,110	4,887	1,223
Total Care And Upkeep Of Grounds	<u>360,522</u>	<u>(36,530)</u>	<u>323,992</u>	<u>313,478</u>	<u>10,514</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Security:					
Salaries	\$ 255,194	\$ (7,800)	\$ 247,394	\$ 244,585	\$ 2,809
Purchased Professional and Technical Services	15,000	(15,000)			
Cleaning, Repair, and Maintenance Services	20,000	(10,711)	9,289	8,640	649
General Supplies	21,352	7,314	28,666	28,666	
Total Security	<u>311,546</u>	<u>(26,197)</u>	<u>285,349</u>	<u>281,891</u>	<u>3,458</u>
Total Undist. Expend. - Oper. And Maint. Of Plant Serv.	8,545,754	4,378,932	12,924,686	12,383,281	541,405
Undist. Expend. - Student Transportation Serv.:					
Salaries of Non-Instructional Aides	106,940	5,700	112,640	97,072	15,568
Sal. for Pupil Trans. (Bet. Home and Sch) - Reg.	258,506	(21,515)	236,991	215,745	21,246
Sal. for Pupil Trans. (Bet. Home and Sch) - Spl. Ed.	293,149	(5,300)	287,849	250,669	37,180
Sal. for Pupil Trans. (Oth. than Bet. Home & Sch)	94,500	300	94,800	46,363	48,437
Management Fee - ESC&CTSA Transportation Program	96,500	(18,288)	78,212	69,164	9,048
Cleaning, Repair, and Maint. Services	70,000		70,000	67,280	2,720
Contract. Serv. - Aid in Lieu of Payments - Nonpublic Students	350,000	140,000	490,000	448,018	41,982
Contract. Serv. (Bet. Home & Sch.) - Vendors	36,000	(36,000)			
Contract. Serv. (Oth. than Bet. Home & Sch.) - Vend.	321,300	25,000	346,300	235,247	111,053
Contract. Serv. (Spl. Ed. Students) - Vendors	9,000	17,100	26,100	26,100	
Contract. Serv. (Reg. Students) - ESCs & CTSA	2,211,419	(143,787)	2,067,632	1,874,307	193,325
Contract. Serv. (Spl. Ed. Students) - ESCs & CTSA	1,100,000	(17,100)	1,082,900	1,009,474	73,426
Misc. Purchased Serv. - Transportation	26,100	15,572	41,672	40,027	1,645
General Supplies	39,899	(5,000)	34,899	30,493	4,406
Transportation Supplies	500		500		500
Other Objects	10,500		10,500	275	10,225
Total Undist. Expend. - Student Transportation Serv.	<u>5,024,313</u>	<u>(43,318)</u>	<u>4,980,995</u>	<u>4,410,234</u>	<u>570,761</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS					
Social Security Contributions	\$ 1,325,000	\$ (207,674)	\$ 1,117,326	\$ 1,089,112	\$ 28,214
Other Retirement Contributions - PERS	1,375,000	20,733	1,395,733	1,395,733	
Other Retirement Contributions Deferred PERS Payment	40,000	(2,867)	37,133	37,133	
Other Retirement Contributions - Regular	51,350	(492)	50,858	50,857	1
Workers Compensation	450,000	(214,306)	235,694	210,889	24,805
Health Benefits	13,077,352	(1,228,136)	11,849,216	10,787,348	1,061,868
Tuition Reimbursement	143,600		143,600	111,803	31,797
Other Employee Benefits	691,000	(77,588)	613,412	593,897	19,515
Unused Sick Payment to Terminated/Retired Staff	180,000		180,000	136,016	43,984
TOTAL UNALLOCATED BENEFITS	17,333,302	(1,710,330)	15,622,972	14,412,788	1,210,184
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				4,386,539	(4,386,539)
TPAF Pension Contributions (Non-Budgeted)				16,469,559	(16,469,559)
TPAF Non-Contributory Insurance (Non-Budgeted)				228,496	(228,496)
TPAF Long-Term Disability Insurance (Non-Budgeted)				5,163	(5,163)
Reimbursed TPAF Social Security Contributions				3,542,153	(3,542,153)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				24,631,910	(24,631,910)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	17,333,302	(1,710,330)	15,622,972	39,044,698	(23,421,726)
TOTAL UNDISTRIBUTED EXPENDITURES	56,710,091	1,874,454	58,584,545	79,444,185	(20,859,640)
TOTAL GENERAL CURRENT EXPENSE	103,515,530	333,252	103,848,782	124,404,095	(20,555,313)
CAPITAL OUTLAY					
Equipment:					
Grades 9-12	68,992	7,219	76,211	70,310	5,901

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Vocational Programs:					
School-Sponsored and Other Instructional Programs					
Undistributed:					
Undist. Expend. - Instruction	668,727	(158,367)	510,360	477,515	\$ 32,845
Undistributed Expenditures - School Admin.		3,768	3,768	3,121	647
Undist. Expend. - Required Maint for School Fac.	418,836	43,907	462,743	54,788	407,955
School Buses - Special	100,000	461	100,461		100,461
Total Equipment	<u>1,263,055</u>	<u>(93,721)</u>	<u>1,169,334</u>	<u>621,525</u>	<u>547,809</u>
Facilities Acquisition and Construction Serv.:					
Architectural/Engineering Services		12,500	12,500	8,904	3,596
Construction Services	1,040,000	(12,500)	1,027,500	925,363	102,137
Assessment for Debt Service on SDA Funding	76,212		76,212	76,212	
Total Facilities Acquisition and Const. Serv.	<u>1,116,212</u>		<u>1,116,212</u>	<u>1,010,479</u>	<u>105,733</u>
TOTAL CAPITAL OUTLAY	<u>2,379,267</u>	<u>(93,721)</u>	<u>2,285,546</u>	<u>1,632,004</u>	<u>653,542</u>
TOTAL EXPENDITURES	<u>105,894,797</u>	<u>239,531</u>	<u>106,134,328</u>	<u>126,036,099</u>	<u>(19,901,771)</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	<u>(6,722,042)</u>	<u>(239,531)</u>	<u>(6,961,573)</u>	<u>1,497,480</u>	<u>8,459,053</u>
Other Financing Sources/(Uses):					
Transfer In - Capital Projects Fund Interest				224	(224)
Capital Outlay - Transfer to Capital Projects Fund		(170,875)	(170,875)	(170,875)	
Capital Reserve - Transfer to Capital Projects Fund		(176)	(176)	(176)	
		<u>(171,051)</u>	<u>(171,051)</u>	<u>(170,827)</u>	<u>(224)</u>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess/(Deficit) of Revenues and Other Financing Sources					
Over/(Under) Expenditures and Other Financing Uses	\$ (6,722,042)	\$ (410,582)	\$ (7,132,624)	\$ 1,326,653	\$ 8,459,277
Fund Balance, July 1	<u>24,964,307</u>		<u>24,964,307</u>	<u>24,964,307</u>	
Fund Balance, June 30	<u>\$ 18,242,265</u>	<u>\$ (410,582)</u>	<u>\$ 17,831,683</u>	<u>\$ 26,290,960</u>	<u>\$ 8,459,277</u>
Recapitulation:					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2024-2025				\$ 2,300,000	
Excess Surplus - Restricted For 2023-2024				2,541,487	
Capital Reserve				10,656,204	
Maintenance Reserve				4,202,578	
Emergency Reserve				450,000	
Unemployment Compensation				644,967	
Assigned Fund Balance:					
Year End Encumbrances				1,534,445	
Designated for Subsequent Year's Expenditures				500,000	
Unassigned Fund Balance				<u>3,461,279</u>	
				<u>26,290,960</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis			<u>(528,289)</u>		
Fund Balance per Governmental Funds (GAAP)				<u>\$ 25,762,671</u>	

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 1,409,224		\$ 1,409,224	\$ 1,307,215	\$ (102,009)
State Sources	420,746	125,565	546,311	486,354	(59,957)
Federal Sources	1,196,063	4,900,517	6,096,580	3,034,546	(3,062,034)
Total Revenues	1,616,809	6,435,306	8,052,115	4,828,115	(3,224,000)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	343,746	242,519	586,265	254,382	331,883
Purchased Professional and Technical Services	73,849	(9,252)	64,597	2,100	62,497
Tuition	755,479	406,713	1,162,192	1,162,192	
General Supplies	152,235	383,764	535,999	216,913	319,086
Textbooks		38,412	38,412	37,969	443
Other Objects		591,516	591,516	523,340	68,176
Total Instruction	1,325,309	1,653,672	2,978,981	2,196,896	782,085
Support Services:					
Salaries of Other Professional Staff		323,496	323,496	47,682	275,814
Personal Services - Employee Benefits		200,156	200,156	24,261	175,895
Purchased Professional and Technical Services	196,475	1,787,818	1,984,293	762,335	1,221,958
Purchased Property Services		820,912	820,912	470,000	350,912
Other Purchased Services		145,841	145,841	102,338	43,503
Supplies and Materials	95,025	358,774	453,799	299,679	154,120
Other Objects		22,414	22,414		22,414
Student Activities		940,898	940,898	940,898	
Total Support Services	291,500	4,600,309	4,891,809	2,647,193	2,244,616
Facilities Acquisition and Construction Services:					
Instructional Equipment		226,488	226,488	29,189	197,299
Total Facilities Acquisition and Construction Services		226,488	226,488	29,189	197,299
Total Expenditures	\$ 1,616,809	\$ 6,480,469	\$ 8,097,278	\$ 4,873,278	\$ 3,224,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -0-	\$ (45,163)	\$ (45,163)	\$ (45,163)	\$ -0-

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 127,533,579	\$ 4,828,115
Difference - Budget 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		(90,657)
Cancellation of Prior Year Encumbrances		(730)
Prior Year Encumbrances		292,147
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	436,133	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(528,289)	
	\$ 127,441,423	\$ 5,028,875
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds		
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 126,036,099	\$ 4,873,278
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		(90,657)
Cancellation of Prior Year Encumbrances		(730)
Prior Year Encumbrances		292,147
	\$ 126,036,099	\$ 5,074,038
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		

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

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2023 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. 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.

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

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

	I.D.E.A.					ACRSERS
		Basic		Preschool		
REVENUES:	FY23	FY22	FY22 - ARP	FY23	FY22	
Local Sources						
State Sources						
Federal Sources	\$ 1,179,757	\$ 3,137	\$ 205	\$ 41,757	\$ 2,350	\$ 314,413
Total Revenues	<u>1,179,757</u>	<u>3,137</u>	<u>205</u>	<u>41,757</u>	<u>2,350</u>	<u>314,413</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional and Technical Services						
Tuition	928,941		205	306	2,350	233,251
General Supplies						
Textbooks						
Other Objects						
Total Instruction	<u>928,941</u>		<u>205</u>	<u>306</u>	<u>2,350</u>	<u>233,251</u>
Support Services:						
Salaries of Other Professional Staff				27,990		
Personal Services - Employee Benefits				13,461		
Purchased Professional and Technical Services	96,976					
Purchased Property Services						
Other Purchased Services		3,137				81,162
Supplies and Materials						
Student Activities						
Total Support Services	<u>221,627</u>	<u>3,137</u>		<u>41,451</u>		<u>81,162</u>
Facilities Acquisition and Construction Services:						
Instructional Equipment	29,189					
Total Facilities Acquisition and Construction Services	<u>29,189</u>					
Total Expenditures	<u>\$ 1,179,757</u>	<u>\$ 3,137</u>	<u>\$ 205</u>	<u>\$ 41,757</u>	<u>\$ 2,350</u>	<u>\$ 314,413</u>

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

	CARES Emergency Relief	ESSER II	CRRSA Learning Acceleration	Mental Health	ESSER III	ARP Learning Acceleration	Mental Health
REVENUES:							
Local Sources							
State Sources							
Federal Sources	\$ 20,292	\$ 682,421	\$ 71,827	\$ 45,000	\$ 254,523	\$ 24,596	\$ 10,060
Total Revenues	<u>20,292</u>	<u>682,421</u>	<u>71,827</u>	<u>45,000</u>	<u>254,523</u>	<u>24,596</u>	<u>10,060</u>
EXPENDITURES:							
Instruction:							
Salaries of Teachers		49,436	50,420			22,848	
Purchased Professional and Technical Services							
Tuition					28,884		
General Supplies	15,225	134,660					
Textbooks							
Other Objects							
Total Instruction	<u>15,225</u>	<u>184,096</u>	<u>50,420</u>		<u>28,884</u>	<u>22,848</u>	
Support Services:							
Salaries of Other Professional Staff		2,737			3,424		
Personal Services - Employee Benefits		3,991	3,857		262	1,748	
Purchased Professional and Technical Services		16,775	17,550	43,500	221,240		
Purchased Property Services		470,000					
Other Purchased Services		4,750					10,060
Supplies and Materials	5,067	72		1,500	713		
Student Activities							
Total Support Services	<u>5,067</u>	<u>498,325</u>	<u>21,407</u>	<u>45,000</u>	<u>225,639</u>	<u>1,748</u>	<u>10,060</u>
Facilities Acquisition and Construction Services:							
Instructional Equipment							
Total Facilities Acquisition and Construction Services							
Total Expenditures	<u>\$ 20,292</u>	<u>\$ 682,421</u>	<u>\$ 71,827</u>	<u>\$ 45,000</u>	<u>\$ 254,523</u>	<u>\$ 24,596</u>	<u>\$ 10,060</u>

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

	Elementary and Secondary Education Act					
	Title II A		Title III		Title III	
	FY23	FY22	FY23	FY22	Immigrant	Title IV
REVENUES:						
Local Sources						
State Sources						
Federal Sources						
Total Revenues	\$ 198,327	\$ 198,327	\$ 79,301	\$ 35,440	\$ 26,528	\$ 1,321
			79,301	35,440	26,528	1,321
					7,575	35,716
					7,575	35,716
EXPENDITURES:						
Instruction:						
Salaries of Teachers	117,634				12,310	
Purchased Professional and Technical Services					2,100	
Tuition						
General Supplies					3,530	1,321
Textbooks						
Other Objects						
Total Instruction	117,634				17,940	1,321
					1,575	
Support Services:						
Salaries of Other Professional Staff	13,531					
Personal Services - Employee Benefits					942	
Purchased Professional and Technical Services	67,162		54,393		3,100	6,000
Purchased Property Services						34,000
Other Purchased Services			2,700		1,950	1,716
Supplies and Materials			22,208	35,440	2,596	
Student Activities						
Total Support Services	80,693		79,301	35,440	8,588	6,000
					6,000	35,716
Facilities Acquisition and Construction Services:						
Instructional Equipment						
Total Facilities Acquisition and Construction Services						
Total Expenditures	\$ 198,327	\$ 198,327	\$ 79,301	\$ 35,440	\$ 26,528	\$ 1,321
			\$ 79,301	\$ 35,440	\$ 26,528	\$ 1,321
					7,575	35,716

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

	Nonpublic					SDA Emergent and Capital Maintenance Needs
	Nursing	Textbooks	Technology Initiative	Security Aid	School Climate Change	
REVENUES:						
Local Sources						
State Sources	\$ 65,184	\$ 37,969	\$ 20,397	\$ 104,295	\$ 6,660	\$ 115,394
Federal Sources						
Total Revenues	<u>65,184</u>	<u>37,969</u>	<u>20,397</u>	<u>104,295</u>	<u>6,660</u>	<u>115,394</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional and Technical Services						
Tuition						
General Supplies			20,397		6,660	
Textbooks		37,969				
Other Objects						115,394
Total Instruction		<u>37,969</u>	<u>20,397</u>		<u>6,660</u>	<u>115,394</u>
Support Services:						
Salaries of Other Professional Staff						
Personal Services - Employee Benefits						
Purchased Professional and Technical Services	65,184					
Purchased Property Services						
Other Purchased Services				104,295		
Supplies and Materials						
Student Activities						
Total Support Services	<u>65,184</u>			<u>104,295</u>		
Facilities Acquisition and Construction Services:						
Instructional Equipment						
Total Facilities Acquisition and Construction Services						
Total Expenditures	<u>\$ 65,184</u>	<u>\$ 37,969</u>	<u>\$ 20,397</u>	<u>\$ 104,295</u>	<u>\$ 6,660</u>	<u>\$ 115,394</u>

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

	Nonpublic Handicapped Services		Nonpublic Auxiliary Services		Private Donations	Student Activities	Totals
	Supplementary Instruction	Examination and Classification	Corrective Speech	Compensatory Education			
REVENUES:							
Local Sources	\$ 24,698	\$ 50,813	\$ 28,923	\$ 32,021	\$ 411,480	\$ 895,735	\$ 1,307,215
State Sources							486,354
Federal Sources							3,034,546
Total Revenues	<u>24,698</u>	<u>50,813</u>	<u>28,923</u>	<u>32,021</u>	<u>411,480</u>	<u>895,735</u>	<u>4,828,115</u>
EXPENDITURES:							
Instruction:							
Salaries of Teachers					1,734		254,382
Purchased Professional and Technical Services							2,100
Tuition							1,162,192
General Supplies					1,800		216,913
Textbooks							37,969
Other Objects					407,946		523,340
Total Instruction					<u>411,480</u>		<u>2,196,896</u>
Support Services:							
Salaries of Other Professional Staff							47,682
Personal Services - Employee Benefits							24,261
Purchased Professional and Technical Services	24,698	50,813	28,923	32,021			762,335
Purchased Property Services							470,000
Other Purchased Services							102,338
Supplies and Materials							299,679
Student Activities						940,898	940,898
Total Support Services	<u>24,698</u>	<u>50,813</u>	<u>28,923</u>	<u>32,021</u>		<u>940,898</u>	<u>2,647,193</u>
Facilities Acquisition and Construction Services:							
Instructional Equipment							29,189
Total Facilities Acquisition and Construction Services							29,189
Total Expenditures	<u>24,698</u>	<u>50,813</u>	<u>28,923</u>	<u>32,021</u>	<u>411,480</u>	<u>940,898</u>	<u>4,873,278</u>

CAPITAL PROJECTS FUND

MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Revenue:

Interest on Investments	\$ 74,531
Federal Sources - NJ Clean Energy Program Grant	4,999,102
Transfer from General Fund - Capital Outlay	170,875
Transfer from General Fund - Capital Reserve	176
	<hr/>
Total Revenue	5,244,684
	<hr/>

Expenditures and Other Financing Uses:

Purchased Professional and Technical Services	296,921
Construction Services	5,439,878
Transfer to General Fund:	
Interest on Investments	224
Transfer to Debt Service Fund:	
Interest on Investments	74,307
	<hr/>
Total Expenditures and Other Financing Uses	5,811,330
	<hr/>

Deficit of Revenue Under Expenditures
and Other Financing Uses

(566,646)

Fund Balance - Beginning of Year

8,685,421

Fund Balance - End of Year

\$ 8,118,775

Recapitulation:

Restricted Fund Balance	\$ 4,805,776
Restricted - Year End Encumbrances	557,246
Committed Fund Balance	32,380
Committed - Year End Encumbrances	2,723,373
	<hr/>
Total Fund Balance - Budgetary Basis	\$ 8,118,775
	<hr/> <hr/>

Reconciliation to Governmental Funds Statements (GAAP):

NJ Clean Energy Program Grant Revenue not Recognized on the GAAP Basis	<hr/> (4,969,504)
Fund Balance per Governmental Funds (GAAP)	<hr/> <hr/> \$ 3,149,271

MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
2016 REFERENDUM PROJECTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
Bond Proceeds	\$ 25,593,000		\$ 25,593,000	\$ 25,593,000
Transfer from Capital Reserve		\$ 176	176	176
Total Revenue and Other Financing Sources	25,593,000	176	25,593,176	25,593,176
Expenditures:				
Legal Services	157,449		157,449	157,500
Purchased Professional and Technical Services	2,209,988		2,209,988	2,210,446
Construction Services	19,082,273	8,878	19,091,151	19,090,230
Furniture and Equipment	884,588		884,588	885,000
Purchase of Building	3,250,000		3,250,000	3,250,000
Total Expenditures	25,584,298	8,878	25,593,176	25,593,176
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 8,702	\$ (8,702)	\$ -0-	\$ -0-

Additional Project Information:

Project Number	3190-XXX-16-2000
Grant Date	N/A
Bond Authorization Date	09/27/16
Bonds Authorized	\$ 25,593,176
Bonds Issued	\$ 25,593,000
Original Authorized Cost	\$ 25,593,176
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	\$ 25,593,176
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100.00%
Original Target Completion Date	06/30/19
Revised Target Completion Date	06/30/23

MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
2020 REFERENDUM PROJECTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
Federal Sources -				
NJ Clean Energy Program Grant		\$ 4,486,477	\$ 4,486,477	\$ 4,486,477
Bond Proceeds	\$ 20,500,000		20,500,000	20,500,000
Total Revenue and Other Financing Sources	20,500,000	4,486,477	24,986,477	24,986,477
Expenditures:				
Legal Services	178,871		178,871	178,871
Purchased Professional and Technical Services	2,078,399	254,910	2,333,309	2,736,072
Construction Services	9,566,011	4,821,991	14,388,002	22,051,534
Furniture and Equipment				20,000
Total Expenditures	11,823,281	5,076,901	16,900,182	24,986,477
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 8,676,719	\$ (590,424)	\$ 8,086,295	\$ -0-

Additional Project Information:

Project Number	3190-XXX-XX-1000
Grant Number	SSB-VEEVR-68355
Grant Date	10/18/23
Bond Authorization Date	04/21/20
Bonds Authorized	\$ 20,500,000
Bonds Issued	\$ 20,500,000
Original Authorized Cost	\$ 24,986,477
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	\$ 24,986,477

Percentage Increase over Original Authorized Cost	0%
Percentage Completion	67.64%
Original Target Completion Date	06/30/25
Revised Target Completion Date	N/A

MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
EDUCATION CENTER HVAC REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
Federal Sources -				
NJ Clean Energy Program Grant		\$ 512,625	\$ 512,625	\$ 512,625
Transfer from Capital Outlay		170,875	170,875	170,875
Total Revenue and Other Financing Sources		683,500	683,500	683,500
Expenditures:				
Purchased Professional and Technical Services		42,011	42,011	45,000
Construction Services		609,009	609,009	638,500
Total Expenditures		651,020	651,020	683,500
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 32,480	\$ 32,480	\$ -0-

Additional Project Information:

Project Number	SSB-VEEVR-67714
Grant Date	10/18/22
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 683,500
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	\$ 683,500
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	95.25%
Original Target Completion Date	06/30/24
Revised Target Completion Date	N/A

PROPRIETARY FUNDS

MILLBURN TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Non-Major Funds</u>		<u>Total</u>
	<u>Food Service</u>	<u>Field Rental/ Joint Facilities</u>	
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 402,775	\$ 147,617	\$ 550,392
Inventories	10,769		10,769
Total Current Assets	<u>413,544</u>	<u>147,617</u>	<u>561,161</u>
Non-Current Assets:			
Capital Assets	276,065		276,065
Less: Accumulated Depreciation	<u>(173,670)</u>		<u>(173,670)</u>
Total Non-Current Assets	<u>102,395</u>		<u>102,395</u>
Total Assets	<u>515,939</u>	<u>147,617</u>	<u>663,556</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable - Vendors	4,130		4,130
Unearned Revenue	<u>55,526</u>		<u>55,526</u>
Total Current Liabilities	<u>59,656</u>		<u>59,656</u>
<u>NET POSITION:</u>			
Investment in Capital Assets	102,395		102,395
Unrestricted	<u>353,888</u>	<u>147,617</u>	<u>501,505</u>
Total Net Position	<u>\$ 456,283</u>	<u>\$ 147,617</u>	<u>\$ 603,900</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Non-Major Funds</u>		<u>Total</u>
	<u>Food Service</u>	<u>Field Rental/ Joint Facilities</u>	
Operating Revenue:			
Daily Sales:			
Non-Reimbursable Programs	\$ 826,830		\$ 826,830
Charges for Services:			
Program Fees		\$ 95,905	95,905
Miscellaneous Revenue	215,732		215,732
Total Operating Revenue	<u>1,042,562</u>	<u>95,905</u>	<u>1,138,467</u>
Operating Expenses:			
Cost of Sales - Non-Reimbursable Programs	435,279		435,279
Salaries	264,414		264,414
Employee Benefits & Payroll Taxes	97,907		97,907
Purchased Professional and Technical Services	86,458		86,458
Other Purchased Services	4,291		4,291
Cleaning, Repair and Maintenance Services		29,351	29,351
Supplies and Materials	51,158		51,158
Miscellaneous Expense	4,364		4,364
Depreciation Expense	18,382		18,382
Total Operating Expenses	<u>962,253</u>	<u>29,351</u>	<u>991,604</u>
Operating Income	80,309	66,554	146,863
Non-Operating Revenue:			
Local Sources:			
Interest Earnings	4,925		4,925
Total Non-Operating Income	<u>4,925</u>		<u>4,925</u>
Change in Net Position	85,234	66,554	151,788
Net Position - Beginning of Year	<u>371,049</u>	<u>81,063</u>	<u>452,112</u>
Net Position - End of Year	<u>\$ 456,283</u>	<u>\$ 147,617</u>	<u>\$ 603,900</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Non-Major Funds		Total
	Food Service	Field Rental/ Joint Facilities	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 1,055,539	\$ 95,905	\$ 1,151,444
Payments to Food Service Contractors	(944,828)		(944,828)
Payments to Suppliers	(5,159)	(29,351)	(34,510)
Net Cash Provided by Operating Activities	<u>105,552</u>	<u>66,554</u>	<u>172,106</u>
Cash Flows from Investment Activities:			
Interest Income	4,925		4,925
Net Cash Provided by Investing Activities	<u>4,925</u>		<u>4,925</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of Capital Assets	(30,849)		(30,849)
Net Cash (Used for) Capital and Related Financing Activities	<u>(30,849)</u>		<u>(30,849)</u>
Net Increase in Cash and Cash Equivalents	79,628	66,554	146,182
Cash and Cash Equivalents, July 1	<u>323,147</u>	<u>81,063</u>	<u>404,210</u>
Cash and Cash Equivalents, June 30	<u>\$ 402,775</u>	<u>\$ 147,617</u>	<u>\$ 550,392</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ 80,309	\$ 66,554	146,863
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	18,382		18,382
Changes in Assets and Liabilities:			
Decrease in Inventory	4,521		4,521
(Decrease) in Accounts Payable	(10,637)		(10,637)
Increase in Unearned Revenue	12,977		12,977
Net Cash Provided by Operating Activities	<u>\$ 105,552</u>	<u>\$ 66,554</u>	<u>\$ 172,106</u>

LONG-TERM LIABILITIES

MILLBURN TOWNSHIP SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance July 1, 2022	Matured	Balance June 30, 2023
			Date	Amount	June 30, 2023				
Refunding Bonds	07/20/11	\$ 7,920,000	09/15/23	\$ 745,000		4.000%	\$ 1,535,000	\$ 790,000	\$ 745,000
Refunding Bonds	02/19/15	12,110,000	07/15/23	1,355,000		5.000%			
			07/15/24	1,355,000		5.000%			
			07/15/25	1,360,000		5.000%			
			07/15/26	1,365,000		5.000%			
			07/15/27	1,370,000		5.000%		7,955,000	1,150,000
School Bonds	12/06/16	25,593,000	08/01/23	1,100,000		3.500%			
			08/01/24	1,100,000		3.500%			
			08/01/25	1,100,000		3.500%			
			08/01/26	1,100,000		3.500%			
			08/01/27	1,200,000		3.500%			
			08/01/28	1,200,000		3.500%			
			08/01/29	1,200,000		3.500%			
			08/01/30	1,200,000		3.500%			
			08/01/31	1,200,000		3.500%			
			08/01/32	1,200,000		3.500%			
			08/01/33	1,200,000		3.500%			
08/01/34	1,200,000		3.500%						
08/01/35	1,200,000		3.500%						
08/01/36	1,200,000		3.625%						
08/01/37	1,200,000		3.750%						
08/01/38	1,200,000		3.700%						
08/01/39	1,200,000		4.000%						
08/01/40	1,200,000		4.000%						
08/01/41	1,143,000		4.000%		23,443,000	1,100,000	22,343,000		

MILLBURN TOWNSHIP SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance July 1, 2022	Matured	Balance June 30, 2023
			Date	Amount	June 30, 2023				
School Bonds	04/21/20	\$ 20,500,000	02/15/24	\$ 1,650,000		2.000%			
			02/15/25	1,600,000		2.000%			
			02/15/26	1,600,000		2.500%			
			02/15/27	1,600,000		2.500%			
			02/15/28	1,600,000		2.500%			
			02/15/29	1,600,000		2.500%			
			02/15/30	1,600,000		2.500%			
			02/15/31	1,600,000		2.500%			
			02/15/32	1,600,000		2.500%			
			02/15/33	1,000,000		2.500%			
			02/15/34	1,000,000		2.500%			
			02/15/35	1,000,000		2.500%			
							\$ 19,100,000	\$ 1,650,000	\$ 17,450,000
							\$ 52,033,000	\$ 4,690,000	\$ 47,343,000

MILLBURN TOWNSHIP SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2022</u>	<u>Matured</u>	<u>Balance June 30, 2023</u>
Energy Savings Improvement Project	2.410%	\$ 4,483,000	<u>\$ 2,799,028</u>	<u>\$ 244,038</u>	<u>\$ 2,554,990</u>
			<u>\$ 2,799,028</u>	<u>\$ 244,038</u>	<u>\$ 2,554,990</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 4,910,920		\$ 4,910,920	\$ 4,910,920	
State Sources:					
Debt Service Aid Type II	1,358,729		1,358,729	1,358,729	
Total Revenues	6,269,649		6,269,649	6,269,649	
EXPENDITURES:					
Regular Debt Service:					
Interest	1,694,070		1,694,070	1,694,070	
Redemption of Principal	4,690,000		4,690,000	4,690,000	
Total Expenditures	6,384,070		6,384,070	6,384,070	
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(114,421)		(114,421)	(114,421)	
Other Financing Sources:					
Transfer from Capital Projects Fund:					
Interest Earned				74,307	\$ 74,307
Total Other Financing Sources				74,307	74,307
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures	(114,421)		(114,421)	(40,114)	74,307
Fund Balance, July 1	152,459		152,459	152,459	
Fund Balance, June 30	\$ 38,038	\$ -0-	\$ 38,038	\$ 112,345	\$ 74,307
Recapitulation:					
Restricted - For Subsequent Year's Expenditures			\$ 38,038		
Restricted			74,307		
Total Restricted Fund Balance			\$ 112,345		

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.

MILLBURN TOWNSHIP SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

June 30,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities:										
Net Investment in Capital Assets	\$13,771,816	\$19,470,545	\$19,776,677	\$3,960,021	\$15,652,816	\$27,873,570	\$32,080,148	\$37,214,574	\$41,748,282	\$51,561,349
Restricted	6,772,940	5,293,272	5,645,522	26,787,992	20,542,697	11,945,149	14,604,938	13,175,989	15,857,522	19,815,629
Unrestricted (Deficit)	(20,235,005)	(22,788,588)	(20,496,217)	(25,538,115)	(26,700,182)	(27,251,342)	(27,604,775)	(22,547,613)	(16,460,313)	(20,146,239)
Total Governmental Activities Net Position	\$ 309,751	\$ 1,975,229	\$ 4,925,982	\$ 5,209,898	\$ 9,495,331	\$12,567,377	\$19,080,311	\$27,842,950	\$41,145,491	\$51,230,739
Business-type Activities:										
Investment in Capital Assets	\$ 46,386	\$ 57,281	\$ 55,293	\$ 61,764	\$ 74,734	\$ 108,949	\$ 131,294	\$ 109,964	\$ 89,928	\$ 102,395
Unrestricted	514,707	492,834	394,635	421,512	402,686	376,958	325,298	314,413	362,184	501,505
Total Business-type Activities Net Position	\$ 561,093	\$ 550,115	\$ 449,928	\$ 483,276	\$ 477,420	\$ 485,907	\$ 456,592	\$ 424,377	\$ 452,112	\$ 603,900
District-wide:										
Net Investment in Capital Assets	\$13,818,202	\$19,527,826	\$19,831,970	\$ 4,021,785	\$15,727,550	\$27,982,519	\$32,211,442	\$37,324,538	\$41,838,210	\$51,663,744
Restricted	6,772,940	5,293,272	5,645,522	26,787,992	20,542,697	11,945,149	14,604,938	13,175,989	15,857,522	19,815,629
Unrestricted (Deficit)	(19,720,298)	(22,295,754)	(20,101,582)	(25,116,603)	(26,297,496)	(26,874,384)	(27,279,477)	(22,233,200)	(16,098,129)	(19,644,734)
Total District Net Position	\$ 870,844	\$ 2,525,344	\$ 5,375,910	\$ 5,693,174	\$ 9,972,751	\$13,053,284	\$19,536,903	\$28,267,327	\$41,597,603	\$51,834,639

Source: Millburn Township School District Financial Reports.

MILLBURN TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 41,581,725	\$ 48,136,945	\$ 51,995,207	\$ 57,424,866	\$ 58,668,768	\$ 56,568,289	\$ 58,682,297	\$ 57,823,251	\$ 55,526,422	\$ 53,754,047
Special Education	7,084,468	8,481,855	9,237,742	10,724,925	10,896,791	10,833,943	11,383,817	10,957,566	10,039,030	9,559,425
Other Special Education	1,282,301	1,333,784	1,380,632	1,418,558	1,455,998	1,443,328	2,744,389	2,228,268	2,149,203	2,239,814
Other Instruction	1,910,641	2,379,325	2,616,014	3,268,450	3,128,104	2,599,252	1,798,279	1,673,896	1,666,416	1,879,053
Support Services:										
Tuition	2,526,107	2,884,505	3,098,798	3,356,840	3,373,699	3,183,825	3,636,377	3,822,388	3,798,421	4,874,987
Student & Instruction Related Services	13,897,109	16,626,291	17,763,520	20,582,202	20,178,058	19,704,944	17,844,740	17,990,945	17,913,660	19,673,817
General Administrative Services	1,655,392	1,844,306	1,443,137	1,474,315	1,272,743	1,460,576	1,413,123	1,350,287	1,547,716	1,550,821
School Administrative Services	4,308,270	4,762,840	4,856,047	5,670,633	5,912,096	5,697,263	5,433,436	5,392,584	4,895,037	5,118,264
Central Services	1,489,790	1,688,684	1,838,095	2,152,534	1,956,525	1,949,222	1,405,582	1,356,882	1,309,018	1,467,345
Administrative Information Technology	819,105	881,864	987,689	1,010,471	967,382	1,146,112	1,176,529	1,150,771	781,169	1,152,814
Plant Operations and Maintenance	7,835,646	8,047,309	8,145,426	8,799,935	8,573,502	11,023,920	9,761,668	9,291,657	8,907,077	12,721,510
Pupil Transportation	3,127,389	3,126,168	3,211,620	3,809,984	3,763,410	3,425,972	3,182,580	3,158,894	3,877,816	4,525,863
Transfer of Funds to Charter School			34,471	30,316			13,143			
Interest on Long-term Debt	1,551,376	1,323,123	1,147,166	1,520,463	1,775,324	1,606,083	1,530,824	1,778,541	1,627,857	1,467,091
Unallocated Depreciation	123,337	99,280	88,705							
Total Governmental Activities Expenses	89,192,656	101,616,279	107,844,269	121,244,492	121,922,400	120,642,729	120,006,784	117,989,403	114,038,842	119,984,851
Business-type Activities:										
Food Service	602,583	690,178	760,617	736,619	784,318	807,173	595,050	68,373	690,999	962,253
Field Rental/Joint Facilities	21,292	58,600	183,900	78,423	76,022	100,600	67,158	10,515	42,868	29,351
Total Business-type Activities Expense	623,875	748,778	944,517	815,042	860,340	907,773	662,208	78,888	733,867	991,604
Total District-wide Expenses	\$ 89,816,531	\$ 102,365,057	\$ 108,788,786	\$ 122,059,534	\$ 122,782,740	\$ 121,550,502	\$ 120,668,992	\$ 118,068,291	\$ 114,772,709	\$ 120,976,455
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Regular Instruction	\$ 127,252	\$ 111,497	\$ 110,198	\$ 105,474	\$ 92,960	\$ 132,497	\$ 111,969	\$ 91,040	\$ 263,348	\$ 294,677
Special Education Instruction	256,439	103,634	99,060	128,699	18,149					
Student and Instruction Related Services	648,246	680,764	715,380	729,291	668,194	956,650	838,965	460,057	701,027	895,735
Pupil Transportation	12,723,227	22,000,460	26,857,263	35,591,815	37,153,588	31,578,936	31,169,565	31,368,900	28,211,172	27,405,454
Operating Grants and Contributions		435,655	583,331							29,598
Capital Grants and Contributions										
Total Governmental Activities Program Revenues	13,755,164	23,332,010	28,365,232	36,555,279	37,932,891	32,668,083	32,120,499	31,923,117	29,871,126	29,674,786

MILLBURN TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Program Revenues:										
Business-type Activities:										
Charges for Services:										
Food Service	\$ 615,182	\$ 675,733	\$ 776,827	\$ 794,772	\$ 805,799	\$ 862,892	\$ 591,694	\$ 85	\$ 718,270	\$ 1,042,562
Field Rental/Joint Facilities	42,491	62,780	67,880	53,241	48,952	52,280	37,463	44,537	42,370	95,905
Operating Grants and Contributions	29,612									
Total Business-type Activities Program Revenues	\$ 687,285	\$ 738,513	\$ 844,707	\$ 848,013	\$ 854,751	\$ 915,172	\$ 629,157	\$ 44,622	\$ 760,640	\$ 1,138,467
Total District-wide Program Revenues	\$ 14,442,449	\$ 24,070,523	\$ 29,209,939	\$ 37,403,292	\$ 38,787,642	\$ 33,583,255	\$ 32,749,656	\$ 31,967,739	\$ 30,631,766	\$ 30,813,253
Net (Expense)/Revenue:										
Governmental Activities	\$ (75,437,492)	\$ (78,284,269)	\$ (79,479,037)	\$ (84,689,213)	\$ (83,989,509)	\$ (87,974,646)	\$ (87,886,285)	\$ (86,066,286)	\$ (84,167,716)	\$ (90,310,065)
Business-type Activities	63,410	(10,265)	(99,810)	32,971	(5,589)	7,399	(33,051)	(34,266)	26,773	146,863
Total District-wide Net Expense	\$ (75,374,082)	\$ (78,294,534)	\$ (79,578,847)	\$ (84,656,242)	\$ (83,995,098)	\$ (87,967,247)	\$ (87,919,336)	\$ (86,100,552)	\$ (84,140,943)	\$ (90,163,202)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 73,341,773	\$ 74,808,608	\$ 77,515,026	\$ 79,613,584	\$ 81,901,838	\$ 84,264,875	\$ 86,558,845	\$ 88,290,022	\$ 90,055,822	\$ 92,137,785
Taxes Levied for Debt Service	4,494,542	4,466,798	4,354,061	4,449,479	5,129,644	5,114,771	4,920,615	4,912,230	4,973,203	4,910,920
Unrestricted Grants and Contributions	324,298	408,990	413,122	466,108	761,207	920,995	961,027	1,091,347	1,733,218	1,761,534
Investment Earnings	426	394	935	43,481	212,792	199,243	284,402	258,944	117,409	249,727
Miscellaneous Income	220,240	264,957	146,646	400,477	269,461	546,808	607,221	276,382	590,605	1,335,347
Total Governmental Activities	\$ 78,381,279	\$ 79,949,747	\$ 82,429,790	\$ 84,973,129	\$ 88,274,942	\$ 91,046,692	\$ 93,332,110	\$ 94,828,925	\$ 97,470,257	\$ 100,395,313
Business-type Activities:										
Investment Earnings	272	271	292	377	466	1,088	3,736	2,051	962	4,925
Disposal of Capital Assets		(984)	(669)	(733)						
Total Business-type Activities	272	(713)	(377)	377	(267)	1,088	3,736	2,051	962	4,925
Total District-wide General Revenues and Other Changes in Net Position	\$ 78,381,551	\$ 79,949,034	\$ 82,429,413	\$ 84,973,506	\$ 88,274,675	\$ 91,047,780	\$ 93,335,846	\$ 94,830,976	\$ 97,471,219	\$ 100,400,238
Change in Net Position:										
Governmental Activities	\$ 2,943,787	\$ 1,665,478	\$ 2,950,753	\$ 283,916	\$ 4,285,433	\$ 3,072,046	\$ 5,445,825	\$ 8,762,639	\$ 13,302,541	\$ 10,085,248
Business-type Activities	63,682	(10,978)	(100,187)	33,348	(5,856)	8,487	(29,315)	(32,215)	27,735	151,788
Total District-wide Change in Net Position	\$ 3,007,469	\$ 1,654,500	\$ 2,850,566	\$ 317,264	\$ 4,279,577	\$ 3,080,533	\$ 5,416,510	\$ 8,730,424	\$ 13,330,276	\$ 10,237,036

Source: Millburn Township School District Financial Reports.

MILLBURN TOWNSHIP SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 UNAUDITED
 (Modified Accrual Basis of Accounting)

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Restricted	\$ 6,348,623	\$ 5,055,135	\$ 5,526,274	\$ 6,146,061	\$ 7,657,754	\$ 8,973,680	\$ 12,481,874	\$ 12,509,895	\$ 15,247,658	\$ 20,795,236
Assigned	900,167	391,347	925,655	1,257,548	1,000,990	518,194	313,628	2,018,500	4,480,142	2,034,445
Unassigned	1,452,631	1,490,129	1,639,470	1,710,303	1,646,797	2,022,770	1,879,038	4,737,140	4,800,374	2,932,990
Total General Fund	\$ 8,701,421	\$ 6,936,611	\$ 8,091,399	\$ 9,113,912	\$ 10,305,541	\$ 11,514,644	\$ 14,674,540	\$ 19,265,535	\$ 24,528,174	\$ 25,762,671
All Other Governmental Funds:										
Restricted	\$ 424,317	\$ 238,137	\$ 119,248	\$ 20,641,931	\$ 12,884,943	\$ 2,971,469	\$ 21,332,317	\$ 13,512,121	\$ 9,286,583	\$ 5,878,907
Committed	833,644		2,945,830	376,183	215,622					
Unassigned/(Deficit)										(2,213,751)
Total All Other Governmental Funds	\$ 424,317	\$ 1,071,781	\$ 3,065,078	\$ 21,018,114	\$ 13,100,565	\$ 2,971,469	\$ 21,332,317	\$ 13,512,121	\$ 9,286,583	\$ 3,665,156
Total Governmental Funds	\$ 9,125,738	\$ 8,008,392	\$ 11,156,477	\$ 30,132,026	\$ 23,406,106	\$ 14,486,113	\$ 36,006,857	\$ 32,777,656	\$ 33,814,757	\$ 29,427,827

Source: Millburn Township School District Financial Reports.

MILLBURN TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Tax Levy	\$77,836,315	\$79,275,406	\$81,869,087	\$84,063,063	\$87,031,482	\$ 89,379,646	\$ 91,479,460	\$ 93,202,252	\$ 95,029,025	\$ 97,048,705
Tuition Charges	323,564	215,131	209,258	234,173	111,109	132,497	111,969	91,040	263,348	294,677
Transportation Fees	653,446	680,764	715,380	729,291	668,194	956,650	838,965	3,120	695,322	1,049,322
Interest Earnings	300	86	584	3,495	16,334	41,222	33,800	1,196	2,670	91,886
Unrestricted Miscellaneous Revenue	451,220	575,764	316,758	537,724	1,018,500	959,365	1,081,383	1,181,224	1,481,244	2,855,646
State Sources	10,239,376	12,163,368	13,961,718	14,811,750	16,990,622	20,168,263	20,416,921	25,746,371	32,223,298	33,820,480
Federal Sources	1,284,251	1,278,717	1,314,475	1,314,216	1,375,183	1,422,070	1,411,411	1,757,692	2,272,869	3,683,360
Total Revenue	90,788,472	94,189,236	98,387,260	101,693,712	107,211,424	113,059,713	115,373,909	121,982,895	131,968,033	138,844,076
Expenditures:										
Instruction:										
Regular Instruction	30,434,621	30,875,039	31,136,618	30,775,312	31,677,275	33,006,805	34,071,024	33,982,870	36,126,980	36,664,084
Special Education Instruction	5,068,136	5,286,587	5,357,314	5,626,995	5,738,381	6,020,057	6,336,052	6,161,076	6,276,628	6,312,209
Other Special Instruction	1,271,205	1,336,927	1,384,356	1,412,598	1,454,312	1,442,016	1,575,372	1,303,624	1,332,442	1,465,463
School-Sponsored/Other Instruction	1,343,508	1,391,507	1,422,326	1,466,305	1,449,151	1,391,726	1,416,444	1,306,874	1,471,543	1,637,043
Support Services:										
Tuition	2,526,107	2,884,505	3,098,798	3,356,840	3,373,699	3,183,825	3,636,377	3,822,388	3,798,421	4,874,987
Student & Other Instruction Related Services	10,191,260	10,885,108	10,931,629	11,338,113	11,279,143	11,699,508	11,688,099	12,337,444	13,865,843	15,311,895
General Administrative Services	1,374,606	1,580,988	1,037,577	1,234,410	961,559	1,158,228	1,070,821	1,135,410	1,394,274	1,367,172
School Administrative Services	3,178,838	3,182,014	3,159,053	3,170,497	3,332,572	3,405,865	3,345,749	3,400,424	3,582,587	3,689,266
Central Services	925,461	982,523	1,074,412	1,096,422	1,071,473	1,038,973	1,025,171	1,060,220	1,141,360	1,223,153
Administrative Information Technology	741,734	795,951	785,485	775,100	803,529	825,688	784,697	949,682	744,842	1,065,459
Plant Operations and Maintenance	6,219,494	6,273,134	6,139,564	6,589,033	6,954,330	8,867,111	8,706,796	8,598,585	8,834,545	12,383,281
Student Transportation	2,726,348	2,716,063	2,747,680	3,273,343	3,351,714	3,059,189	2,975,711	2,952,685	3,790,907	4,410,234
Unallocated Benefits	18,911,488	20,464,489	22,953,393	25,037,059	27,629,973	29,554,441	30,032,323	33,099,435	36,896,059	39,044,698
Transfer of Funds to Charter School		34,471		30,316			13,143			
Capital Outlay	4,283,021	2,560,818	4,460,374	9,064,954	9,194,306	13,312,139	3,057,464	9,350,459	5,296,225	7,397,992
Debt Service:										
Principal	3,315,000	3,375,000	3,390,000	3,505,000	3,625,000	3,865,000	4,014,000	3,825,000	4,525,000	4,690,000
Interest and Other Charges	1,655,643	1,520,832	1,320,574	1,230,756	2,099,427	1,837,039	1,671,031	1,912,447	1,853,276	1,694,070
Total Expenditures	94,166,470	96,111,485	100,433,624	109,003,053	113,995,844	123,667,610	115,420,274	125,212,096	130,930,932	143,231,006

MILLBURN TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Excess/(Deficit) of Revenues Over/(Under) Expenditures	\$ (3,377,998)	\$ (1,922,249)	\$ (2,046,364)	\$ (7,309,341)	\$ (6,784,420)	\$ (10,607,897)	\$ (46,365)	\$ (3,229,201)	\$ 1,037,101	\$ (4,386,930)
Other Financing Sources/(Uses):				25,593,000			20,500,000			
Serial Bonds Issued		12,110,000								
Bond Premium		2,741,348								
Serial Bonds Defeased		(13,500,000)								
Bond Issuance Costs		(125,042)								
Deferred Amount on Refunding		(1,226,306)								
Financed Purchases	773,104	804,903	711,449	691,890	58,500	1,687,904				
Lease Purchase Agreement Proceeds			4,483,000							
Total Other Financing Sources/(Uses)	773,104	804,903	5,194,449	26,284,890	58,500	1,687,904	20,500,000	-0-	-0-	-0-
Net Change in Fund Balances	\$ (2,604,894)	\$ (1,117,346)	\$ 3,148,085	\$ 18,975,549	\$ (6,725,920)	\$ (8,919,993)	\$ 20,453,635	\$ (3,229,201)	\$ 1,037,101	\$ (4,386,930)
Debt Service as a % of Noncapital Expenditures	5.53%	5.23%	4.91%	4.74%	5.46%	5.17%	5.06%	4.95%	5.08%	4.70%

Source: Millburn Township School District Financial Reports.

MILLBURN TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Basis of Accounting)

Fiscal Year Ending June 30,	Interest on Investments	Tuition from Other LEAs	Pre-School		Subscription		Rentals	Prior Year Refunds	Miscellaneous	Total
			Tuition	Busing						
2014	\$ 396	\$ 200,806	\$ 122,758	\$ 653,446	\$ 40,507	\$ 119,204	\$ 60,529	\$ 1,197,646		
2015	274	103,634	111,497	680,764	46,111	148,397	70,448	1,161,125		
2016	733	99,060	110,198	715,380	41,518	94,037	11,091	1,072,017		
2017	3,993	128,699	105,474	729,291	98,593	131,906	169,978	1,367,934		
2018	20,076	18,149	92,960	668,194	87,715	173,130	8,616	1,068,840		
2019	76,068		132,497	956,650	64,925	115,099	366,784	1,712,023		
2020	217,356	5,428	106,541	838,965	77,126	174,852	355,243	1,775,511		
2021	144,523	14,720	76,320	3,120	16,203	145,900	114,279	515,065		
2022	85,980	156,600	106,748	695,579	109,475	173,337	307,793	1,635,512		
2023	438,740	168,950	125,727	1,049,322	144,392	136,827	790,584	2,854,542		

Source: Millburn Township School District Financial Reports.

MILLBURN TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended Dec. 31	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2013	\$42,556,000	\$6,665,839,600	\$ -	\$ -	\$ 1,302,427,100	\$ 46,725,400	\$ 64,716,900	\$ 8,122,265,000	\$ 7,260,392	\$ 8,129,525,392	\$495,084,100	\$ 0.944	\$ 8,563,546,509
2014	46,098,900	6,682,717,200	-	-	1,298,275,300	45,689,300	64,716,900	8,137,497,600	6,574,437	8,144,072,037	501,790,300	0.965	8,655,142,059
2015	41,835,800	6,715,998,700	-	-	1,298,995,700	50,380,200	64,716,900	8,171,927,300	6,046,574	8,177,973,874	510,906,300	0.988	9,355,840,968
2016	42,999,800	6,742,691,900	-	-	1,275,293,400	50,503,000	64,616,900	8,176,105,000	6,246,215	8,182,351,215	514,449,100	1.014	9,504,080,275
2017 *	40,231,000	7,956,428,000	-	-	1,619,772,100	74,906,500	92,268,900	9,783,606,500	7,295,841	9,790,902,341	671,646,600	0.874	9,807,600,745
2018	42,617,100	7,952,947,500	-	-	1,618,714,300	64,020,900	92,268,900	9,770,568,700	6,888,508	9,777,457,208	671,655,700	0.902	10,371,865,759
2019	38,749,200	7,933,538,100	-	-	1,616,385,800	64,020,900	92,268,900	9,744,962,900	6,838,593	9,751,801,493	674,902,000	0.927	10,587,970,788
2020	49,502,100	7,896,821,300	-	-	1,619,621,800	64,645,100	92,119,800	9,722,710,100	7,316,000	9,730,026,100	677,519,000	0.949	9,975,334,640
2021	49,488,500	7,889,951,100	-	-	1,617,176,300	64,645,100	92,069,800	9,713,330,800	7,652,971	9,720,983,771	678,331,800	0.968	9,913,209,273
2022	35,524,700	7,931,409,700	-	-	1,616,256,600	64,609,600	166,757,300	9,814,557,900	7,297,228	9,821,855,128	678,358,200	0.988	10,397,397,069

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 of assessed value.

* Revaluation/reassessment of property was effective.

Source: Millburn Township Tax Assessor.

MILLBURN TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per \$100 of Assessed Value)

Year Ended December 31,	Millburn Township School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Millburn Township	Essex County	
2013	\$ 0.889	\$ 0.055	\$ 0.944	\$ 0.445	\$ 0.510	\$ 1.899
2014	0.911	0.054	0.965	0.464	0.552	1.981
2015	0.935	0.053	0.988	0.523	0.594	2.105
2016	0.960	0.054	1.014	0.544	0.596	2.154
2017	* 0.822	0.052	0.874	0.464	0.517	1.855
2018	0.850	0.052	0.902	0.467	0.533	1.902
2019	0.877	0.050	0.927	0.477	0.525	1.929
2020	0.899	0.050	0.949	0.481	0.495	1.925
2021	0.917	0.051	0.968	0.481	0.488	1.937
2022	0.938	0.050	0.988	0.481	0.484	1.953

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.

* Revaluation/reassessment of property was effective.

Source: Millburn Township Tax Collector and School Business Administrator.

MILLBURN TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

Taxpayer	2023		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Short Hills Mall, C/O Taubman	\$ 930,819,000	1	9.48%
SH Residential Unit LLC C/O Veris	74,737,500	2	0.76%
51 JFK Unit LLC	66,392,800	3	0.68%
101-103 JFK Realty	58,072,400	4	0.59%
Short Hills Hilton LLC	57,887,900	5	0.59%
150 JFK Real Estate LLC	49,273,300	6	0.50%
Stone Mountain Properties	27,720,100	7	0.28%
Canoe Brook Country Club	26,330,300	8	0.27%
UE Millburn LLC C/O Urban Edge Prop	20,074,300	9	0.20%
New Creek C/O Kimco Prop.	20,000,000	10	0.20%
Total	<u>\$ 1,331,307,600</u>		<u>13.55%</u>

Taxpayer	2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Short Hills Association, LLC C/O Taubman	\$ 700,000,000	1	8.60%
Short Hills Hilton LLC	75,960,000	2	0.93%
Reckson Short Hills LLC	57,761,100	3	0.71%
101/103 JFK Parkway Special LLC Corp	45,000,000	4	0.55%
Mack-Cali Realty Corp	38,705,200	5	0.48%
New Creek II LLC/Bollard Group	19,857,700	6	0.24%
Canoe Brook Country Club	19,385,000	7	0.24%
Stone Mountain Properties	17,840,700	8	0.22%
A&R Millburn Associates/Ackerman	17,223,100	9	0.21%
MSS Millburn Realty Co.	17,193,900	10	0.21%
Total	<u>\$ 1,008,926,700</u>		<u>12.39%</u>

Source: Millburn Township Tax Assessor.

MILLBURN TOWNSHIP 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	
2014	\$ 77,836,315	\$ 77,836,315	100.00%	\$ -0-
2015	79,275,406	79,275,406	100.00%	-0-
2016	81,869,087	81,869,087	100.00%	-0-
2017	84,063,063	84,063,063	100.00%	-0-
2018	87,031,482	87,031,482	100.00%	-0-
2019	89,379,646	89,379,646	100.00%	-0-
2020	91,479,460	91,479,460	100.00%	-0-
2021	93,202,252	93,202,252	100.00%	-0-
2022	95,029,025	95,029,025	100.00%	-0-
2023	97,048,705	97,048,705	100.00%	-0-

^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.

Source: Millburn Township School District records including the Certificate and Report of School Taxes (A4F form).

MILLBURN TOWNSHIP 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	Obligations Under Financed Purchases	Bond Anticipation Notes (BANs)			
2014	\$ 37,454,000	\$1,654,759	\$ -0-	\$ 39,108,759	3.40%	\$ 1,943
2015	32,689,000	1,944,090	1,073,000	35,706,090	2.98%	1,767
2016	29,299,000	6,559,983	1,073,000	36,931,983	3.01%	1,828
2017	51,387,000	6,306,892	583,000	58,276,892	4.60%	2,884
2018	47,762,000	5,336,522	-0-	53,098,522	4.14%	2,629
2019	43,897,000	5,928,621	-0-	49,825,621	3.75%	2,471
2020	60,383,000	4,905,572	-0-	65,288,572	4.61%	3,248
2021	56,558,000	3,853,306	-0-	60,411,306	3.69%	2,739
2022	52,033,000	2,799,028	-0-	54,832,028	3.38%	2,508
2023	47,343,000	2,554,990	-0-	49,897,990	3.07%	2,282

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.

Source: Millburn Township School District Financial Reports

MILLBURN TOWNSHIP 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 Net Valuation Taxable ^a	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2014	\$ 37,454,000	\$ -0-	\$ 37,454,000	0.46%	\$ 1,860
2015	32,689,000	-0-	32,689,000	0.40%	1,618
2016	29,299,000	-0-	29,299,000	0.36%	1,450
2017	51,387,000	-0-	51,387,000	0.63%	2,543
2018	47,762,000	-0-	47,762,000	0.49%	2,365
2019	43,897,000	-0-	43,897,000	0.45%	2,177
2020	60,383,000	-0-	60,383,000	0.62%	3,004
2021	56,558,000	-0-	56,558,000	0.58%	2,564
2022	52,033,000	-0-	52,033,000	0.54%	2,380
2023	47,343,000	-0-	47,343,000	0.48%	2,165

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 See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Source: Millburn Township School District Financial Reports

MILLBURN TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2022
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Township of Millburn	\$ 16,521,169	100.00%	\$ 16,521,169
Essex County General Obligation Debt	685,637,111	10.54%	<u>72,259,216</u>
Subtotal, Overlapping Debt			88,780,384
Millburn Township School District Direct Debt			<u>47,343,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 136,123,384</u></u>

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 Millburn Township. 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 another governmental unit's equalized property value that is within the district's boundaries and dividing it by each unit's total equalized property value.

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 348,387,301	\$ 352,803,690	\$ 364,866,344	\$ 379,663,197	\$ 393,605,084	\$ 408,775,339	\$ 412,079,271	\$ 405,901,225	\$ 401,576,976	\$ 412,434,002
Total Net Debt Applicable to Limit	37,454,000	32,689,000	29,299,000	51,387,000	47,762,000	43,897,000	60,383,000	56,558,000	52,033,000	47,343,000
Legal Debt Margin	\$ 310,933,301	\$ 320,114,690	\$ 335,567,344	\$ 328,276,197	\$ 345,843,084	\$ 364,878,339	\$ 351,696,271	\$ 349,343,225	\$ 349,543,976	\$ 365,091,002
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	10.75%	9.27%	8.03%	13.53%	12.13%	10.74%	14.65%	13.93%	12.96%	11.48%

Legal Debt Margin Calculation for Fiscal Year 2023

Equalized valuation basis	
2022	\$ 10,780,489,785
2021	10,260,199,430
2020	9,891,860,922
	<u>\$ 30,932,550,137</u>
Average Equalized Valuation of Taxable Property	<u>\$ 10,310,850,046</u>
Debt Limit (4% of average equalization value) ^a	\$ 412,434,002
Net Bonded School Debt	<u>47,343,000</u>
Legal Debt Margin	<u>\$ 365,091,002</u>

^a Limit set by NJSIA 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.

MILLBURN TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Year</u>	<u>Population ^a</u>	<u>Essex County Per Capita Personal Income ^b</u>	<u>Millburn Township Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2014	20,133	\$ 57,133	\$ 1,150,258,689	3.60%
2015	20,203	59,395	1,199,957,185	3.20%
2016	20,200	60,735	1,226,847,000	3.10%
2017	20,204	62,659	1,265,962,436	2.90%
2018	20,195	63,521	1,282,806,595	2.30%
2019	20,165	65,927	1,329,417,955	2.10%
2020	20,102	70,497	1,417,130,694	5.20%
2021	22,059	74,310	1,639,204,290	3.60%
2022	21,863	74,310 *	1,624,639,530 ***	2.40%
2023	21,863 **	74,310 *	1,624,639,530 ***	N/A

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

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

*** - Latest available population data (2022) and latest available Essex County per capita personal income (2021) was used for calculation purposes.

N/A - Information is not available.

Sources:

- ^a Population information provided by the NJ Department of Labor and Workforce Development.
- ^b Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- ^c Personal income has been estimated based upon the municipal population and per capita personal income presented.
- ^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

MILLBURN TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - COUNTY OF ESSEX
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	2023		Percentage of Total Employment
	Employees	Rank	

NO INFORMATION AVAILABLE

Employer	2014		Percentage of Total Employment
	Employees	Rank (Optional)	
St. Barnabas Health Care System	23,000	1	6.21%
Verizon	17,100	2	4.61%
Prudential Ins. Co. of America	16,850	3	4.55%
Rutgers University-Newark Campus	15,500	4	4.18%
Continental Airlines	11,000	5	2.97%
Newark Board of Education	7,050	6	1.90%
Automatic Data Processing	5,649	7	1.52%
New Jersey Transit	4,000	8	1.08%
City of Newark	4,000	9	1.08%
Essex County	3,500	10	0.94%
	107,649		29.05%
Total Employment	346,237		

Source: Essex County Economic Development Corporation

MILLBURN TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,
LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Instruction:										
Regular	332	328	329	327	327	326	326	328	332	323
Special Education	62	64	69	68	66	67	68	70	66	79
Other Instruction	18	19	19	20	21	20	19	19	21	7
Support Services:										
Student & Instruction Related Services	135	146	152	156	161	165	168	165	179	171
School Administration	31	30	30	30	32	32	32	33	37	32
General Administration	4	3	3	3	3	3	3	3	4	4
Plant Operations and Maintenance	68	68	69	68	71	73	72	71	71	72
Pupil Transportation	15	15	15	15	15	12	13	14	13	13
Business and Other Support Services	17	19	19	19	19	18	18	17	18	17
Total	682	692	705	706	715	716	719	720	741	718

Source: Millburn Township School District Personnel Records.

MILLBURN TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year End June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School				
2014	4,907	\$ 84,912,806	\$ 17,304	3.05%	389	1:20	1:21	1:18	4,907	4,678	-1.11%	95.33%
2015	4,886	88,654,835	18,145	4.86%	398	1:20	1:21	1:19	4,882	4,654	-0.51%	95.33%
2016	4,894	91,262,676	18,648	2.77%	402	1:20	1:21	1:18	4,894	4,694	0.25%	95.91%
2017	4,894	95,202,343	19,453	4.32%	401	1:21	1:21	1:20	4,894	4,689	0.00%	95.81%
2018	4,856	99,077,111	20,403	4.88%	404	1:21	1:21	1:17	4,856	4,623	-0.78%	95.20%
2019	4,783	104,653,432	21,880	7.24%	406	1:20	1:21	1:19	4,783	4,564	-1.50%	95.42%
2020	4,809	106,677,779	22,183	1.38%	405	1:20	1:25	1:17	4,809	4,652	0.54%	96.74%
2021	4,679	110,124,190	23,536	6.10%	409	1:17	1:15	1:12	4,679	4,589	-2.70%	98.08%
2022	4,738	119,256,431	25,170	6.94%	408	1:12	1:12	1:11	4,756	4,536	1.65%	95.37%
2023	4,746	129,448,944	27,275	8.36%	402	1:13	1:11	1:11	4,764	4,516	0.17%	94.79%

Note: Enrollment based on annual October District count.

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

Source: Millburn Township School District records.

MILLBURN TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

District Building	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Deerfield Elementary School (1962)										
Square Feet	70,084	70,084	70,084	70,084	70,084	70,084	70,084	70,084	70,652	70,652
Capacity (Students)	531	531	531	531	531	531	531	531	531	531
Enrollment	575	569	591	565	437	414	430	410	423	402
Glenwood Elementary School (1938) *										
Square Feet	51,728	51,728	51,728	51,728	49,243	49,243	49,243	49,243	49,243	49,243
Capacity (Students)	405	405	405	405	369	369	369	369	369	369
Enrollment	464	478	458	475	371	365	367	361	376	378
Hartshorn Elementary School (1958)										
Square Feet	67,999	67,999	67,999	67,999	67,999	67,999	67,999	67,999	67,999	67,999
Capacity (Students)	481	481	481	481	481	481	481	481	481	481
Enrollment	542	544	529	498	425	409	402	396	432	438
South Mountain Elementary School (1935)										
Square Feet	49,358	49,358	49,358	49,358	49,358	49,358	49,358	49,358	49,358	49,358
Capacity (Students)	338	338	338	338	338	338	338	338	338	338
Enrollment	333	357	356	373	319	308	304	277	288	283
Wyoming Elementary School (1927)										
Square Feet	58,242	58,242	58,242	58,242	58,242	58,242	58,242	58,242	58,242	58,242
Capacity (Students)	344	344	344	344	344	344	344	344	344	344
Enrollment	332	350	373	385	314	332	332	317	343	353
Washington Elementary School (1968) **										
Square Feet	N/A	N/A	N/A	N/A	39,777	39,777	39,777	39,777	39,777	39,777
Capacity (Students)	N/A	N/A	N/A	N/A	399	399	399	399	399	399
Enrollment	N/A	N/A	N/A	N/A	444	411	393	400	378	386

MILLBURN TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

District Building	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Millburn Middle School (1930)										
Square Feet	235,541	235,541	235,541	235,541	235,541	239,705	239,705	239,705	242,880	242,880
Capacity (Students)	1,047	1,047	1,047	1,047	1,047	1,077	1,077	1,077	1,118	1,118
Enrollment	1,140	1,124	1,121	1,144	1,132	1,170	1,193	1,210	1,163	1,133
Millburn High School (1955)										
Square Feet	392,358	392,358	392,358	392,358	392,358	394,878	394,878	394,878	394,878	394,878
Capacity (Students)	1,391	1,391	1,391	1,391	1,391	1,423	1,423	1,423	1,423	1,423
Enrollment	1,521	1,464	1,466	1,454	1,414	1,374	1,388	1,308	1,335	1,373
Education Center/Board Office (1968)										
Square Feet	14,375	14,375	14,375	14,375	14,375	14,375	14,375	14,375	14,375	14,375
Maintenance Building (1968)										
Square Feet	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500

Number of Schools at June 30, 2023

Elementary = 6
Middle School = 1
High School = 1
Other = 2

* Temporary Classroom Units sold in 2017-2018

** Purchased from the State of NJ and opened in fiscal year 2017-2018.

Note: Enrollment is based on the annual October District count. Year of original construction is shown in parentheses.

N/A - Not Applicable

Source: Millburn Township School District Facilities Office.

MILLBURN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance for School Facilities*
 Account Number 11-000-261-XXX

Fiscal Year Ended June 30,	South										Total
	Deerfield Elementary School	Glenwood Elementary School	Hartshorn Elementary School	Mountain Elementary School	Wyoming Elementary School	Washington Elementary School	Millburn Middle School	Millburn High School	Education Center		
2014	\$ 77,456	\$ 70,091	\$ 77,002	\$ 59,471	\$ 71,059			\$ 327,536	\$ 627,391	20,860	\$ 1,330,866
2015	91,340	85,828	77,958	55,615	80,508			356,887	467,691	31,348	1,247,175
2016	92,642	90,747	91,836	84,815	58,960			276,447	480,688	26,088	1,202,223
2017	104,162	132,013	88,600	53,787	117,960			223,355	393,227	24,865	1,137,969
2018	116,168	105,054	70,841	59,817	64,987	\$ 65,279		206,196	492,606	58,046	1,238,994
2019	178,540	172,208	189,729	125,741	170,769	101,333		678,622	1,141,642	48,084	2,806,668
2020	189,396	167,151	208,261	185,371	155,911	112,954		956,599	1,037,807	237,579	3,251,029
2021	121,715	93,079	192,536	160,605	151,132	81,115		1,144,569	1,225,570	149,604	3,319,925
2022	332,181	117,832	222,243	447,602	258,243	55,014		507,649	760,593	47,427	2,748,784
2023	783,561	351,108	331,073	334,732	376,830	157,918		895,682	2,173,166	297,707	5,701,777

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

Source: Millburn Township School District records.

MILLBURN TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2023
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Utica National Insurance Group:		
Group: School Package		
Policy:		
Property Coverage:		
Building and Contents	\$ 199,475,145	\$ 1,000
General Liability Coverage:		
General Aggregate Limit	3,000,000	
Products Completed Operations	3,000,000	
Personal & Advertising Injury Limit	1,000,000	5,000
Each Occurrence Liability	1,000,000	1,000
Damage to Premises	1,000,000	
Medical Expenses Limit	10,000	
School District & Educators Liability, Aggregate Limit	2,000,000	10,000
Employment-Related Practices, Aggregate Limit	1,000,000	5,000
Employee Benefits Programs, Aggregate Limit	3,000,000	1,000
Abuse or Molestation Liability, Aggregate Limit	3,000,000	
Crime Coverage-Employee Theft	100,000	
Inland Marine-Electronic Data Processing	5,248,800	250
Automobile	1,000,000	250
Commercial Umbrella Liability	15,000,000	10,000
ACE American Insurance Company		
Cyber Liability	1,000,000	15,000
Zurich American Insurance Company		
Student Accident Insurance-Compulsory Coverage	5,000,000	
Hudson Excess Insurance Company		
Excess Umbrella Liability	10,000,000	
Allied World Assurance Company		
Excess Umbrella Liability	10,000,000	
Great American E&S Insurance Company		
Excess Umbrella Liability	10,000,000	

MILLBURN TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2023
UNAUDITED
(continued)

	<u>Coverage</u>	<u>Deductible</u>
Morris Essex Workers' Compensation Joint Insurance Fund		
Workers' Compensation Insurance	First \$ 500,000	of each claim
National Union Fire Insurance Company of Pittsburgh PA		
K&R/Malicious Attack	2,000,000	
Markel Insurance Company		
Adult Volunteer Accident	250,000	
Utica National Insurance Group		
Surety Bonds:		
Treasurer	400,000	\$ 500
School Business Administrator	249,000	500

Source: Millburn Township School District.

SINGLE AUDIT SECTION



Mount Arlington, NJ
 Newton, NJ
 Bridgewater, NJ
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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
 Millburn Township School District
 County of Essex, 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 "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Millburn Township School District (the "District"), in the County of Essex, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 16, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

The Honorable President and Members
of the Board of Education
Millburn Township School District
Page 2

Report on 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.

October 16, 2023
Mount Arlington, New Jersey

Nisiroccia LLP
NISIVOCCIA LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant



Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey's OMB Circular 15-08

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Millburn Township School District
County of Essex, New Jersey

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Millburn Township 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 year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2023.

Basis for Opinion on Each Major Federal and State Program

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

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

The Honorable President and Members
of the Board of Education
Millburn Township 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.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the 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 NJOMB 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 NJOMB 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 NJOMB 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
Millburn Township 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 and NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

October 16, 2023
Mount Arlington, New Jersey

Nisiroccia LLP
NISIVOCCIA LLP

Kathryn L. Mantell

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Licensed Public School Accountant #884
Certified Public Accountant

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

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at		Cancellation of Prior Year Encum- brances	Adjustments	Balance at		
					June 30, 2022	June 30, 2023			June 30, 2022	June 30, 2023	
					Budgetary Accounts Receivable	Due to Grantor	Cash Received	Budgetary Expenditures	Budgetary Accounts Receivable	Due to Grantor	Amounts Provided to Subrecipients
U.S. Department of Treasury:											
Passed-through State Department of Education:											
General Fund:											
COVID 19 - Coronavirus Relief Fund	21.019	N/A	3/1/20-12/30/20	\$ 463,789			\$ 463,789	\$ (463,789)		\$ 8	
Special Revenue Fund:	21.019	N/A	3/1/20-12/30/20	128,451			463,789	(463,789)		8	
COVID 19 - Coronavirus Relief Fund											
Special Revenue Fund:											
Additional or Compensatory Special											
Education and Related Services (ACSERS)											
	21.027	SLFRDOEISES	7/1/22-6/30/23	314,413			157,207	(314,413)	\$ (157,206)		
Passed-through New Jersey Board of Public Utilities:											
Capital Projects Fund:											
School and Small Business Ventilation and Energy											
Efficiency Verification and Repair Program:	21.027	SSB-VEEVR-	10/18/22-10/18/23	512,625			20,952	(20,952)			
Education Center HVAC Replacement	21.027	67714	10/18/22-10/18/23	4,486,478			8,646	(8,646)			
Middle School HVAC Replacement		68355					186,805	(344,011)	(157,206)		
Total U.S. Department of Treasury					8		650,594	(807,800)	(157,206)	8	
U.S. Department of Education:											
Passed-through State Department of Education:											
Special Revenue Fund:											
Special Education Cluster:											
L.D.E.A. Part B, Basic	84.027	IDEA319023	7/1/22-9/30/23	1,359,699			951,605	(1,179,757)	(228,152)		
L.D.E.A. Part B, Basic	84.027	IDEA319022	7/1/21-9/30/22	1,114,695	\$ (257,659)		260,796	(3,137)			
COVID-19 - ARP - I.D.E.A. Part B, Basic	84.027X	IDEA319022	7/1/21-9/30/23	233,830	(78,237)		78,234	(205)	\$ 3	\$ 205	
L.D.E.A. Preschool	84.173	IDEA319023	7/1/22-9/30/23	43,223			23,804	(41,757)	(17,953)		
L.D.E.A. Preschool	84.173	IDEA319022	7/1/21-9/30/22	48,416	(2,192)		4,542	(2,350)			
COVID-19 - ARP - I.D.E.A. Preschool	84.173X	IDEA319022	7/1/21-9/30/23	19,972	(5,278)		5,277	(1)			
Total Special Education Cluster					(343,366)		1,324,258	(1,227,206)	(246,105)		
Elementary and Secondary Education Act:											
Title I	84.010	ESEA319023	7/1/22-9/30/23	203,104			117,322	(198,327)	(81,005)		
Title I	84.010	ESEA319022	7/1/21-9/30/22	380,972	(149,422)		149,423	(1)			
Total Title I					(149,422)		266,745	(198,327)	(81,005)		
Title II A	84.367	ESEA319023	7/1/22-9/30/23	84,573			2,700	(79,301)	(76,601)		
Title II A	84.367	ESEA319022	7/1/21-9/30/22	120,722	(65,104)		100,544	(35,440)			
Total Title II A					(65,104)		103,244	(114,741)	(76,601)		
Title III	84.365	ESEA319023	7/1/22-9/30/23	36,215			11,358	(26,528)	(15,170)		
Title III	84.365	ESEA319022	7/1/21-9/30/22	46,360	(11,016)		18,591	(7,575)			
Total Title III					(11,016)		29,949	(34,103)	(15,170)		
Title III - Immigrant	84.365	ESEA319022	7/1/21-9/30/22	31,619	(15,983)		17,304	(1,321)			
Total Title III - Immigrant					(15,983)		17,304	(1,321)			
Title IV	84.424	ESEA319023	7/1/22-9/30/23	40,468			34,716	(35,716)	(1,000)		
Title IV	84.424	ESEA319022	7/1/21-9/30/22	41,037	(33,000)		30,500	2,500			
Total Title IV					(33,000)		65,216	(35,716)	(1,000)		

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

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at		Cash Received	Budgetary Expenditures	Adjustments	Cancellation of Prior Year Encum- brances	Balance at	
					June 30, 2022	June 30, 2023					Budgetary Accounts Receivable	Due to Grantor
U.S. Department of Education: (Cont'd)												
Passed-through State Department of Education: (Cont'd)												
Special Revenue Fund: (Cont'd)												
Education Stabilization Fund:												
COVID 19 - CARES Emergency Relief	84-425D	CARES319022	3/13/20-9/30/22	\$ 283,459	\$ (6,377)	\$ 26,668	\$ (20,292)	\$ 1				
COVID 19 - CRBSA:												
ESSER II	84-425D	S425D210027	3/13/20-9/30/23	1,159,950	(37,729)	211,500	(682,421)		\$ 374	\$ (508,276)		
Learning Acceleration	84-425D	S425D210027	3/13/20-9/30/23	74,440	(1,550)	61,470	(71,827)			(11,907)		
Mental Health	84-425D	S425D210027	3/13/20-9/30/23	45,000		26,780	(45,000)			(18,220)		
COVID 19 - ARP:												
ESSER III	84-425U	S425U210027	3/13/20-9/30/24	2,606,912	(95,601)	290,884	(254,523)			(59,240)		
Learning Acceleration	84-425U	S425U210027	3/13/20-9/30/24	380,270		22,848	(24,596)			(1,748)		
Mental Health	84-425U	S425U210027	3/13/20-9/30/24	45,000			(10,060)			(10,060)		
Total Education Stabilization Fund						640,150	(1,108,719)	1		374	(609,451)	
Total U.S. Department of Education					(759,148)	2,446,866	(2,720,133)	2,504		579	(1,029,332)	
U.S. Department of Health and Human Services:												
Medicaid Cluster:												
Medicaid Assistance Program	93-778			13,476		13,476	(13,476)					
Total Medicaid Cluster			7/1/22-6/30/23			13,476	(13,476)					
U.S. Department of Homeland Security:												
Passed-through State Department of Law and Public Safety:												
General Fund:												
Disaster Grants - Public Assistance - FEMA:												
Hurricane Ida	97-036		9/1/21-9/3/21	52,573		52,573	(52,573)					
Total U.S. Department of Homeland Security				52,573		52,573	(52,573)					
Total U.S. Department of Health and Human Services				66,049		66,049	(66,049)					
Total Federal Awards				\$ 8	\$ 3,163,509	\$ 3,163,509	(3,593,982)	2,504	\$ 579	\$ (1,186,538)	\$ 8	\$ -0-

* - Expended in Prior Year
N/A - Not Available/Applicable

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

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022		Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Cancellation of Prior Year Encumbrances	GAAP Accounts Receivable	Due to Grantor	MEMO	
				Budgetary Accounts Receivable	GAAP Accounts Receivable								Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:														
General Fund State Aid:														
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	\$ 4,324,483	\$ (4,324,483)	\$ 3,909,279	\$ 351,740	\$ (389,098)	\$ (4,324,483)	\$ (415,204)	\$ 4,324,483	\$ (37,358)	\$ 389,098	\$ 4,324,483	\$ 389,098
Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	788,722	(788,722)	712,995	712,995	(788,722)	(788,722)					788,722	389,098
Excess Nonpublic Transportation Costs	23-495-034-5120-014	7/1/22-6/30/23	1,556,688	(1,556,688)									1,556,688	1,556,688
Extraordinary Special Education Costs Aid	23-495-034-5120-044	7/1/22-6/30/23	1,774,086	(1,774,086)									1,774,086	1,774,086
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	7/1/22-6/30/23	3,542,153	(3,542,153)									3,542,153	3,542,153
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22-6/30/23	4,386,539	(4,386,539)									4,386,539	4,386,539
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22-6/30/23	16,469,559	(16,469,559)									16,469,559	16,469,559
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22-6/30/23	228,496	(228,496)									228,496	228,496
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	5,163	(5,163)									5,163	5,163
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	3,336,726	\$ (322,348)	322,348		322,348						3,336,726	3,336,726
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	389,098	(37,589)	37,589		37,589						389,098	389,098
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	788,722	(76,196)	76,196		76,196						788,722	788,722
Excess Nonpublic Transportation Costs	22-495-034-5120-014	7/1/21-6/30/22	1,043,392	(104,392)	104,392		104,392						1,043,392	1,043,392
Extraordinary Special Education Costs Aid	22-495-034-5120-044	7/1/21-6/30/22	1,911,911	(1,911,911)	1,911,911		1,911,911						1,911,911	1,911,911
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	7/1/21-6/30/22	3,300,219	(162,644)	162,644		162,644						3,300,219	3,300,219
Subtotal - General Fund			(2,615,080)	32,221,004	(32,063,987)						(1,929,774)		(2,458,063)	41,895,055
Special Revenue Fund Aid:														
Nonpublic Auxiliary Services:														
Compensatory Education	23-100-034-5120-066	7/1/22-6/30/23	33,998		33,998			(32,021)	\$ (30,633)			\$ 1,977		32,021
English as a Second Language	22-100-034-5120-066	7/1/21-6/30/22	42,103											11,470
English as a Second Language	23-100-034-5120-066	7/1/22-6/30/23	1,002		1,002							1,002		1,002
Nonpublic Handicapped Services:	22-100-034-5120-066	7/1/21-6/30/22	2,010		1,279				(1,279)					731
Supplementary Instruction	23-100-034-5120-066	7/1/22-6/30/23	26,597		26,597			(24,698)				1,899		24,698
Supplementary Instruction	22-100-034-5120-066	7/1/21-6/30/22	29,736						(9,912)					19,824
Corrective Speech	23-100-034-5120-066	7/1/22-6/30/23	34,410		34,410			(28,923)				5,487		28,923
Corrective Speech	22-100-034-5120-066	7/1/21-6/30/22	53,010		21,018				(21,018)					31,992
Examination and Classification	23-100-034-5120-066	7/1/22-6/30/23	80,749		80,749			(50,813)				29,936		50,813
Examination and Classification	22-100-034-5120-066	7/1/21-6/30/22	93,258						(27,493)					65,765
N.J. Nonpublic Textbook Aid	23-100-034-5120-066	7/1/22-6/30/23	32,591		38,412			(37,969)				443		37,969
N.J. Nonpublic Textbook Aid	22-100-034-5120-066	7/1/21-6/30/22	65,184		65,184			(65,184)				151		31,962
N.J. Nonpublic Textbook Aid	23-100-034-5120-066	7/1/22-6/30/23	24,444		24,444			(20,397)				4,047		20,397
N.J. Nonpublic Technology Initiative	23-100-034-5120-066	7/1/22-6/30/23	60,816						(701)					60,115
N.J. Nonpublic Technology Initiative	22-100-034-5120-066	7/1/21-6/30/22	18,144		701							2,918		15,226
N.J. Nonpublic Technology Initiative	23-100-034-5120-066	7/1/22-6/30/23	119,310		119,310			(104,295)				15,015		104,295
N.J. Nonpublic Security Aid	22-100-034-5120-066	7/1/21-6/30/22	95,025						(28,905)					66,120
N.J. Nonpublic Security Aid	21-100-034-5120-066	7/1/20-6/30/21	84,700		851							851		83,849
School Climate Change Pilot	23-100-034-5063-359	7/1/22-6/30/23	6,660		6,660			(6,660)						6,660
Subtotal - Special Revenue Fund			124,339	430,766	(370,960)			(120,419)				63,726		758,014

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022		Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Cancellation of Prior Year Encumbrances	Balance at June 30, 2023		MEMO	
				Budgetary Accounts Receivable	Due to Grantor						GAAP Accounts Receivable	Due to Grantor		Budgetary Receivable
State Department of Education:														
Debt Service Fund Aid:														
Debt Service Aid - State Support	22-100-034-5120-125	7/1/22-6/30/23	\$ 1,358,729			\$ 1,358,729	\$ 1,358,729	(1,358,729)					\$ 1,358,729	
Subtotal - Debt Service Fund						1,358,729	1,358,729	(1,358,729)					1,358,729	
Total State Department of Education						\$2,615,080	\$ 124,339	34,010,499	\$(120,419)	\$ 151	\$(1,929,774)	\$ 63,726	\$(2,458,063)	44,011,798
School Development Authority:														
Special Revenue Fund Aid:														
Emergency & Capital Maintenance Needs	N/A	7/1/22-6/30/23	115,394					(115,394)						115,394
Total State Awards						\$2,615,080	\$ 124,339	\$34,125,893	\$(120,419)	\$ 151	\$(1,929,774)	\$ 63,726	\$(2,458,063)	44,127,192
Less: State Awards Not Subject to Single Audit Major Program Determination														
On-Behalf TPAF Pension System Contributions:														
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22-6/30/23	(4,386,539)					4,386,539						
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22-6/30/23	(16,469,559)					16,469,559						
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22-6/30/23	(228,496)					228,496						
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	(5,163)					5,163						
Subtotal - On-Behalf TPAF Pension System Contributions								21,089,757						
Total State Awards Subject to Single Audit Major Program Determination								\$ (12,819,313)						

N/A - Not Available/Applicable

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

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

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Millburn Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2023. The information in these schedules is presented in accordance with the requirements of the 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. This basis of accounting is 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 elected not 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 and Special Revenue Funds on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the General and Special Revenue Funds 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 N.J.S.A. 18A:22-44.2. 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. Grant revenue in the capital projects fund is recognized on the budgetary basis in the fiscal year of award but is not recognized on the GAAP basis until certain milestones are accomplished and the required documentation is submitted to the grantor for reimbursement.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$144,729) of which (\$52,573) represents a portion of the FEMA Reimbursement grant posted as a refund against current year expenditures for the General Fund and \$200,760 (of which \$55,243 are for local grants) for the Special Revenue Fund. The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$4,969,504) for the Capital Projects Fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General, Special Revenue and Capital Projects Funds.

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

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

Revenue from federal and state awards is reported in the Board's basic financial statements on the GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ 477,265	\$ 31,971,831	\$ 32,449,096
Special Revenue Fund	3,176,497	489,920	3,666,417
Capital Projects Funds	29,598		29,598
Debt Service Fund		1,358,729	1,358,729
Total Awards	\$ 3,683,360	\$ 33,820,480	\$ 37,503,840

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. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2023.

NOTE 7. NJ CLEAN ENERGY GRANT

The District has been awarded two grants in the amount of \$4,999,103 which are recorded in the Capital Projects Fund from the School and Small Business Ventilation and Energy Efficiency Verification and Repair Program (SSB-VEEVR). As of June 30, 2023, \$29,598 of the grants have been expended and drawn down on a GAAP basis. In the Capital Projects Fund, the District realizes the full amount of the 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 reported under the SSB-VEEVR on the Schedule of Expenditures of State Awards represent reimbursement requests submitted to the SSB-VEEVR.

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

Summary of Auditors' Results:

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

	<u>Assistance Listing/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	7/1/22-9/30/23	\$ 1,359,699	\$ 1,179,757
I.D.E.A. Part B, Basic	84.027	7/1/21-9/30/22	1,114,695	3,137
ARP - I.D.E.A. Part B, Basic	84.027X	7/1/21-9/30/23	233,830	205
I.D.E.A. Preschool	84.173	7/1/22-9/30/23	43,223	41,757
I.D.E.A. Preschool	84.173	7/1/21-9/30/22	48,416	2,350
Education Stabilization Fund:				
COVID 19 - CARES				
Emergency Relief	84.425D	3/13/20-9/30/22	283,459	20,292
COVID 19 - CRRSA:				
ESSER II	84.425D	3/13/20-9/30/23	1,159,950	682,421
Learning Acceleration	84.425D	3/13/20-9/30/23	74,440	71,827
Mental Health	84.425D	3/13/20-9/30/23	45,000	45,000
COVID 19 - ARP:				
ESSER III	84.425U	3/13/20-9/30/24	2,606,912	254,523
Learning Acceleration	84.425U	3/13/20-9/30/24	380,270	24,596
Mental Health	84.425U	3/13/20-9/30/24	45,000	10,060

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

Summary of Auditors' Results: (Cont'd)

	<u>Assistance Listing/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State:</u>				
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	4,324,483	4,324,483
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	389,098	389,098
Extraordinary Special Education Costs Aid	23-495-034-5120-044	7/1/22-6/30/23	1,774,086	1,774,086

- The threshold used for distinguishing between federal and state Type A and Type B programs was \$750,000.
- The District was determined not to be a "low-risk" auditee for both federal and state programs.

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Audit Report, dated October 12, 2022 for the period ended June 30, 2022, issued by Nisivoccia LLP:

Finding 2022-001: N.J. Department of Education – Extraordinary Special Education Costs Aid – Eligibility, Types of Services Allowed or Unallowed and Significant Deficiency. Compliance requirement: The School Funding Reform Act of 2018 (SFRA) and N.J.S.A.18A:7F-55(c) requests a school district to file an application with the N.J. Department of Education for reimbursement of current year's expenses in which the actual cost of providing an education for an individual pupil, excluding transportation costs, exceeds a predetermined threshold within a single fiscal year. Extraordinary Aid is available for partial reimbursement of allowable/eligible costs incurred for individual classified pupils whose Individualized Education Plan (IEP) requires the provision of at least one intensive service. As per state regulations, (1) the student's IEP must indicate the intensive service(s) which will be provided to the student in order to claim those costs in the Extraordinary Aid application; and (2) the District must maintain work papers and supporting cost documentation. Costs must be pro-rated if they are incurred for multiple students.

Condition and Context:

Prior year Finding 2022-001, noted: 1.) The IEPs for 2 out of 3 students selected for testing did not include the intensive service(s) claimed on the Extraordinary Aid application; 2.) The classroom and additional costs reported on the Extraordinary Aid application for 33 students did not agree to the supporting cost documentation maintained by the District. Certain costs were understated while others were overstated which resulted in a net overstatement of costs.

Status:

The prior year finding 2022-001 regarding greater care being taken in reporting intensive and other service(s) provided to students and the cost of classroom and other costs reported on the Extraordinary Aid application was fully resolved.



**SCHOOL DISTRICT
OF THE
TOWNSHIP OF WESTFIELD**

TOWNSHIP OF WESTFIELD BOARD OF EDUCATION

**COUNTY OF UNION
WESTFIELD, NEW JERSEY**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR
ENDED JUNE 30, 2023**

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
June 30, 2023**

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INTRODUCTORY SECTION



WESTFIELD PUBLIC SCHOOLS

A Tradition of Excellence

Raymond González
Superintendent

302 Elm Street * Westfield * New Jersey * 07090
908-789-4414
www.westfieldnj12.org

Patty Ramos
Business Administrator/
Board Secretary

December 4, 2023

Honorable President and
Members of the Board of Education
Town of Westfield School District
County of Union, New Jersey

Dear Board Members and Constituents:

The annual comprehensive financial report (“ACFR”) of the Township of Westfield School District (District) as of and for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the district management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and government-wide statements of the District. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

The District has implemented Statement No. 34 of the Governmental Accounting Standards Board (GASB) entitled *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This standard, issued in June 1999, created the current reporting model of financial information and disclosure. The reader will notice that the two main basic financial statements created by this standard, the Statement of Net Position and the Statement of Activities, do not contain numerous columns for various funds that have been seen in past governmental financial statements. These two statements consolidate much of the information contained in fund based financial statements of the past into statements which tend to answer the question: “Is the District better or worse off financially than it was in the previous year?” A comparison of net position should help the reader in answering that question.

Also required as part of “Required Supplementary Information” by GASB Statement No. 34 is a “Management’s Discussion and Analysis” (MD&A) which allows the District to explain in layman’s terms its financial position and results of operations of the past fiscal year. Financial data is presented for both the current and immediately preceding school years to facilitate a meaningful analysis of the changes in financial position and operating results during this two year period.

The ACFR is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter and lists of principal officials and consultants and advisors and is unaudited. The financial section includes the general purpose financial statements and schedules, as well as the auditors’ report thereon, and MD&A.

The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in

conformity with the provisions of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and NJ OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments*. Information related to this single audit, including the auditors' report on internal control and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. Reporting Entity and its Services: The Town of Westfield School District is an independent reporting entity within the criteria adopted by the GASB. All funds and the Government-wide financial statements of the District are included in this report. The Town of Westfield Board of Education and all its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, bilingual as well as special education for educationally handicapped youngsters.

The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Student Enrollment</u>	<u>Percent Change</u>
2022-2023	5,875	1.0%
2021-2022	5,807	-2.0%
2020-2021	5,928	-4.4%
2019-2020	6,202	0.2%
2018-2019	6,191	-2.8%
2017-2018	6,375	0.1%
2016-2017	6,366	0.7%
2015-2016	6,321	0.3%
2014-2015	6,303	-1.0%
2013-2014	6,371	0.5%

2. Economic Condition and Outlook: The Town of Westfield is a stable community with a 2020 census population of 31,032. Its 6.7 square miles are basically residential in nature with 11 industrial acres; 336, commercial; 2,702, residential; and 79.96 acres for school buildings and fields. A sturdy Colonial heritage and strong commitment to education and voluntarism form the backbone of Westfield's citizens. According to the 2020 census, the median household income was \$170,798 and per capita income was \$81,933. The per capita income for the County of Union as reported in the 2020 census was \$41,576.

Property taxes provided 93% of the District's General Fund budgeted revenues for the 2022-23 school year. This percentage is consistent with prior years. Fluctuations in the percent of the budget supported by property taxes is largely due to fluctuations in state aid provided to the District.

The Town has been named a Main Street Community by the Office of Historic Preservation in Trenton, with town-wide efforts underway to revitalize the downtown area.

There is a cooperative, collegial spirit between the Westfield Mayor and Town Council and the elected Board of Education.

3. Major Initiatives: Initiatives and achievements in 2022-2023 by Westfield students and staff included the following:
 - Westfield High School Class of 2023 earned a 98% graduation rate.
 - 94% of Westfield High School graduates are pursuing a higher education.
 - 227 Westfield High School students were inducted into the National Honor Society.

- 1 National Merit Finalist and 11 Commended Students in the 2023 National Merit Scholarship Program.
 - 79 AP Scholars with Distinction; 43 AP Scholars with Honor; 76 AP Scholars
 - 21 perfect SAT or ACT standardized test scores were earned by Westfield High School students.
 - 70 Westfield High School students inducted into National Honor Societies for French, Spanish, Italian, and Chinese.
 - 120 Westfield High School seniors attained the Seal of Biliteracy, an award granted to students who attain proficiency in two or more languages by high school graduation.
 - A Westfield High School 10th grader earned a perfect score on the intermediate level of the National Latin Exam.
 - 49 Westfield High School students earned a variety of awards and recognitions at all four levels of the National Latin Exam.
 - For a 6th consecutive year, the Westfield Public School District was named one of the “Best Communities for Music Education” in the nation.
 - 1 WHS 12th grader performed with NAfME National Choir.
 - 7 WHS student vocalists performed with 2023 All Eastern Chorus ensembles; 13 performed with All-State Mixed or Treble Chorus
 - 4 WHS student musicians performed with the All-State WHS Wind Ensemble and Symphonic Band.
 - 25 WHS student musicians selected to perform with regional choral and band ensembles.
 - Westfield High School Theatre Department received three Paper Mill Playhouse Rising Star Awards for its March 2023 production of "Sunday in the Park with George."
 - 45 of our 2023 graduating student-athletes are participating at the collegiate level.
 - Westfield High School Athletics Program awarded the prestigious ShopRite Cup for a 2nd consecutive year and only 3rd time since 2010.
 - Taking home State championships for the 2022-2023 season were WHS Girls Volleyball, Boys Winter/Indoor Track and Field, and Boys Swimming.
 - Placing 2nd in the NJSIAA State tournament were Girls Tennis, Girls Swimming, Boys Golf, Boys Cross Country, Boys Winter/Indoor Track Relays, and Boys Spring Track and Field.
 - WHS student journalism – Hi’s Eye – earned top honors by the American Scholastic Press Association.
 - Charitable fundraising efforts across Westfield Public Schools continued throughout the year with food drives, winter coat collections, holiday gift giving, and many other service-based initiatives.
4. Management's Responsibility for Financial Reporting: The management of the school district is responsible for the preparation of the financial statements included within the ACFR and for their integrity and objectivity. In order to enable the District to fulfill its obligation for accurate and fair financial reporting, management is also responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with 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 awards and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

5. Budgetary Controls: In addition to internal 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. 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 assigned fund balance at June 30, 2023.

6. Accounting System and Reports: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and government-wide financial statements. These funds and the government-wide financial statements are explained in "Notes to the Financial Statements", Note 1.

7. Debt Administration: The total debt outstanding for the District was \$14,875,000 as of June 30, 2023.

8. Cash Management: The investment policy of the District is guided in large part by state statute as detailed in the "Notes to Financial Statements", Note 2. The District deposits its funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9. Risk Management: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, cyber liability, hazard and theft insurance on property and contents, and fidelity bonds. Umbrella and excess umbrella coverages were also in effect to minimize the District's loss exposure. The Board is a member of the New Jersey Schools Insurance Group.

10. Other Information:

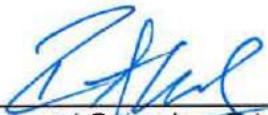
A. Independent Audit: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of PKF O'Connor Davies, LLP, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Uniform Guidance, and related grant guidance and State OMB Circular 15-08. The auditors' report

on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

11. Acknowledgments:

We would like to express our appreciation to the members of the Town of Westfield 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 our financial and accounting staff.

Respectfully submitted,

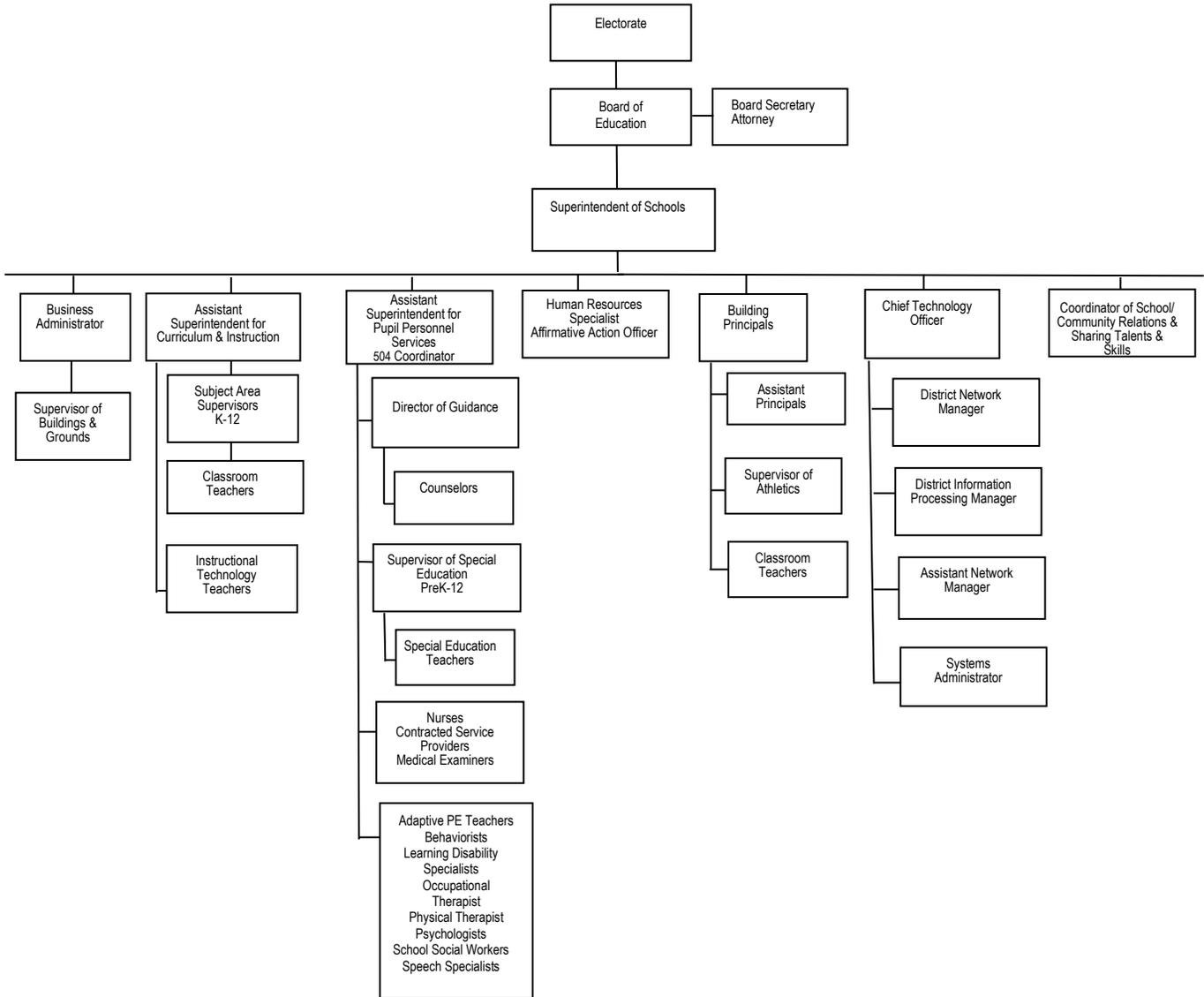


Raymond Gonzalez, Ed.D
Superintendent



Patty Ramos
School Business Administrator/Board Secretary

1110 ORGANIZATIONAL CHART



Classroom Paraprofessionals report to Building Principal or designated Administrator
 Custodians report to Building Principals
 Maintenance and Elm Street Custodians report to Supervisor of Buildings and Grounds
 Secretaries report to Building Principals or designated Administrator
 Technicians report to Chief Technology Officer

Approved: November 6, 2007
 Revised: December 7, 2010
 Revised: August 28, 2012
 Revised: December 10, 2013
 Reviewed: December 11, 2014
 Revised: February 28, 2017
 Revised: March 27, 2018
 Revised: February 4, 2020

**WESTFIELD SCHOOL DISTRICT
UNION COUNTY, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2023**

Members of the Board of Education

Term Expires

Sonal Patel, President	2024
Robert Benacchio, Vice President	2025
Sahar Aziz	2024
Kent Diamond	2026
Brendan Galligan	2026
Charles Gelinis	2026
Leila Morrelli	2024
Kristen Sonnek-Schmelz	2025
Mary Wickens	2025

Other Officials

Raymond Gonzalez, Ed.D., Superintendent of Schools
Dana Sullivan, Business Administrator/Board Secretary retired 12/31/2022
Patricia Ramos, Business Administrator/Board Secretary effective 1/1/2023

**WESTFIELD SCHOOL DISTRICT
Consultants and Advisors**

Architects

Fraytak, Veiz, Hopkins
P.O. Box 7371
Trenton, NJ 08628

Audit Firm

PKF O'Connor Davies, LLP
20 Commerce Drive, Suite 301
Cranford, NJ 07016

Labor/General/Special Education Counsel

Adams Gutierrez & Lattiboudere, LLC
1037 Raymond Boulevard, Suite 900
Newark, NJ 07102

Machado Law Group
1 Cleveland Place
Springfield, NJ 07081

Bond Counsel

McManimon, Scotland & Baumann, LLC
75 Livingston Avenue
Roseland, NJ 07068

Financial Advisors

Phoenix Advisors, LLC
625 Farnsworth Avenue
Bordentown, NJ 08505

Official Depository

Valley National Bank
801 Central Avenue
Westfield, NJ 07090

FINANCIAL SECTION



Independent Auditors' Report

**Honorable President and Members
of the Board of Education
Westfield School District
Westfield, New Jersey
County of Union**

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 Westfield School District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the 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 as prescribed by the Office of School Finance, Department of Education, State of New Jersey; 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 and requirements 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.

PKF O'CONNOR DAVIES, LLP
20 Commerce Drive, Suite 301, Cranford, NJ 07016 | Tel: 908.272.6200 | Fax: 908.272.2416 | www.pkfod.com

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

**Honorable President and Members
of the Board of Education
Westfield School District**

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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.

Auditors' 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 auditors' 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, audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards* 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, the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards*, we:

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

**Honorable President and Members
of the Board of Education
Westfield School District**

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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 management's discussion and analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 combining and individual fund financial statements, long-term debt schedules, and the schedules of expenditures of federal awards and state financial assistance, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for 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 GAAS. In our opinion, the combining and individual fund financial statements, long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Honorable President and Members
of the Board of Education
Westfield School District**

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Other Information

Management is responsible for the other information included in the Annual Comprehensive Annual Financial Report for the year ended June 30, 2023. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' 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 December 4, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Cranford, New Jersey
December 4, 2023

Scott A Clelland

Scott A. Clelland, CPA
Licensed Public School Accountant, No. 1049

**REQUIRED SUPPLEMENTARY
INFORMATION**

PART I

WESTFIELD SCHOOL DISTRICT
Westfield, New Jersey
Union County, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2023

This section of the district's annual comprehensive financial report presents a discussion and analysis of the district's financial performance during the fiscal year ending June 30, 2023. It should be read in conjunction with the transmittal letter at the front of this report and the district's financial statements, which immediately follow this section.

Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statement—and Management's Discussion and Analysis—for State and Local Governments* issued June 1999 and amended by GASB Statement No. 37. Certain comparative information between the current year and the prior year is presented in the MD&A.

FINANCIAL HIGHLIGHTS

The key financial highlights for the 2022-2023 fiscal year include the following:

Governmental funds reported a total fund balance of \$21,308,509, which is a \$3,331,737 increase from last year's total governmental fund balance. The majority of the increase was due to revenues that exceeded expenditures in the general fund in the current year. The general or operating fund balance was reported for GAAP purposes at \$20,124,864 which represents an increase of \$4,969,849 over the prior year. Of this total, \$1,500,000 of excess surplus will be appropriated toward the 2024-2025 budget, and an additional \$1,500,000 has been restricted for the 2023-2024 budget. \$401,679 has been restricted for unemployment compensation. \$523,134 of general fund balance was assigned to cover open purchase orders at year-end. The unassigned general fund balance is reported at \$3,218,016. General fund balance is below the maximum permitted under the Department of Education regulations based upon 2% of general fund expenditures, with specified modifications. Total spending for all governmental funds was \$150,246,937. Total revenues were \$153,578,674 resulting in an excess of revenues over expenditures of \$3,331,737 for the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the 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 operated like businesses, such as food services.
- Fiduciary funds statements provide information about the financial relationship in which the district acts solely as a trustee or agent for the benefits of others.

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.

Figure A-1

Organization of the School District Annual Comprehensive Financial Report

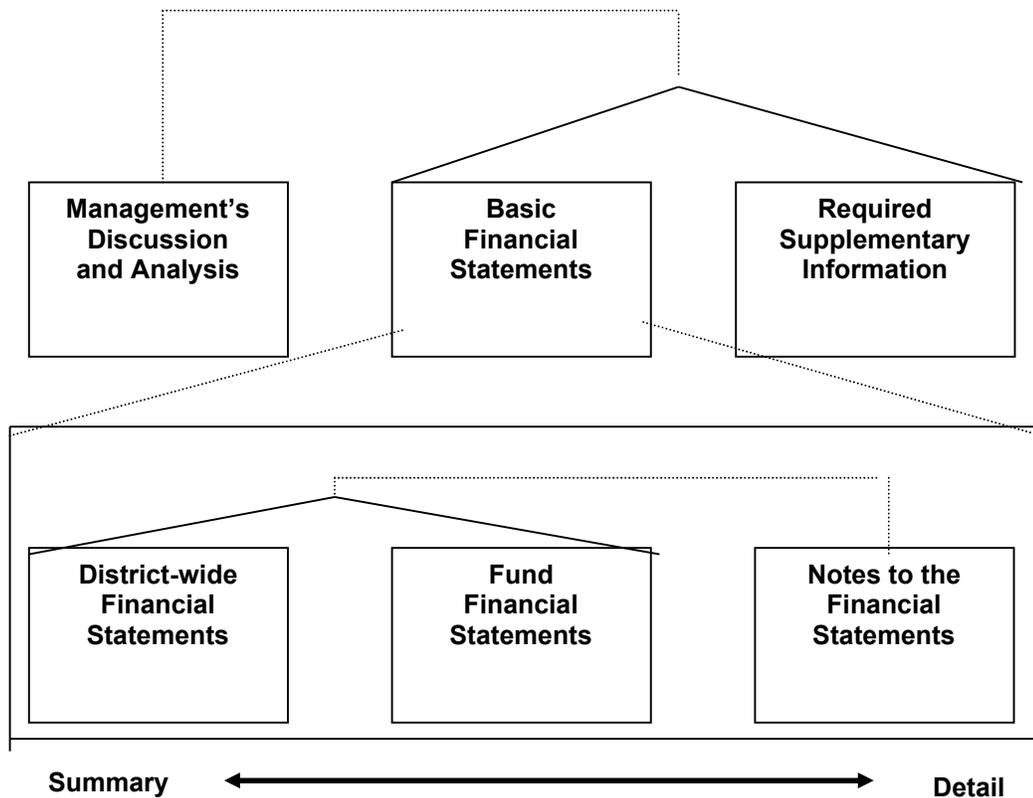


Figure A-2 summarizes the major features of the district’s financial statements, including the portion of the district’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
		Scope	Entire district
Required financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of 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. All deferred outflows of resources and deferred inflows of resources	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/out-flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues 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 revenues and expenses during the year, regardless of when cash is received or paid

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 and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

- Over time, increases or decreases in the district's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the district's overall health, you need to consider that the school district's goal is to provide services to students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the of the schools to assess the overall health of the district.

In the district-wide financial statements, the district's activities are divided into two categories:

- Governmental activities: Most of the district's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.
- Business-type activities: The district charges fees to help it cover the costs of certain services it provides. The district's WRAP program and food services are included here. The district also has a non-major proprietary internal service fund.

Fund Financial Statements

The fund financial statements provide more detailed information about the district's funds, focusing on its most significant or "major" funds – not the district as a whole. Funds are accounting devices the district uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The district establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The district has two types of funds:

Governmental funds: Most of the district's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

Proprietary funds: Services for which the district charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The district's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The district uses internal service funds (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The district currently has one internal service fund, the health benefits self-insurance fund.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The school district's Governmental Activities net position was \$46,379,146 at June 30, 2023. Of this amount, a deficit amount of \$19,203,759 was reported as unrestricted net position, primarily due to GASB Statement No. 68 accounting and reporting requirements for the PERS and TPAF defined benefit pension systems and compensated absences. Restricted net positions are reported separately to show legal constraints from debt covenants and enabling legislation that limit the school district's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net position (Figure A-3) and change in net position (Figure A-4) of the school district's governmental activities.

Figure A - 3
Net Position at June 30, 2023

	Governmental Activities 2022	Governmental Activities 2023	Amount Difference	% Increase (Decrease)
Assets				
Current and other assets	\$ 24,571,424	\$ 27,216,120	\$ 2,644,696	10.76%
Capital assets	<u>65,676,717</u>	<u>64,397,292</u>	<u>(1,279,425)</u>	-1.95%
Total Assets	\$ <u>90,248,141</u>	\$ <u>91,613,412</u>	\$ <u>1,365,271</u>	1.51%
Deferred Outflows of Resources	<u>2,864,124</u>	<u>4,413,706</u>	<u>1,549,582</u>	54.10%
Total Deferred Outflows of Resources	\$ <u>2,864,124</u>	\$ <u>4,413,706</u>	\$ <u>1,549,582</u>	54.10%
Liabilities				
Current and other liabilities	11,303,450	10,523,330	(780,120)	-6.90%
Long-term liabilities	<u>32,360,987</u>	<u>35,766,096</u>	<u>3,405,109</u>	10.52%
Total Liabilities	\$ <u>43,664,437</u>	\$ <u>46,289,426</u>	\$ <u>2,624,989</u>	6.01%
Deferred Inflows of Resources	<u>9,837,106</u>	<u>3,358,546</u>	<u>(6,478,560)</u>	-65.86%
Total Deferred Inflows of Resources	\$ <u>9,837,106</u>	\$ <u>3,358,546</u>	\$ <u>(6,478,560)</u>	-65.86%
Net Position				
Net investment in capital assets	49,006,289	49,227,359	221,070	0.45%
Restricted	10,594,331	16,355,546	5,761,215	54.38%
Unrestricted	<u>(19,989,898)</u>	<u>(19,203,759)</u>	<u>786,139</u>	3.93%
Total Net Position	\$ <u><u>39,610,722</u></u>	\$ <u><u>46,379,146</u></u>	\$ <u><u>6,768,424</u></u>	17.09%

The increase in current and other assets is attributed to an approximately \$4.01 million increase in cash in the general fund which was driven by an increase in the fund balance as of year end. The increase in general fund cash was offset by an approximately \$1.58 million decrease in capital projects fund cash as capital projects progressed during fiscal year 2023 which drew down on the cash and fund balance. Deferred outflow of resources represents deferred pension costs associated with the District's net pension liability. Deferred inflows of resources represent the District's proportionate share of earnings and assumptions associated with the District's net pension liability. The deferred outflows of resources and deferred inflows of resources fluctuated based on actuarially provided calculations related to the net pension liability. The majority of the decrease in current and other liabilities is due to a decrease in accounts payable. Accounts payable fluctuate based on the timing of payments of bills lists before year end. The increase in long-term liabilities is mainly attributable to an increase in the net pension liability of \$5,280,067 offset by a decrease in bonds payable of \$2,350,000. In fiscal year 2023, the District did not issue any new debt and paid \$2,350,000 in principal maturities during the fiscal year. Restricted net position increased mainly due to an increase in the capital reserve of \$5,356,118 and an increase in excess surplus of \$1,500,000. This was offset by decreases of \$516,874 in the maintenance reserve and \$1,643,642 in capital projects.

The results of this year's operations for the school district Governmental Activities and Business-type Activities are reported in the Statement of Activities (Exhibit A-2). Figure A-4, below, takes the information from that financial statement, rounds off the numbers, and rearranges them slightly so you can see the District's total revenues and expenses for the year.

Figure A - 4
Change in Net Position for the Year Ended June 30,

	<u>Governmental Activities</u>		<u>Amount Difference</u>	<u>Percentage Increase (Decrease)</u>
	<u>2022</u>	<u>2023</u>		
Revenues:				
Program revenue				
Charges for Services	\$ 980,153	\$ 1,293,139	\$ 312,986	31.93%
Operating Grants and Contributions	30,485,269	23,953,846	(6,531,423)	-21.42%
General revenue				
Local tax levy	108,183,929	109,594,132	1,410,203	1.30%
Federal and state aid	6,043,251	7,250,508	1,207,257	19.98%
Miscellaneous revenues	\$474,577	1,671,206	1,196,629	252.15%
Total revenues	\$ 146,167,179	\$ 143,762,831	\$ (2,404,348)	-1.64%
Function/program expense:				
Instruction				
Regular programs	42,558,356	41,737,944	(820,412)	-1.93%
Special programs	9,761,040	10,129,602	368,562	3.78%
Other instructional programs	1,898,069	1,957,264	59,195	3.12%
Support services				
Student services	16,711,229	17,214,133	502,904	3.01%
Tuition	6,543,325	8,091,422	1,548,097	23.66%
General administration and				
business services	4,824,423	4,974,412	149,989	3.11%
School administration	3,677,432	3,748,509	71,077	1.93%
Plant services	6,729,444	6,569,404	(160,040)	-2.38%
Pupil transportation	4,175,908	5,395,685	1,219,777	29.21%
Unallocated benefits	42,020,905	36,015,689	(6,005,216)	-14.29%
Unallocated depreciation and amortization	739,749	766,456	26,707	3.61%
Interest on long-term debt	454,861	393,887	(60,974)	-13.40%
Total expenses	\$ 140,094,741	\$ 136,994,407	\$ (3,100,334)	-2.21%
Transfers (From) or To	500,000		(500,000)	-100.00%
Increase in net position	\$ 6,572,438	\$ 6,768,424	\$ 195,986	2.98%

Figure A - 4
Change in Net Position year ended June 30,

	Business-Type Activities		Amount Difference	Percentage Increase (Decrease)
	2022	2023		
Revenues:				
Program revenue				
Charges for services	\$ 1,676,327	\$ 2,186,920	\$ 510,593	30.46%
Miscellaneous revenues	5,772	57,150	51,378	890.12%
Total revenues	\$ 1,682,099	\$ 2,244,070	\$ 561,971	33.41%
Expenses :				
Food Service	1,244,348	1,547,626	303,278	24.37%
WRAP Program	322,967	334,399	11,432	3.54%
Total expenses	\$ 1,567,315	\$ 1,882,025	\$ 314,710	20.08%
Transfers from food service	(500,000)		500,000	100.00%
(Decrease) Increase in net position	\$ (385,216)	\$ 362,045	\$ 747,261	193.98%

Governmental activities charges for services increased in fiscal year 2023 due to increased student activity revenues as student activity programs resumed a full year of operations in fiscal year 2023 after being negatively impacted in the prior year from the pandemic. The decrease in governmental activities operating grants and contributions was mainly attributed to a decrease in the GASB Statement No. 75 OPEB benefit recognized on behalf of the District. The governmental activities state and federal aid increased as a result of an increase in the state categorical special education aid and an increase in federal FEMA grant revenue in the current year. Governmental activities miscellaneous revenues increased due to increases in interest revenue. Governmental activities tuition expenses mainly increased due to tuition associated with private schools for the disabled. Governmental activities pupil transportation costs increased in all categories, but the main increase was recognized in increased costs associated with special education transportation. Governmental activities unallocated benefits decreased due to decreases in health benefit costs and a decrease in the GASB Statement No. 75 OPEB expense recognized on behalf of the District. Governmental activities interest on long-term debt decreased as no debt was issued in fiscal year 2023 and existing debt was paid down. A transfer from the cafeteria fund to the general fund was not performed in fiscal year 2023, therefore resulting in the fluctuation of transfers noted in governmental activities and business-type activities. Overall, business-type activities revenues and expenses increased in 2023 due to 2023 being the first full fiscal year resuming normal operations since the pandemic.

In figure A-5 below, we have presented the cost of each of the school district's functions for the current year and prior year. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by each function.

Figure A - 5
Governmental Activities - Total Cost of Services

Function/program expense:			Increase (Decrease)	
	2022	2023	\$	%
Instruction				
Regular programs	\$ 42,558,356	\$ 41,737,944	\$ (820,412)	-1.9%
Special programs	9,761,040	10,129,602	368,562	3.8%
Other Instructional programs	1,898,069	1,957,264	59,195	3.1%
Support services				
Student services	16,711,229	17,214,133	502,904	3.0%
Tuition	6,543,325	8,091,422	1,548,097	23.7%
Instructional staff support				
General administration and business services	4,824,423	4,974,412	149,989	3.1%
School administration	3,677,432	3,748,509	71,077	1.9%
Plant services	6,729,444	6,569,404	(160,040)	-2.4%
Student transportation	4,175,908	5,395,685	1,219,777	29.2%
Unallocated benefits	42,020,905	36,015,689	(6,005,216)	-14.3%
Unallocated depreciation and amortization	739,749	766,456	26,707	3.6%
Interest on long-term debt	454,861	393,887	(60,974)	-13.4%
Total	\$ 140,094,741	\$ 136,994,407	\$ (3,100,334)	-2.2%

As noted above, tuition expenses mainly increased due to tuition associated with private schools for the disabled. Pupil transportation costs increased in all categories, but the main increase was recognized in increased costs associated with special education transportation. Unallocated benefits decreased due to decreases in health benefit costs and a decrease in the GASB Statement No. 75 OPEB expense recognized on behalf of the District. Interest on long-term debt decreased as no debt was issued in fiscal year 2023 and existing debt was paid down.

As we noted earlier, the school district uses funds to help it control and manage money for particular purposes. Looking at funds helps you consider whether the school district is being accountable for the resources provided to it, and also, gives more insight into the school district's overall financial health.

As the school district completed this year, our governmental funds reported a combined fund balance of \$21,308,509, which is an increase of \$3,331,737 from last year. This amount includes the general fund (increase of \$4,969,849), special revenue fund (increase of \$5,530) and capital projects fund (decrease of \$1,643,642). The primary reasons for the increase/decrease are:

1. Use of capital reserves to finance capital projects without the need for debt issuances.
2. Decreases in benefit expenses in 2023.

General Fund Budgetary Highlights

Over the course of the year, the school district revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. Budget changes/transfers are approved by the Board of Education throughout the year. Actual revenues reflect a positive variance of \$30.44 million. This is due primarily to the State reimbursement/on behalf payments in the amount of \$27.22 million for TPAF pension, post retirement and social security contributions. This is always a non-budgeted item that the State (and GAAP) require to be included in the financial statements.

Actual expenditures reflect a negative variance of \$23.91 million even though all budget categories show a positive variance. This again is primarily due to the State requirement to include TPAF pension and post retirement and social security contributions in the audit.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the school district governmental activities reported \$126,966,861 invested in a broad range of capital assets, including land, construction in progress, buildings, building improvements, other improvements, vehicles, furniture and equipment. This amount represents a net increase (including additions, trade-ins and retirements) of \$2,752,280 from the prior year. Figure A-6 details the composition of capital assets at June 30th of the current and prior year and the net changes for the current year.

Figure A - 6
Governmental Activity Capital Assets at Year-End June 30

	<u>FY 2022</u>	<u>FY 2023</u>	<u>Increase (Decrease)</u>
Land	\$ 4,488,200	\$ 4,488,200	\$ -
Construction in Progress	15,165,965	10,891,205	(4,274,760)
Buildings and Improvements	87,221,973	94,077,550	6,855,577
Furniture, Equipment and Vehicles	<u>17,338,443</u>	<u>17,509,906</u>	<u>171,463</u>
Total	\$ <u>124,214,581</u>	\$ <u>126,966,861</u>	\$ <u>2,752,280</u>

Long-Term Liabilities

At the end of this year, the school district had \$14,875,000 in bonds (Type II debt) outstanding versus \$17,225,000 last year – a decrease of 16%. The summary of year-end long-term liabilities and changes for the 2022-2023 school year is as follows:

Figure A - 7
Outstanding Long-Term Liabilities at Year-End

	<u>Governmental Activities</u>		<u>Increase (Decrease)</u>
	<u>2022</u>	<u>2023</u>	
School Serial Bonds Payable	\$ 17,225,000	\$ 14,875,000	\$ (2,350,000)
Unamortized Premium on Bonds	444,695	369,620	(75,075)
Other Long Term Liabilities:			
Net Pension Liability	14,968,402	20,248,469	5,280,067
Compensated Absences Payable	<u>2,578,137</u>	<u>3,140,409</u>	<u>562,272</u>
Total	\$ <u>35,216,234</u>	\$ <u>38,633,498</u>	\$ <u>3,417,264</u>

FACTORS AFFECTING THE DISTRICT'S FUTURE

- The largest expenditure in the school budget is for employee salaries and wages. The contract with the Westfield Association of Administrators and Supervisors expired on June 30, 2023. Negotiations with all employee associations will affect future budgets.
- The enrollment in the district is continuing to remain stable.
- The district maintains twelve facilities, ten of which are schools. The district continues to budget for capital improvements in accordance with the State approved Long Range Facilities Plan.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the school district's finances and to show the school district's accountability for the money it received. If you have questions about this report or wish to request additional financial information, contact Patty Ramos, Business Administrator/Board Secretary, at Westfield Board of Education, 302 Elm Street, Westfield, New Jersey 07090.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

SECTION – A

**WESTFIELD SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023**

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 23,817,552	\$ 1,138,560	\$ 24,956,112
Other Receivables	528,645	23,894	552,539
Receivables from Other Governments	2,847,612		2,847,612
Inventory		26,929	26,929
Restricted Cash Held With Fiscal Agent	22,311		22,311
Capital Assets, Non-Depreciable	15,379,405		15,379,405
Capital Assets, Depreciable, Net	49,017,887	391,508	49,409,395
Total Assets	91,613,412	1,580,891	93,194,303
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension Deferrals	4,339,019		4,339,019
Deferred Amount on Refinancing	74,687		74,687
Total Deferred Outflows of Resources	4,413,706	-	4,413,706
<u>LIABILITIES</u>			
Accounts Payable	1,646,396	108,197	1,754,593
Accrued Interest Payable	140,151		140,151
Accrued Liabilities	4,389,903		4,389,903
Payable to Other Governments	108,167		108,167
Payroll Deductions and Withholdings Payable	610,085		610,085
Unemployment Compensation Claims Payable	332,222		332,222
Unearned Revenue	429,004	152,756	581,760
Noncurrent Liabilities:			
Due Within One Year	2,867,402		2,867,402
Due Beyond One Year	15,517,627		15,517,627
Net Pension Liability	20,248,469		20,248,469
Total Liabilities	46,289,426	260,953	46,550,379
<u>DEFERRED INFLOW OF RESOURCES</u>			
Pension Deferrals	3,358,546		3,358,546
Total Deferred Inflow of Resources	3,358,546	-	3,358,546
<u>NET POSITION</u>			
Net investment in capital assets	49,227,359	391,508	49,618,867
Restricted for:			
Capital Reserve	9,891,768		9,891,768
Maintenance Reserve	2,090,267		2,090,267
Emergency Reserve	1,000,000		1,000,000
Capital Projects	542,496		542,496
Unemployment Compensation	401,679		401,679
Student Activities	641,149		641,149
Excess Surplus	1,788,187		1,788,187
Unrestricted (Deficit)	(19,203,759)	928,430	(18,275,329)
Total Net Position	\$ 46,379,146	\$ 1,319,938	\$ 47,699,084

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

**WESTFIELD SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Functions/Programs	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular	\$ 41,737,944		\$ 2,132,372	\$ (39,605,572)		\$ (39,605,572)
Special Education	8,713,862			(8,713,862)		(8,713,862)
Other Special Instruction	1,415,740			(1,415,740)		(1,415,740)
Other Instruction	1,957,264			(1,957,264)		(1,957,264)
Support Services:						
Tuition	8,091,422	137,424	2,454,237	(5,499,761)		(5,499,761)
Student & Instruction Related Services	17,214,133	1,127,555	1,152,001	(14,934,577)		(14,934,577)
School Administrative Services	3,748,509			(3,748,509)		(3,748,509)
General and Business Administrative Services	4,974,412			(4,974,412)		(4,974,412)
Plant Operations and Maintenance	6,569,404		128,367	(6,441,037)		(6,441,037)
Pupil Transportation	5,395,685	28,160	683,633	(4,683,892)		(4,683,892)
Unallocated Benefits	36,015,689		17,403,236	(18,612,453)		(18,612,453)
Interest on Long-Term Debt	393,887			(393,887)		(393,887)
Unallocated Depreciation and Amortization	766,456			(766,456)		(766,456)
Total Governmental Activities	136,994,407	1,293,139	23,953,846	(111,747,422)		(111,747,422)
Business-Type Activities:						
Food Service	1,547,626	1,691,580			143,954	143,954
WRAP Program	334,399	495,340			160,941	160,941
Total Business-Type Activities	1,882,025	2,186,920	-		304,895	304,895
Total Primary Government	\$ 138,876,432	\$ 3,480,059	\$ 23,953,846	(111,747,422)	304,895	(111,442,527)
General Revenues:						
Taxes:						
Taxes Levied for General Purposes, Net				107,628,137		107,628,137
Taxes Levied for Debt Service				1,965,995		1,965,995
Federal and State Aid Not Restricted				6,421,465		6,421,465
Federal and State Aid Restricted				829,043		829,043
Investment Earnings				1,248,112	33,256	1,281,368
Miscellaneous Income				423,094	23,894	446,988
Total General Revenues				118,515,846	57,150	118,572,996
Change in Net Position				6,768,424	362,045	7,130,469
Net Position—Beginning				39,610,722	957,893	40,568,615
Net Position—Ending				\$ 46,379,146	\$ 1,319,938	\$ 47,699,084

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

FUND FINANCIAL STATEMENTS

SECTION – B

GOVERNMENTAL FUNDS

**WESTFIELD SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

Exhibit B-1
Page 1 of 2

<u>ASSETS</u>	<u>MAJOR FUNDS</u>			<u>TOTAL GOVERNMENTAL FUNDS</u>
	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	
Cash and Cash Equivalents	\$ 18,042,931	\$ 809,547	\$ 541,171	\$ 19,393,649
Other Receivables	524,325	90		524,415
Interfund Receivable			1,325	1,325
Receivables from Other Governments	2,562,189	285,423		2,847,612
Restricted Cash and Cash Equivalents	22,311			22,311
Total Assets	\$ 21,151,756	\$ 1,095,060	\$ 542,496	\$ 22,789,312
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Intergovernmental Payable		\$ 108,167		\$ 108,167
Interfund Payable	1,325			1,325
Payroll Deductions and Withholdings Payable	610,085			610,085
Unemployment Compensation Claims Payable	332,222			332,222
Unearned Revenue	83,260	345,744		429,004
Total liabilities	1,026,892	453,911		1,480,803
Fund Balances:				
Restricted for:				
Capital Reserve	9,891,768			9,891,768
Maintenance Reserve	2,090,267			2,090,267
Emergency Reserve	1,000,000			1,000,000
Excess Surplus - Current Year	1,500,000			1,500,000
Excess Surplus - Designated for Subsequent Year's Expenditures	288,187			288,187
Unemployment Compensation	401,679			401,679
Student Activities		641,149		641,149
Assigned for:				
Other Purposes	523,134			523,134
Designated for Subsequent Year's Expenditures	1,211,813			1,211,813
Capital Projects Fund			542,496	542,496
Unassigned, Reported in:				
General Fund	3,218,016			3,218,016
Total Fund Balances	20,124,864	641,149	542,496	21,308,509
Total Liabilities and Fund Balances	\$ 21,151,756	\$ 1,095,060	\$ 542,496	\$ 22,789,312

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

**WESTFIELD SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

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

Total Governmental Fund Balances	\$	21,308,509
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The carrying value of the assets is \$126,966,861, and the accumulated depreciation is \$62,569,569.		64,397,292
Long-term liabilities, including bonds (net of premiums and/or discounts), lease obligations, judgments payable and other obligations that are not due and payable in the current period and therefore are not reported as liabilities in the funds.		(18,385,029)
Short-term liabilities, including accrued interest on long-term debt, are not due payable in the current period and therefore are not reported as liabilities in the funds.		(140,151)
Some liabilities, including net pension obligations, are not due and payable in the current period and therefore are not reported in the funds.		
	Net Pension Liability	(20,248,469)
	Accounts Payable - Pension Related	(1,646,396)
Deferred outflows and inflows or resources related to pension are applicable to future periods and therefore are not reported in the funds.		
	Deferred Outflows of Resources Related to Pensions	4,339,019
	Deferred Inflows of Resources Related to Pensions	(3,358,546)
The difference between the face amount of Refunded Bonds and the escrow deposit required to legally defease the Bonds is recorded as a decrease to fund balance in the governmental funds, but is carried on the statement of net position as a Deferred Outflow of Resources and amortized over the life of the Bonds. The Deferred Amount from Refunding is \$467,538 and accumulated amortization is \$392,851.		74,687
Internal service funds are used by the District to charge the costs of the District's self-insurance fund to the individual funds. The assets and liabilities of the internal service funds are included with governmental activities.		38,230
Net Position of Governmental Activities	\$	<u>46,379,146</u>

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

WESTFIELD SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit B-2
Page 1 of 2

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	
<u>REVENUES</u>					
Local Tax Levy	\$ 107,628,137			\$ 1,965,995	\$ 109,594,132
Tuition Charges	49,211				49,211
Tuition Charges from Other LEA's	88,213				88,213
Transportation	28,160				28,160
Other Restricted Miscellaneous Revenues	26,335				26,335
Miscellaneous	1,644,871				1,644,871
Local Sources		1,332,547			1,332,547
State Sources	36,251,781	436,149	29,730	799,313	37,516,973
Federal Sources	526,633	2,771,599			3,298,232
Total Revenues	146,243,341	4,540,295	29,730	2,765,308	153,578,674
<u>EXPENDITURES</u>					
Current:					
Regular Instruction	36,380,208	2,132,372			38,512,580
Special Education Instruction	8,713,862				8,713,862
Other Special Instruction	1,415,740				1,415,740
Other Instruction	1,957,264				1,957,264
Support Services and Undistributed Costs:					
Tuition	8,091,422				8,091,422
Student & Instruction Related Services	14,940,107	2,274,026			17,214,133
School Administrative Services	3,748,509				3,748,509
Other Administrative Services	4,974,412				4,974,412
Plant Operations and Maintenance	6,925,080				6,925,080
Pupil Transportation	5,395,685				5,395,685
Unallocated Benefits	20,917,259				20,917,259
On-behalf TPAF Social Security and Pension Contributions	27,219,079				27,219,079
Debt Service:					
Principal				2,350,000	2,350,000
Interest and Other Charges				415,308	415,308
Capital Outlay	503,839	128,367	1,764,398		2,396,604
Total Expenditures	141,182,466	4,534,765	1,764,398	2,765,308	150,246,937

WESTFIELD SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit B-2
Page 2 of 2

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	
Excess (Deficiency) of Revenues over Expenditures	\$ 5,060,875	\$ 5,530	\$ (1,734,668)	\$ -	\$ 3,331,737
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in			91,026		91,026
Transfers out	(91,026)				(91,026)
Total Other Financing Sources and Uses	(91,026)	-	91,026	-	-
Net Change in Fund Balances	4,969,849	5,530	(1,643,642)	-	3,331,737
Fund Balance—Beginning	15,155,015	635,619	2,186,138	-	17,976,772
Fund Balance—Ending	\$ 20,124,864	\$ 641,149	\$ 542,496	\$ -	\$ 21,308,509

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

**WESTFIELD SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Total net change in fund balances - governmental funds (from B-2) \$ 3,331,737

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.

Depreciation Expense	\$ (4,031,705)	
Capital Outlays	<u>2,752,280</u>	(1,279,425)

Repayment of bonds (long-term debt) 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. 2,350,000

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the accrued amount, the difference is an addition to the reconciliation (+). 21,421

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (562,272)

Pension expenditures in the governmental funds are recognized when paid or payable from expendable available financial resources. In the statement of activities, pension costs are recognized on a full accrual basis utilizing actuarial valuations. The amount by which actuarially calculated pension expense exceeds the expenditure reported in the funds is a deduction. 2,828,848

Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.

Amortization of Premium on Bonds	75,075	
Amortization of Deferred Accounting Loss	<u>(35,190)</u>	39,885

The Internal Service Fund is used by the District to charge the costs of self insurance to other funds. The activity of this fund is included in the Statement of Activities. 38,230

Change in net position of governmental activities (A-2) \$ 6,768,424

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

PROPRIETARY FUNDS

**WESTFIELD SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023**

	MAJOR FUNDS			NON-MAJOR FUNDS
	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			INTERNAL SERVICE FUND SELF INSURANCE FUND
	FOOD SERVICE	WRAP PROGRAM	TOTALS	
<u>ASSETS</u>				
Current assets:				
Cash and Cash Equivalents	\$ 878,158	\$ 260,402	\$ 1,138,560	\$ 4,423,903
Accounts Receivable	23,894		23,894	4,230
Inventory	26,929		26,929	
Total Current Assets	928,981	260,402	1,189,383	4,428,133
Noncurrent Assets:				
Furniture, Machinery & Equipment	955,118		955,118	
Less Accumulated Depreciation	(563,610)		(563,610)	
Total Noncurrent Assets	391,508	-	391,508	-
Total Assets	\$ 1,320,489	\$ 260,402	\$ 1,580,891	\$ 4,428,133
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 108,197		\$ 108,197	
Unearned Revenue	103,916	48,840	152,756	
Accrued Liability for Insurance Claims				4,389,903
Total Current Liabilities	212,113	48,840	260,953	4,389,903
<u>NET POSITION</u>				
Investment in Capital Assets	391,508		391,508	
Unrestricted	716,868	211,562	928,430	38,230
Total Net Position	\$ 1,108,376	\$ 211,562	\$ 1,319,938	\$ 38,230

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

WESTFIELD SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	MAJOR FUNDS			NON-MAJOR FUNDS
	BUSINESS TYPE ACTIVITIES -			INTERNAL
	ENTERPRISE FUNDS			SERVICE FUND
	FOOD SERVICE	WRAP PROGRAM	TOTALS	SELF INSURANCE FUND
<u>OPERATING REVENUES</u>				
Local Sources:				
Daily Sales - Non-Reimbursable Programs	\$ 1,691,580	\$	\$ 1,691,580	\$
Charges for Services				18,383,102
Total Local Sources	1,691,580		1,691,580	18,383,102
Program Fees		495,340	495,340	
Total Operating Revenues	1,691,580	495,340	2,186,920	18,383,102
<u>OPERATING EXPENSES</u>				
Cost of Sales:				
Non-Program Sales	657,817		657,817	
Total Cost of Sales	657,817		657,817	
Direct Labor	288,736	332,965	621,701	
Employee Benefits	72,404		72,404	18,344,872
Administrative Labor	281,328		281,328	
Supplies	62,187	1,434	63,621	
Office and Administrative	34,582		34,582	
Outside Services	6,967		6,967	
Management Fees	116,243		116,243	
Depreciation	27,362		27,362	
Total Operating Expenses	1,547,626	334,399	1,882,025	18,344,872
Operating Income	143,954	160,941	304,895	38,230
Non-Operating Revenues:				
Interest on Deposits	33,256		33,256	
Food Service Company Profit Guarantee	23,894		23,894	
Total Non-Operating Revenues	57,150	-	57,150	-
Change in Net Position	201,104	160,941	362,045	38,230
Total Net Position Beginning	907,272	50,621	957,893	-
Total Net Position Ending	\$ 1,108,376	\$ 211,562	\$ 1,319,938	\$ 38,230

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

**WESTFIELD SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	MAJOR FUNDS			NON-MAJOR FUNDS
	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			INTERNAL SERVICE FUND
	FOOD SERVICE	WRAP PROGRAM	TOTALS	SELF INSURANCE FUND
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 1,731,036	\$ 485,280	\$ 2,216,316	\$
Payments for Employee Services	(642,468)	(332,965)	(975,433)	
Payments to Suppliers	(878,500)	(1,434)	(879,934)	
Receipts from Services Provided				18,378,872
Payments for Insurance				(17,306,375)
Net Cash Provided by Operating Activities	210,068	150,881	360,949	1,072,497
Cash Flows from Capital and Related Financing Activity:				
Purchase of Capital Assets	(119,196)		(119,196)	
Net Cash Used by Capital and Related Financing Activity	(119,196)	-	(119,196)	-
Cash Flows from Investing Activity:				
Interest on Deposits	33,256		33,256	
Net Cash Provided by Investing Activities	33,256	-	33,256	-
Net Increase in Cash and Cash Equivalents	124,128	150,881	394,205	1,072,497
Cash and Cash Equivalents, July 1	754,030	109,521	863,551	3,351,406
Cash and Cash Equivalents, June 30	\$ 878,158	\$ 260,402	\$ 1,138,560	\$ 4,423,903
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	\$ 143,954	\$ 160,941	\$ 304,895	\$ 38,230
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities:				
Depreciation	27,362		27,362	
Decrease/(Increase) in Accounts Receivable	2,635		2,635	(4,230)
(Increase) in Inventory	(134)		(134)	
Increase/(Decrease) in Unearned Revenue	36,821	(10,060)	26,761	
(Decrease) in Accounts Payable	(570)		(570)	
Increase in Accrued Liability for Insurance Claims				1,038,497
Net Cash Provided by Operating Activities	\$ 210,068	\$ 150,881	\$ 360,949	\$ 1,072,497

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

WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) of the Board of Education (Board) of the Westfield School District (District) report information on all of the nonfiduciary activities of the primary government only. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The District is not financially accountable for any legally separate component units, and no component units have been included in the government-wide financial statements.

The more significant of the Board's accounting policies are described below.

B. Reporting Entity:

The Westfield School District is a Type II district located in the County of Union, State of New Jersey, serving students domiciled in the Town of Westfield. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to staggered three-year terms. The purpose of the District is to educate students in grades K-12. The Westfield School District had an approximate enrollment at June 30, 2023 of 5,875 students.

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

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

Based on the aforementioned criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, with each displayed in a separate column. Any remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Since the District's unemployment, flexible spending plan, and payroll agency funds do not meet the criteria defined by the GASB Statement No. 84, the unemployment compensation fund which is used to account for contributions from the District and employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims and the flexible spending plan and payroll agency funds which are used to account for the assets that the District holds on behalf of others as their agent are reported in the general fund as governmental activities.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Since the District's student activity funds do not meet the criteria defined by GASB Statement No. 84, the student activities which is used to account for funds derived from athletic events or other activities of pupil organizations and to account for the accumulation of money to pay for student group activities are reported in the special revenue fund as governmental activities.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Basis of Presentation - Fund Financial Statements (Cont'd)

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. State Aid in the form of School Development Authority Grants under EFCFA are also financial resources of this fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

The District reports the following proprietary funds:

Food Service Fund – The Food Service Enterprise Fund is used to account for the activities of the cafeteria operations of the District. The Food Service Fund is considered a major fund of the District.

WRAP Program Fund – The WRAP Program Enterprise Fund is used to account for the activities of the program's operations within the District.

The District reports the following non-major proprietary fund:

Internal Service Fund (Self Insurance): The self-insurance internal service non-major fund is used to account for the District's various insurance expenses and the funds reserved by the District to cover the self-insured limits of the various insurance policies of the District.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements, however, interfund services provided and used are not eliminated in the process of consolidation.

During the course of its normal operations, the District will have activity between funds (interfund activity) for various purposes. Any residual interfund balances at year end are reported as interfund accounts receivable/payable. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included within governmental activities (the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, any interfund balances between business-type (enterprise) funds are eliminated so that only the net amount is included as internal balances in the business-type activities columns.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting refers to the timing of transactions or events for recognition in the financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the fiscal period that the taxes are levied by the municipality(s) within which the District is domiciled. Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District recognizes the entire approved tax levy as revenue in the fiscal period for which they were levied.

The District is entitled to receive moneys under an established payment schedule and any unpaid amount is considered to be an "accounts receivable." Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. State categorical aid revenues are recognized as District revenue during the fiscal period in which they are appropriated.

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual basis accounting. Exceptions to this general rule include debt service, for which interest and principal expenditures in the Debt Service Fund are recognized on their due dates, and expenditures relating to compensated absences, claims and judgments, which are recorded in the period when payment becomes due. General capital asset acquisitions are recorded as expenditures in the governmental funds and are not capitalized. The issuance of long-term debt for capital purposes and lease obligations incurred to acquire general capital assets are reported as "other financing sources."

The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Entitlements are recorded as revenue when all eligibility requirements, including timing of funding appropriations, are met, subject to the 60-day availability requirement for collection. Interest and tuition revenues are considered susceptible to accrual and have been recognized as revenues of the current fiscal period, subject to availability. Expenditure driven grant revenues are recorded as qualifying expenditures are incurred and all other eligibility requirements have been met, subject to availability requirements. All other revenue items are considered measurable and available only when cash is received by the District.

F. Budgets/Budgetary Control

Annual budgets are adopted for the general, special revenue and debt service funds using a regulatory basis of accounting which differs from generally accepted accounting principles in one material respect; Budgetary revenues for certain nonexchange state aid transactions are recognized for budgetary purposes in the fiscal period prior to the period in which the state recognizes expenditures/expenses.

The amounts of the adjustments needed to reconcile the budgetary basis to the GAAP based fund financial statements is set forth in the explanation of differences schedules which follow.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Budgets/Budgetary Control (Cont'd)

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval. Pursuant to changes in the Local District School Budget Law, statutorily conforming base budgets of Districts with annual school elections held in November (The District has chosen this option) are no longer required to be presented to the voters for approval on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later.

The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year.

New Jersey statutes place limits on the Board's ability to increase budgeted expenditures through the appropriation of previously undesignated fund balance and requires the District to obtain additional approvals when budgetary transfers, measured using the advertised budgetary account totals rather than line-item totals, exceed certain thresholds. Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and 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.

Appropriations in the general and debt service funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances, for which the contracted performance is expected during the subsequent budget cycle, are legally restricted at year-end and are automatically re-appropriated and become part of the subsequent years' budget pursuant to state regulations.

Except for student activity funds, the accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial statements. With the District's implementation of GASB Statement No. 84, federal, state, and local grants remain on the budgetary basis and student activities recognize revenue upon cash received and expenditures incurred when paid.

G. 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 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

G. Encumbrances (Cont'd):

Open encumbrances in the special revenue fund for which the District has received advances, are reflected in the balance sheet as unearned revenues at fiscal year-end. At June 30, 2023, encumbered balances of grant funds advanced amounted to \$186,475.

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.

H. Cash, Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with maturities of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. GUDPA was amended, effective July 1, 2010, by P.L. 2009, c. 326. The amendments provide a greater level of security protection for covered deposits by increasing collateralization requirements and revising the enforcement protocol to allow for timely response in the event that a member bank shows signs of stress.

Under the law, collateralization of GUDPA deposits up to 75% of New Jersey capital is based on a sliding scale that requires the minimum of 5% collateral for Well Capitalized institutions to a maximum of 120% collateral for Critically Undercapitalized institutions. All uninsured GUDPA deposits in excess of 75% of New Jersey capital require 100% collateral. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

I. Tuition Revenue

Tuition revenues for the fiscal year 2022-2023 were based on contractual per pupil rates established by and between the sending and receiving districts. These rates are not subject to change except through amendatory contracts.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

J. Inventories and Prepaid Expenses:

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

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

K. Interfund Receivables/Payables:

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.

L. Capital Assets:

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The District maintains a threshold level of \$2,000 or more for capitalizing capital assets. The system for accumulation of capital assets cost data does not provide the means for determining the percentage of assets valued at actual and those valued at estimated cost.

Capital assets are recorded in the Government-wide financial statements, but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes.

Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

Capital assets not being depreciated include land and construction in progress.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

Depreciation of all exhaustive capital assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on the proprietary fund statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	5-20 Years

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

M. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued in the government-wide financial statements as the employees earn the rights to the benefits. Compensated absences that related to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place. The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences".

In the governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as a fund liability and expenditure in the fund that will pay for the compensated absence. The noncurrent portion for governmental funds is maintained separately and is a reconciling item between the fund and government-wide presentations.

The District's compensated absences were recorded in the amount of \$3,140,409 at June 30, 2023 to conform with the financial procedures regarding the calculation of compensated absences.

Based upon existing personnel policies and collective bargaining agreements, employees are granted varying amounts of annual sick, personal and vacation leave. Sick leave may be accumulated for use in subsequent years and the right to a termination payment begins to vest with the employee after 10 years of service. Termination payments for unused sick pay are capped by bargaining unit. Accumulations of unused sick leave may be used only for illnesses in subsequent periods. The accumulation of unused vacation pay is limited by the provisions of existing personnel policies and collective bargaining agreements. Unused vacation pay is paid to employees upon separation from service at current daily pay rates. Changes in the value of compensated absences earned and unused is more fully detailed in Note 4.

N. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and will not be recorded as an outflow of resources (expenditure/expense) until that time. The District is reporting two items in this category; the deferred amount on refinancing and pension deferrals. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is amortized over the shorter of the life of the refunded or refunding bonds. Deferred outflows for pension deferrals represent future outflows of resources resulting from changes in actuarial assumptions used in the valuation of the pension liability and changes in the District's proportionate share of the system-wide Net Pension Liability. Deferred outflows for subsequent pension payments reflects payments made by the District to the pension system subsequent to the date of the most recent actuarial valuation, which was July 1, 2022.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

N. Deferred Outflows/Inflows of Resources (Cont'd):

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element represents the acquisition of net assets that applies to a future period(s) and will not be recorded as an inflow of resources (revenue) until that time. The District is reporting one pension related item in this category; pension deferrals.

O. 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 New Jersey Public Employees' Retirement System (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. Other Post-Employment Benefits:

Pursuant to State Statute, the State Health Benefits Local Education Retirees Employees Plan was established to oversee the funding and payment of post-employment medical benefits for eligible LEA employees. This plan is a multi-employer defined benefit OPEB Plan that is administered on a pay-as-you-go basis. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75. The Plan is a "Special Funding Situation" as defined in GASB Statement No. 75 as the State of New Jersey is solely responsible for funding the Plan's obligations (net of employee contributions). Accordingly, no net OPEB liability is reported on the District's Statement of Net Position. In the Statement of Activities, the District reports an annual OPEB expense and a corresponding revenue, equal to the allocated expense of the District as reported by the State.

Q. Unearned Revenue/Advances from Grantors:

Unearned revenue represents cash advances received relating to services (expenditures/expenses) that will be provided in a subsequent fiscal period. Similarly, for expenditure-driven grants, amounts advanced to the District in excess of the amounts expended and earned are recorded as advances from grantors.

R. Net Position Flow Assumption (Government-Wide and Proprietary Fund Financial Statements)

Periodically, the District may fund outlays for a particular purpose from both restricted resources, such as bond referendum proceeds and/or grant proceeds, and unrestricted resources. To determine the amounts of net position-restricted and unrestricted that should be reported in the government-wide and proprietary fund financial statements, a flow assumption must be made to establish the order in which resources are considered to be applied. In the absence of specific grant compliance requirements to the contrary, the District policy is to utilize all amounts of available restricted net position prior to applying unrestricted net position to fund acquisition costs.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

S. Fund Balance Flow Assumption (Governmental Fund Financial Statements)

Periodically, the District may fund outlays for a particular purpose from both restricted resources and unrestricted resources (the total of the committed, assigned and unassigned fund balance). To determine the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made to establish the order in which resources are considered to be applied. In the absence of specific grant compliance requirements to the contrary, the District policy is to utilize all amounts of available restricted fund balance prior to applying any component of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance, with unassigned fund balance applied last.

T. Fund Balance Policies:

Fund balance of the governmental funds is reported in various categories based upon the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through actions to transfer amounts to legally restricted reserve accounts (capital, maintenance and emergency reserves), or actions to commit or assign fund balance.

The committed fund balance includes amounts that can only be used for the specific purposes determined by a formal action of the Board of Education. Commitments of fund balance remain in place until the committed fund balance is fully depleted or an amendatory action is taken by the Board of Education.

Assignments of fund balance are made by the Board of Education for specific purposes that do not meet the criteria to be classified as committed. The Board of Education also assigns fund balance when it appropriates unassigned fund balance to bridge a gap between estimated revenue and appropriations in the subsequent year budget. Unlike commitments, assignments are generally temporary in nature, and additional actions of the Board are generally not required to remove an assignment, whereas an action of the Board is essential to the modification or elimination of an unexpended committed fund balance.

U. Government-Wide Financial Statement Classifications

1. Program Revenues – Amounts reported as program revenues include a) charges to customers or applicants who purchase, use or benefit from goods services or privileges provided by a given function or segment and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.
2. General Revenues – all taxes, including those designated for specific purposes such as debt service, are reported as general revenues. All other resources, including internally dedicated resources, unrestricted entitlements, and investment income are reported as general revenues.
3. Capital Assets – In the statement of net position, capital assets are reported, net of accumulated depreciation as assets of the governmental activities and business-type activities.
4. Long-term Debt - In the statement of net position, long-term debt is reported as a component of long-term liabilities of the governmental activities and business-type activities.
5. Net Investment in Capital Assets – In the statement of Net Position, the net undepreciated value of capital assets, less the value of outstanding debt issued to purchase acquire or build those capital assets, is reported as Net Investment in Capital Assets as a component of net position for the governmental activities and business-type activities.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

V. Proprietary Fund Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and products in connection with the primary purpose or function for which the fund was established. The District's Food Service proprietary fund reports operating revenues from the sales of lunches and a la carte items, and operating expenses include the costs of sales (food, supplies and labor), administrative costs and depreciation on capital assets. The District's WRAP program proprietary fund accounts for all revenues and expenditures for the after school enrichment programs similar to a private business enterprise.

W. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, net of unamortized premiums and discounts and compensated absences payable are not due and payable in the current period and therefore are not reported in the funds.

The details of this \$18,385,029 difference are as follows:

Bonds payable	\$ 14,875,000
Premium on bonds	369,620
Compensated absences	<u>3,140,409</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 18,385,029</u>

X. Estimates

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

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

State statutes set forth deposit requirements and investments that may be purchased by local units and the District deposits and invests its funds pursuant to statutory requirements, its policies and an adopted cash management plan.

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey that are insured by the Federal Deposit Insurance Corporation (FDIC), New Jersey's Governmental Unit Deposit Protection Act, by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. The New Jersey Governmental Deposit Protection Act requires all banks doing business in the State of New Jersey to maintain collateral in the amount of 5% of the average public deposits and deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Cash on deposit is partially insured by federal deposit insurance in the amount of \$250,000 in each depository. Balances above the federal deposit insurance amount are insured by the Government Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:9-41, et seq., which insures all New Jersey governmental units' deposits in excess of the federal deposit insurance maximums.

Based upon GASB criteria, the District considers cash and cash equivalents to include petty cash, change funds, demand deposits, money market accounts and short-term investments and are either any direct and general obligation of the United States of America or certificates of deposit issued by any bank, savings and bank or national banking association if qualified to serve as a depository for public funds under the provisions of the Governmental Unit Depository Protection Act.

The Westfield School District had the following depository accounts. All deposits are carried at cost plus accrued interest. The government does not have a deposit policy.

<u>Depository Account</u>	<u>Bank Balance</u>
Insured—FDIC	\$ 500,000
NJGUDPA (N.J.S.A. 17:9-41)	25,738,091
Uninsured	<u>1,665,219</u>
Total	<u>\$ 27,903,310</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the board's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. Operating cash accounts are held in the District's name by several commercial banking institutions. At June 30, 2023, the carrying amount of the District's deposits was \$24,978,423 and the bank balance was \$27,903,310. Of the bank balance, \$500,000 of the District's cash deposits on June 30, 2023 was covered by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$25,738,091. \$1,539,403 held in the District agency accounts was not covered by GUDPA.

As of June 30, 2023, based upon the insured balances as provided by FDIC and NJGUDPA coverage, none of the District's bank balance of \$27,903,310 was considered exposed to custodial risk. (See Note 1-H relating to statutory mitigations of custodial risk in the event of a bank failure.)

Money Market Mutual Funds – At June 30, 2023, the District had \$125,816 of capital project cash balances on deposit with Fidelity Investments Inc. The funds were held in FIMM Funds, Treasury Portfolio Class III shares, which are publicly traded under the symbol FCSXX. These funds are uninsured.

Concentration of Credit Risk – The District places no limit on the amount the District may invest in any one issuer.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CAPITAL ASSETS

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position governmental activities as reported in the Government-wide statement of net position. One item of that reconciliation that explains that capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. An addition to the fund balance – total governmental funds is made to reflect the carrying value of the District’s capital assets at year-end in the Government-wide financial statements, which consisted of:

Total Capital Assets	\$	126,966,861
Less: Accumulated Depreciation		<u>(62,569,569)</u>
 Governmental Activities Capital Assets, Net	 \$	 <u><u>64,397,292</u></u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets That Are Not Being Depreciated:				
Land	\$ 4,488,200			\$ 4,488,200
Construction in Progress	<u>15,165,965</u>	\$ 1,786,554	\$ (6,061,314)	<u>10,891,205</u>
Total Capital Assets Not Being Depreciated	<u>19,654,165</u>	<u>1,786,554</u>	<u>(6,061,314)</u>	<u>15,379,405</u>
Capital Assets Being Depreciated:				
Building and Building Improvements	87,221,973	794,263	6,061,314	94,077,550
Machinery, Equipment, Furniture & Vehicles	<u>17,338,443</u>	<u>171,463</u>		<u>17,509,906</u>
Total Capital Assets Being Depreciated	<u>104,560,416</u>	<u>965,726</u>	<u>6,061,314</u>	<u>111,587,456</u>
Less Accumulated Depreciation For:				
Building and Building Improvements	(44,352,501)	(3,274,209)		(47,626,710)
Equipment, Furniture, and Vehicles	<u>(14,185,363)</u>	<u>(757,496)</u>		<u>(14,942,859)</u>
Total Accumulated Depreciation	<u>(58,537,864)</u>	<u>(4,031,705)</u>		<u>(62,569,569)</u>
Governmental Activities Capital Assets, Net	<u>\$ 65,676,717</u>	<u>\$ (1,279,425)</u>	<u>\$</u>	<u>\$ 64,397,292</u>
Business-type Activities				
Equipment	\$ 835,922	\$ 119,196		\$ 955,118
Less Accumulated Depreciation for:				
Equipment	<u>(536,248)</u>	<u>(27,362)</u>		<u>(563,610)</u>
Business-type Activities Capital Assets, Net	<u>\$ 299,674</u>	<u>\$ 91,834</u>	<u>\$</u>	<u>\$ 391,508</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction - Regular	\$	(3,225,364)
Unallocated		<u>(806,341)</u>
Total Deprecation Expense	\$	<u><u>(4,031,705)</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4. LONG-TERM LIABILITIES

During the year ended June 30, 2023, the following changes occurred to long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$ 17,225,000	_____	\$ 2,350,000	\$ 14,875,000	\$ 2,375,000
Total Bonds Payable	17,225,000	_____	2,350,000	14,875,000	2,375,000
Other Liabilities:					
Compensated Absences Payable	2,578,137	\$ 1,183,388	621,116	3,140,409	417,327
Total Other Liabilities	2,578,137	1,183,388	621,116	3,140,409	417,327
Net Pension Liability	14,968,402	5,280,067		20,248,469	
Unamortized Bond Premium	444,695	-	75,075	369,620	75,075
Total Liabilities	\$ 35,216,234	\$ 6,463,455	\$ 3,046,191	\$ 38,633,498	\$ 2,867,402

A. Bonds Payable – Bonds are authorized in accordance with State law by voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. Bonds payable at June 30, 2023 consisted of the following issues and amounts:

- a. 2013 School Bonds, originally issued August 1, 2013 in the amount of \$6,916,000. The outstanding balance of this issue at June 30, 2023 was \$2,760,000, which is payable in annual installments of \$460,000 due August 1, 2023 through August 1, 2028 at interest rate of 3.000%.
- b. 2014 School Bonds, originally issued July 10, 2014 in the amount of \$3,200,000. The outstanding balance of this issue at June 30, 2023 was \$700,000, which is payable in annual installments of \$350,000 due August 1, 2023 through August 1, 2024 at interest rates ranging from 2.250% to 2.375%.
- c. Refunding School Bonds, Series 2015A, originally issued March 24, 2015 in the amount of \$5,700,000. The outstanding balance of this issue at June 30, 2023 was \$3,165,000, which is payable in annual installments ranging from \$615,000 to \$630,000 due October 1, 2023 through October 1, 2027 at interest rates ranging from 2.400% to 4.000%.
- d. School Bonds, Series 2016B, originally issued July 13, 2016 in the amount of \$12,600,000. The outstanding balance of this issue at June 30, 2023 was \$8,250,000 which is payable in annual installments ranging from \$850,000 to \$950,000 due August 1, 2023 through August 1, 2031 at interest rates ranging from 2.000% to 2.500%.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. LONG-TERM LIABILITIES (CONT'D)

Principal and interest due on bonds outstanding is as follows:

2024	\$	2,375,000	\$	352,120	\$	2,727,120
2025		2,400,000		286,125		2,686,125
2026		2,050,000		223,570		2,273,570
2027		2,050,000		165,170		2,215,170
2028		1,990,000		112,510		2,102,510
2029-2032		4,010,000		162,275		4,172,275
	\$	14,875,000	\$	1,301,770	\$	16,176,770

Bonds Authorized but not Issued (ABNI) – At June 30, 2023, the District had no authorized but unissued bond authorizations.

NOTE 5. PENSION PLANS

Description of Systems

Substantially all of the District's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan, with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLANS (CONT'D)

Public Employee's Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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

Funding Policy

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

During the year ended June 30, 2023, the State of New Jersey contributed \$23,417,651 to the TPAF for on-behalf medical, non-contributory insurance and pension and post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$3,801,428 during the year ended June 30, 2023 for the employer's share of social security contributions for TPAF members as calculated on their base salaries.

The District's actuarially determined contributions to PERS for each of the years ended June 30, 2023, 2022 and 2021 were \$1,691,979, \$1,479,740 and \$1,398,490 respectively.

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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLANS (CONT'D)

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

Public Employee's Retirement System (PERS)

At June 30, 2023, the District reported a liability of \$20,248,469 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2021, which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.1341724479 percent, which was an increase of 0.0078194892 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized full accrual pension expense of \$1,136,869 in the government-wide financial statements. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 62,736	\$ 3,031,997
Net difference between projected and actual earnings on pension plan investments	838,066	
Changes in proportion	1,645,677	197,671
Difference between expected and actual experience	146,144	128,878
District contributions subsequent to the measurement date	1,646,396	
	\$ 4,339,019	\$ 3,358,546

\$1,646,396 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ (1,164,106)
2025	(508,869)
2026	(161,562)
2027	1,160,547
2028	8,067
	\$ (665,923)

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLANS (CONT'D)

Actuarial Assumptions

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

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%

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension 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 expecting future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLANS (CONT'D)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	100.00%	

Discount rate

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

Sensitivity of the 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 net pension liability as of June 30, 2022 calculated using the discount rate as disclosed above 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 26,013,351	\$ 20,248,469	\$ 15,342,322

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLANS (CONT'D)

Additional Information

Collective balances of the Local Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$	1,660,772,008
Deferred inflows of resources		3,236,303,935
Net pension liability		15,219,184,920
District's proportion		0.1341724479%

Collective pension (benefit) for the Local Group for the measurement period ended June 30, 2022 is \$(1,032,778,934).

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2022, 2021, 2020, 2019, 2018, and 2017 is 5.04, 5.13, 5.16, 5.21, 5.63, and 5.48 years, respectively.

Teachers Pensions and Annuity Fund (TPAF) – 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.

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2022 was \$229,714,993. The District's proportionate share was \$0. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2022, the State's proportionate share of the TPAF net pension liability associated with the District was 0.4452322789 percent, which was an increase of 0.0004493110 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$11,059,093 for contributions incurred by the State.

Actuarial assumptions

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

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLANS (CONT'D)

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	2.75 - 5.65%
	based on years of service
Investment rate of return	7.00%

Mortality Rates

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

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

Long-Term Expected Rate of Return

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

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLANS (CONT'D)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	100.00%	

Discount Rate

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

Sensitivity of the State's proportionate share of the net pension liability associated with the District to changes in the discount rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2022 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's proportionate share of the net pension liability associated with the District	\$ 269,345,711	\$ 229,714,993	\$ 182,995,364

Pension plan fiduciary net position

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

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLANS (CONT'D)

Additional Information

Collective balances of the Local Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$	4,996,491,160
Deferred inflows of resources		19,532,696,776
Net pension liability		51,594,415,806
District's proportion		0.4452322789%

Collective pension expense of the Local Group for the plan for the measurement period ended June 30, 2022 is \$1,424,884,581. The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2022, 2021, 2020, 2019, 2018, 2017, and 2016 is 7.83, 7.93, 7.99, 8.04, 8.29, 8.30, and 8.30 years, respectively.

C: DEFINED CONTRIBUTION RETIREMENT PLAN

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employee's base salary. Active members contribute 5.5% of base salary. Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

For the year ended June 30, 2023, the Board's total payroll for all employees was \$70,040,556. Total DCRP covered payroll was \$1,889,622. Covered payroll refers to all compensation paid by the Board to active employees covered by the Plan. Board and employee contributions to the DCRP for the year ended June 30, 2023 was \$56,689 and \$104,095, respectively.

NOTE 6. POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

State Health Benefit State Retired Employees Plan:

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability.

The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds the post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Total OPEB Liability

The Nonemployer OPEB liability from the State of New Jersey's plan is \$50,646,462,966.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. POST-RETIREMENT BENEFITS (CONT'D)

Changes in Total Non-employer OPEB Liability

Below represents the changes in the District's total OPEB liability for the year ended June 30, 2022:

Balance at June 30, 2021	\$ 235,113,403
Increased by:	
Service cost	10,994,510
Interest cost	5,278,935
Member contributions	167,747
Differences between expected and actual experience	6,307,482
	257,862,077
Decreased by:	
Changes of assumptions	53,436,330
Benefit payments	5,228,941
	58,665,271
Balance at June 30, 2022	\$ 199,196,806

Employees covered by benefit terms

The following employees were covered by the benefit terms:

Local Education	June 30, 2022
Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	151,669
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Total Plan Members	364,817

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective total OPEB liability on the Statement of Net Position. The State's proportionate share of the total OPEB liability associated with the District as of June 30, 2022 was \$199,196,806. Additional information can be obtained from the State of New Jersey's annual comprehensive financial report.

Actuarial assumptions and other inputs

The total non-employer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022 and included in the June 30, 2022 audited financial statements of the State Health Benefit Local Education Retired Employees Plan. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	TPAF/ABP	PERS
Salary Increases:	2.75% to 4.25%	2.75% to 6.55%
	based on years of service	based on years of service

NOTES TO FINANCIAL STATEMENTS

NOTE 6. POST-RETIREMENT BENEFITS (CONT'D)

Mortality Rates

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the TPAF and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially (3.54%) in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

The following represents sensitivity of total non-employer OPEB liability to changes in the discount rate and health care cost rate

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2022 calculated using a discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

	1% Decrease (2.54%)	At Current Discount Rate (3.54%)	1% Increase (4.54%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 234,134,892	\$ 199,196,806	\$ 171,195,677

NOTES TO FINANCIAL STATEMENTS

NOTE 6. POST-RETIREMENT BENEFITS (CONT'D)

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2022 calculated using a healthcare cost trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 164,648,336	\$ 199,196,806	\$ 244,578,320

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$7,413,347 for OPEB expenses incurred by the State. Collective balances of the Local Education Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$ 20,104,625,333
Deferred inflows of resources	\$ 34,996,842,046
Collective OPEB expense	\$ 1,595,653,562
District's Proportion	0.47%

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State, therefore, the District records an expense and corresponding revenue for its respective share of total OPEB expense and revenue attributable to the State of New Jersey.

NOTE 7. COMPENSATED ABSENCES

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and accumulate for use in future years. Upon the attainment of specified years of service or upon reaching normal retirement age, employees become eligible to receive compensation for unused accumulated sick leave. The specific terms for eligibility and compensation are governed by the various collective bargaining agreements and employment contracts.

In the government-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.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. The District has contracted with a private management company to provide food services. Personnel involved in cafeteria operations are employees of the management company and, accordingly, the District has no liability for vested compensated absences in its proprietary fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. COMPENSATED ABSENCES (CONT'D)

Statement No. 16 of the Governmental Accounting Standards Board (GASB 16) establishes the specific standards for the recognition of liabilities for compensated absences. GASB 16 establishes the following recognition and measurement criteria:

Vacation Leave - Vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered, and
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The above criteria were utilized by the Board in the determination of the reported liability for compensated absences relating to vacation leave.

Sick Leave - A liability should be accrued for sick leave and other compensated absences with similar characteristics using one of the following termination approaches:

- a. A liability should be accrued as the benefits are earned by employees if it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' termination or retirement (the Termination Payment Method), or
- b. A liability should be accrued based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments (the Vesting Method).

Under either of the above methods, payment "caps" or reduced pay rates would be factored into the liability calculation.

The amount of \$3,140,409 presented in the Government-wide financial statements as compensated absences payable reflects accruals utilizing the Vesting Method and includes amounts for each employee eligible for a termination payment currently and those who will become eligible within the next five years. Employees who separate from service prior to attaining eligibility are not entitled to termination payments. Accrued vacations are negligible and were not included in calculations of the total value of compensated absences payable.

NOTE 8. DEFERRED COMPENSATION

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by third parties who are authorized by the Board and selected by each participant individually, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District 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. During the school year ended June 30, 2023, the District was a member of the New Jersey Schools Insurance Group (the "Group"). The Group provides workers' compensation, property, liability errors and omissions and crime coverages to its members through self-insured risk pooling and reinsurance policy coverage to reduce exposure to large losses. Additional information relating to the Group is available from its Executive Director at 6000 Midlantic Drive, Mount Laurel, NJ 08054 or at the Group's webpage www.njsiq.org.

Employee Health Benefit/Prescription - The District operates a self-insurance program for health and prescription coverages. For the year ended June 30, 2023, the Board has incurred costs totaling \$18,344,872 for health and prescription benefits for all employees. In addition, the Board has provided for incurred but not reported "IBNR" as calculated in the amount of \$1,683,300 and an aggregate stop loss corridor of \$2,706,603 for the year ended June 30, 2023.

Changes in the incurred but not reported claims liability amount in the fiscal years 2023, 2022 and 2021 were:

		Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
	Beginning of Year Liability			
2022-23	\$ 4,423,903	\$ 18,310,872	\$ 18,344,872	\$ 4,389,903
2021-22	3,351,406	20,551,121	19,478,624	4,423,903
2020-21		21,141,955	17,790,549	3,351,406

NOTE 10. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund		\$ 1,325
Capital Projects Fund	\$ 1,325	
Total	\$ 1,325	\$ 1,325

All interfunds are expected to be liquidated with one year.

NOTE 11. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. TRANSFERS

The following presents a reconciliation of transfers during the 2023 fiscal year:

	<u>In</u>	<u>Out</u>
General Fund		\$ 91,026
Capital Projects	\$ 91,026	
	<u>\$ 91,026</u>	<u>\$ 91,026</u>

\$91,026 was Board of Education approved transfers from the general fund capital reserve to the capital projects fund to fund future capital projects.

NOTE 13. FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$20,124,864 General Fund balance at June 30, 2023, \$523,134 is assigned for other purposes; \$1,211,813 has been appropriated and included as anticipated revenue for the year ending June 30, 2024; \$1,500,000 has been restricted for excess surplus for the year ending June 30, 2023, \$2,090,267 has been restricted for the Maintenance Reserve Account; \$9,891,768 has been restricted for the Capital Reserve Account; \$1,000,000 for Emergency Reserve; \$401,679 for Unemployment Compensation and \$3,218,016 is unassigned.

Special Revenue Fund (Exhibit B-1) – The entire amount of \$641,149 of Special Revenue Fund fund balance at June 30, 2023 is restricted for student activities.

Capital Projects Fund (Exhibit B-1) - The entire amount of \$542,496 of Capital Projects Fund fund balance at June 30, 2023 is assigned for Capital Projects Expenditures for authorized projects.

NOTE 14. 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 Reserved Fund Balance -- Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. Based upon the reduction in the maximum undesignated surplus permitted as a result of the enactment of S1701, the District had excess surplus restricted for subsequent year's expenditures generated from the June 30, 2023 fiscal year in the amount of \$1,500,000.

NOTE 15. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$1.00 on October 3, 2000 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) and updated annually in the Quality Assurance Annual Report (QAAR). 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. CAPITAL RESERVE ACCOUNT (CONT'D)

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 four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1 (d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted projects in its approved LRFP.

The activity of the capital reserve for July 1, 2022 to June 30, 2023 school year is as follows:

Beginning balance, July 1, 2022	\$ 4,535,650
Deposit:	
Approved by June 2023 board resolution	<u>5,577,114</u>
Total Deposits	<u>5,577,114</u>
Withdrawals	
Budgeted appropriation	91,026
Approved by board resolutions	<u>129,970</u>
Total Withdrawals	<u>220,996</u>
Ending Balance, June 30, 2023	<u>\$ 9,891,768</u>

NOTE 16. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established through a Board resolution by the District in the amount of \$2,200,000 in the 2010-2011 school year for the accumulation of funds for the required maintenance of a facility in accordance with N.J.S.A. 18A:7G-9 as amended by P.L. 2004, c. 73 (S1701).

The activity of the maintenance reserve for July 1, 2022 to June 30, 2023 school year is as follows

Beginning balance, July 1, 2022	\$ 1,573,393
Deposit:	
Approved by June 2023 board resolution	<u>626,125</u>
Total Deposits	<u>626,125</u>
Withdrawals	
Approved by board resolutions	<u>109,251</u>
Total Withdrawals	<u>109,251</u>
Ending Balance, June 30, 2023	<u>\$ 2,090,267</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 17. EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established through a Board resolution by the District in the amount of \$1,000,000 in the 2017-2018 school year.

The activity of the emergency reserve for July 1, 2022 to June 30, 2023 school year is as follows:

Beginning balance, July 1, 2022	<u>\$ 1,000,000</u>
Ending Balance, June 30, 2023	<u>\$ 1,000,000</u>

NOTE 18. UNEMPLOYMENT RESERVE ACCOUNT

An unemployment reserve account was established by the District by transferring \$371,881 to an unemployment reserve from the unemployment fund in 2021 to fund future unemployment claims billed by the state. This reserve was established in the general fund in 2021 resulting from the implementation of Governmental Accounting Standards Board Statement No. 84, which required the District to record these funds as governmental activities. At June 30, 2023, the Unemployment Compensation reserve balance is \$401,679.

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 Town of Westfield reported no tax abatements for calendar years 2022 or 2023 in its "User Friendly Budgets," which are required to be filed with the Division of Local Government Services, in the Department of Community Affairs, State of New Jersey, on an annual basis.

NOTE 20. CONTINGENT LIABILITIES

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2023 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

NOTES TO FINANCIAL STATEMENTS

NOTE 20. CONTINGENT LIABILITIES (CONT'D)

The District is involved in several claims and lawsuits incidental to its operation, which are generally defended through the Board's insurance carriers. Certain claims are in their discovery stage and the potential financial exposure to the Board, if any, cannot currently be ascertained.

During fiscal year 2022 and 2023, the New Jersey Department of Labor has been delayed in issuing bills to New Jersey governmental units and as such the District has not been billed for any quarters during the fiscal year. Unemployment claims for the fiscal year cannot be estimated, however, it is expected that the Federal Government through the CARES act will reimburse the State of New Jersey between 50 and 75 percent of all claims incurred. Since the District has not received a bill related to fiscal year 2023, and the amounts due are not known, no provision has been made in the District's financial statements for any liability.

NOTE 21. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions from June 30, 2023 through December 4, 2023, the date that the financial statements were available for issuance and the effects of those that provide additional pertinent information about conditions that existed at the statement of net position date, have been recognized in the accompanying financial statements.

NOTE 22. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has reviewed the requirements of the Statement and the impact on the financial statements was deemed not material.

The GASB issued Statement No. 101, *Compensated Absences* in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has not determined the impact of the Statement on the financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION
PART II**

**SCHEDULES RELATED TO ACCOUNTING AND
REPORTING FOR PENSIONS (68)
SECTION – L**

(Section numbering as per N.J. Department of Education Audit Program)

**Westfield School District
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System
 Required Supplementary Information
 Last Ten Fiscal Years**

	2023	2022	2021	2020	Year Ended June 30,		2017	2016	2015	2014
					2019	2018				
District's proportion of the net pension liability (asset) - Local Group	0.1341724479%	0.1263529587%	0.1278384349%	0.1245189916%	0.122689485%	0.120931697%	0.131258639%	0.129135621%	0.124742721%	0.117876054%
District's proportionate share of the net pension liability (asset)	\$ 20,248,469	\$ 14,968,402	\$ 20,847,106	\$ 22,436,433	\$ 24,156,948	\$ 28,150,966	\$ 38,875,044	\$ 28,988,359	\$ 23,355,249	\$ 22,528,456
District's covered-employee payroll	\$ 9,337,258	\$ 9,492,238	\$ 9,220,819	\$ 9,098,895	\$ 8,668,982	\$ 8,486,779	\$ 8,296,182	\$ 8,812,161	\$ 8,635,918	\$ 8,635,918
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	216.86%	157.69%	226.09%	246.58%	278.66%	331.70%	468.59%	328.96%	270.44%	260.87%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	40.47%	35.63%	42.51%	44.09%	53.60%	48.10%	40.14%	47.93%	48.62%	48.72%

The amounts presented for each fiscal year were determined as of the previous fiscal year-end. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate remained at 7.00% as of June 30, 2022.

**Westfield School District
Schedule of District Contributions
Public Employees' Retirement System
Required Supplementary Information
Last Ten Fiscal Years**

	2023	2022	2021	2020	Year Ended June 30,		2017	2016	2015	2014
					2019	2018				
Contractually required contribution	\$ 1,691,979	\$ 1,479,740	\$ 1,398,490	\$ 1,211,203	\$ 1,269,432	\$ 1,120,303	\$ 1,166,083	\$ 1,110,220	\$ 1,028,361	\$ 888,172
Contributions in relation to the contractually required contribution	(1,691,979)	(1,479,740)	(1,398,490)	(1,211,203)	(1,269,432)	(1,120,303)	(1,166,083)	(1,110,220)	(1,028,361)	(888,172)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 8,878,028	\$ 9,337,258	\$ 9,492,238	\$ 9,220,819	\$ 9,098,895	\$ 8,668,982	\$ 8,486,779	\$ 8,296,182	\$ 8,812,161	\$ 8,635,918
Contributions as a percentage of covered-employee payroll	19.06%	15.85%	14.73%	13.14%	13.95%	12.92%	13.74%	13.38%	11.67%	10.28%

The amounts presented for each fiscal year were determined as of the previous fiscal year-end. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Westfield School District
Schedule of the State's Proportionate Share of the Net Pension Liability Associated With the District
Teachers' Pension and Annuity Fund
Required Supplementary Information
Last Ten Fiscal Years*

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.445232279%	0.444782968%	0.446499124%	0.457250754%	0.4465238057%	0.4503615479%	0.4490997116%	0.4569592579%	0.4503467692%	0.4289118351%
District's proportionate share of the net pension liability (asset)										
State's proportionate share of the net pension liability (asset) associated with the District	\$ 229,714,993	\$ 213,830,251	\$ 294,014,300	\$ 280,619,104	\$ 284,068,854	\$ 303,649,995	\$ 353,290,428	\$ 323,678,183	\$ 240,695,691	\$ 216,768,668
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 229,714,993</u>	<u>\$ 213,830,251</u>	<u>\$ 294,014,300</u>	<u>\$ 280,619,104</u>	<u>\$ 284,068,854</u>	<u>\$ 303,649,995</u>	<u>\$ 353,290,428</u>	<u>\$ 323,678,183</u>	<u>\$ 240,695,691</u>	<u>\$ 216,768,668</u>
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Covered payroll information is not presented since the Teachers' Pension and Annuity Fund is a special funding situation in which the District does not make contributions to this plan.

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate remained at 7.00% as of June 30, 2022.

**SCHEDULES RELATED TO ACCOUNTING AND
REPORTING FOR OPEB (GASB 75)
SECTION – M**

(Section numbering as per N.J. Department of Education 2017-2018 Audit Program)

Westfield School District
 Schedule of the State's Proportionate Share of the OPEB Liability Associated With the District
 State Health Benefit Local Education Retired Employees Plan

Last Ten Fiscal Years*

	Year Ended June 30, 2023	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018
State's proportion of the OPEB Liability associated with the District -	0.39%	0.39%	0.39%	0.38%	0.38%	0.38%
District's proportionate share of the OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the OPEB liability associated with the District	\$ 199,196,806	\$ 235,113,403	\$ 261,817,044	160,191,054	177,158,722	202,388,345
Total proportionate share of the OPEB liability associated with the District	<u>\$ 199,196,806</u>	<u>\$ 235,113,403</u>	<u>\$ 261,817,044</u>	<u>\$ 160,191,054</u>	<u>\$ 177,158,722</u>	<u>\$ 202,388,345</u>
Beginning Balance	\$ 235,113,403	\$ 261,817,044	\$ 160,191,054	\$ 177,158,722	\$ 202,388,345	\$ 218,359,164
Increased by:						
Service cost	10,994,510	12,543,142	6,885,785	6,698,508	7,420,085	8,971,309
Interest cost	5,278,935	6,099,089	5,771,007	7,023,820	7,429,997	6,415,030
Changes of assumptions		231,957	47,824,977	2,388,462		
Member contributions	167,747	155,924	138,153	145,765	163,724	172,614
Differences between expected and actual experience	6,307,482		45,564,087			
	<u>22,748,674</u>	<u>19,030,112</u>	<u>106,184,009</u>	<u>16,256,555</u>	<u>15,013,806</u>	<u>15,558,953</u>
Decreased by:						
Differences between expected and actual experiences		40,679,129	-	28,306,835	15,176,418	
Changes of assumptions	53,436,330				20,329,850	26,842,028
Changes of benefit terms		250,250				
Gross benefit payments	5,228,941	4,804,374	4,558,019	4,917,388	4,737,161	4,687,744
	<u>58,665,271</u>	<u>45,733,753</u>	<u>4,558,019</u>	<u>33,224,223</u>	<u>40,243,429</u>	<u>31,529,772</u>
Ending Balance	<u>\$ 199,196,806</u>	<u>\$ 235,113,403</u>	<u>\$ 261,817,044</u>	<u>\$ 160,191,054</u>	<u>\$ 177,158,722</u>	<u>\$ 202,388,345</u>
Covered employee payroll	\$ 62,072,720	\$ 61,276,579	\$ 59,819,378	\$ 59,148,038	\$ 58,203,496	\$ 53,013,600
Total OPEB liability as a percentage of covered employee payroll.	320.91%	383.69%	437.68%	270.83%	304.38%	381.77%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION
PART III

BUDGETARY COMPARISON SCHEDULES
SECTION – C

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 107,628,137		\$ 107,628,137	\$ 107,628,137	
Tuition from Individuals	80,000	(80,000)		49,211	49,211
Tuition from other LEAs		80,000	80,000	88,213	8,213
Transportation Fees from Individuals	30,000		30,000	28,160	(1,840)
Miscellaneous	530,000	50,000	580,000	1,644,871	1,064,871
Other Restricted Miscellaneous Revenue	50,000	(50,000)		26,335	26,335
Total - Local Sources	108,318,137		108,318,137	109,464,927	1,146,790
State Sources:					
Categorical Transportation Aid	575,681		575,681	575,681	
Extraordinary Aid	975,000		975,000	2,454,237	1,479,237
Categorical Special Education Aid	5,570,103		5,570,103	5,570,103	
Categorical Security Aid	437,833		437,833	437,833	
Non-Public Transportation Aid				107,952	107,952
State of New Jersey On-Behalf Contributions:					
TPAF Pension Contrib. (non-budgeted)				18,540,830	18,540,830
TPAF Post Retire Med. Contrib. (non-budgeted)				4,870,632	4,870,632
TPAF LTDI Premiums (non-budgeted)				6,189	6,189
TPAF Employer FICA Contrib. (non-budgeted)				3,801,428	3,801,428
Total - State Sources	7,558,617		7,558,617	36,364,885	28,806,268
Federal Sources:					
Medical Reimbursement	37,409		37,409	53,373	15,964
FFCRA SEMI				3,627	3,627
FEMA				469,633	469,633
Total - Federal Sources	37,409		37,409	526,633	489,224
Total Revenues	115,914,163		115,914,163	146,356,445	30,442,282

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	\$ 239,097	\$ 25,578	\$ 264,675	\$ 263,118	\$ 1,557
Kindergarten	590,387	11,234	601,621	600,089	1,532
Grades 1- 5	12,694,518	349,539	13,044,057	13,016,842	27,215
Grades 6- 8	9,835,769	(332,451)	9,503,318	9,497,632	5,686
Grades 9-12	11,623,177	(108,500)	11,514,677	11,427,020	87,657
Regular Programs - Home Instr.:					
Salaries of Teachers	133,154	(90,000)	43,154	28,915	14,239
Purchased Prof./Educational Services	80,500	41,500	122,000	120,603	1,397
Regular Programs - Undistrib. Instr.:					
Other Salaries for Instruction	123,725	(22,555)	101,170	96,815	4,355
Purchased Prof./Educational Services	7,450	(3,550)	3,900	3,300	600
Purchased Technical Services	208,000	(92,021)	115,979	115,378	601
Other Purchased Services (400-500 series)	349,438	(27,838)	321,600	225,990	95,610
General Supplies	1,115,747	(180,418)	935,329	854,252	81,077
Textbooks	104,797	25,823	130,620	129,506	1,114
Other Objects	1,275		1,275	748	527
Total Regular Programs - Instruction	37,107,034	(403,659)	36,703,375	36,380,208	323,167
Learning/Language Disabilities:					
Salaries of Teachers	443,214	71,165	514,379	480,604	33,775
Other Salaries for Instruction	107,003	3,093	110,096	104,304	5,792
Purchased Prof./Educational Services	6,899	(6,004)	895	851	44
General Supplies	14,520	(9,500)	5,020	4,136	884
Textbooks	327	(327)			
Total Learning/Language Disabilities	571,963	58,427	630,390	589,895	40,495
Emotional Regulation Impairment:					
Salaries of Teachers	180,285	2,280	182,565	176,298	6,267
Other Salaries for Instruction	37,760	(16,000)	21,760	20,492	1,268
General Supplies	9,718	(3,638)	6,080	5,405	675
Total Emotional Regulation Impairment	227,763	(17,358)	210,405	202,195	8,210

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Multiple Disabilities:					
Salaries of Teachers	\$ 79,934	\$ 15,777	\$ 95,711	\$ 91,314	\$ 4,397
Other Salaries for Instruction	66,183	(26,960)	39,223	35,681	3,542
General Supplies	1,850	(210)	1,640	1,535	105
Total Multiple Disabilities	147,967	(11,393)	136,574	128,530	8,044
Resource Room/Resource Center:					
Salaries of Teachers	6,862,114	(91,059)	6,771,055	6,765,221	5,834
Other Salaries for Instruction	240,373	34,562	274,935	265,998	8,937
Purchased Prof. Educational Serv.	328	(328)			
General Supplies	31,549	(5,774)	25,775	25,196	579
Textbooks	3,405	2,518	5,923	5,774	149
Total Resource Room/Resource Center	7,137,769	(60,081)	7,077,688	7,062,189	15,499
Autism:					
Salaries of Teachers	402,341	(134,300)	268,041	232,784	35,257
Other Salaries for Instruction	219,136	(51,567)	167,569	157,871	9,698
General Supplies	11,388	(5,950)	5,438	5,331	107
Total Autism	632,865	(191,817)	441,048	395,986	45,062
Preschool Disabilities - Full-Time:					
Salaries of Teachers	255,713	44,894	300,607	272,121	28,486
Other Salaries for Instruction	85,762	(19,471)	66,291	61,677	4,614
General Supplies	1,500	(231)	1,269	1,269	
Total Preschool Disabilities - Full-Time	342,975	25,192	368,167	335,067	33,100
Total Special Education	9,061,302	(197,030)	8,864,272	8,713,862	150,410
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	1,215,516	(18,810)	1,196,706	1,178,639	18,067
General Supplies	5,250	(429)	4,821	2,269	2,552
Textbooks	200		200	106	94
Total Basic Skills/Remedial - Instruction	1,220,966	(19,239)	1,201,727	1,181,014	20,713

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 239,181	\$ (812)	\$ 238,369	\$ 234,726	\$ 3,643
Total Bilingual Education - Instruction	<u>239,181</u>	<u>(812)</u>	<u>238,369</u>	<u>234,726</u>	<u>3,643</u>
School - Sponsored Cocurricular & Extra Curric - Instr. Activities:					
Salaries	439,051	(13,202.00)	425,849	411,034	14,815
Purchased Services (300-500 series)	5,500	12,600	18,100	17,816	284
Supplies and Materials	20,350	(7,311)	13,039	5,792	7,247
Other Objects	9,025	2,493	11,518	11,263	255
Total School - Sponsored Cocurricular Activities & Extra Curric. - Instr.	<u>473,926</u>	<u>(5,420)</u>	<u>468,506</u>	<u>445,905</u>	<u>22,601</u>
School - Sponsored Athletics:					
Salaries	1,191,469	(1,131)	1,190,338	1,165,353	24,985
Purchased Services (300-500 series)	68,750	(11,000)	57,750	52,733	5,017
Supplies and Materials	105,200	10,352	115,552	115,208	344
Misc. Expenditures	143,900	33,816	177,716	177,715	1
Total School - Sponsored Athletics	<u>1,509,319</u>	<u>32,037</u>	<u>1,541,356</u>	<u>1,511,009</u>	<u>30,347</u>
Summer School - Instruction					
Salaries	7,417		7,417		7,417
General Supplies	500		500		500
Purchased Services		1,680	1,680	350	1,330
Total - Summer School - Instruction	<u>7,917</u>	<u>1,680</u>	<u>9,597</u>	<u>350</u>	<u>9,247</u>
Total Instruction	<u>49,619,645</u>	<u>(592,443)</u>	<u>49,027,202</u>	<u>48,467,074</u>	<u>560,128</u>

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	\$ 1,494,292	\$ 332,127	\$ 1,826,419	\$ 1,783,019	\$ 43,400
Tuition to County Vocational School Dist. - Regular	608,000	14,000	622,000	597,800	24,200
Tuition to County Vocational School Dist. - Special	48,000	(38,000)	10,000	9,000	1,000
Tuition to Priv. Schools for the Disabled-W/I State	5,132,150	182,449	5,314,599	5,177,271	137,328
Tuition to Priv. Schools for the Disabled and Other LEAs- Special, Outside the State	483,694	(25,485)	458,209	454,601	3,608
Tuition - Other	65,265	13,723	78,988	69,731	9,257
Total Undistrib. Expend. - Instruc.	7,831,401	478,814	8,310,215	8,091,422	218,793
Attendance and Social Work Services:					
Salaries		5,549	5,549	5,549	
Total Attendance and Social Work Serv.		5,549	5,549	5,549	
Health Services:					
Salaries	1,295,261	(20,772)	1,274,489	1,256,506	17,983
Purchased Professional and Technical Services	180,921	140,281	321,202	293,204	27,998
Supplies and Materials	21,114	(1,885)	19,229	17,392	1,837
Other Objects	850		850	850	
Total Health Services	1,498,146	117,624	1,615,770	1,567,952	47,818
Speech, OT, PT & Related Services					
Salaries	2,004,770	230,079	2,234,849	2,229,960	4,889
Purchased Professional/Educational Services	737,142	136,824	873,966	805,481	68,485
Supplies and Materials	23,871	2,254	26,125	26,125	
Total Speech, OT, PT & Related Services	2,765,783	369,157	3,134,940	3,061,566	73,374
Other Support Services-Student Extra					
Salaries	1,935,374	(95,468)	1,839,906	1,832,650	7,256
Purchased Professional/Educational Services	739,200	108,283	847,483	786,137	61,346
Other Objects	2,270	(2,270)			
Total Other Support Services-Student Extra	2,676,844	10,545	2,687,389	2,618,787	68,602

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Other Support Services - Guidance					
Salaries of Other Professional Staff	\$ 2,317,378	\$ 6,573	\$ 2,323,951	\$ 2,300,679	\$ 23,272
Salaries of Secret. & Clerical Assts.	240,330	(28,140)	212,190	180,610	31,580
Other Salaries	3,200	5,843	9,043	8,130	913
Purchased Professional/Educational Services	28,055	(15,199)	12,856	12,856	
Other Purchased Services (400-500 series)	7,631	(3,393)	4,238	3,444	794
Supplies and Materials	10,423	5,361	15,784	15,298	486
Other Objects	2,275	(970)	1,305	1,305	
	<u>2,609,292</u>	<u>(29,925)</u>	<u>2,579,367</u>	<u>2,522,322</u>	<u>57,045</u>
Total Other Support Services - Students - Regular					
Other Support Services - Child Study Teams					
Salaries of Other Professional Staff	1,963,678	(122,800)	1,840,878	1,819,789	21,089
Salaries of Secr. & Clerical Assts.	249,760	67,679	317,439	308,460	8,979
Purchased Professional/Educational Services	237,105	179,969	417,074	388,023	29,051
Other Purchased Services (400-500 series)	13,839	(2,339)	11,500	10,919	581
Residential Costs	72,349	(856)	71,493	71,493	
Supplies and Materials	24,184	(8,369)	15,815	15,394	421
	<u>2,560,915</u>	<u>113,284</u>	<u>2,674,199</u>	<u>2,614,078</u>	<u>60,121</u>
Total Other Support Services - Students - Child Study Teams					

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Improv. of Instruction Services/Other Support Services - Instruct. Staff:					
Salaries of Supervisors of Instruction	\$ 1,042,573	\$ 128,302	\$ 1,170,875	\$ 1,169,541	\$ 1,334
Salaries of Secr. and Clerical Assts.	137,663	(12,500)	125,163	122,683	2,480
Other Salaries	14,908	(12,028)	2,880	2,880	
Purchased Professional/Educational Services	75,708	1,211	76,919	74,734	2,185
Other Purchased Prof./Tech. Services	45,222	298	45,520	11,088	34,432
Supplies and Materials	42,744	(3,945)	38,799	37,161	1,638
Miscellaneous Expenditures	14,348	(454)	13,894	10,566	3,328
Total Improv. of Instruction Services/ Other Support Serv. - Instruct. Staff	1,373,166	100,884	1,474,050	1,428,653	45,397
Educational Media Serv./School Library:					
Salaries	854,805	(3,620)	851,185	850,193	992
Salaries of Technology Coordinators	98,990	4,585	103,575	103,575	
Purch. Prof. and Tech. Serv.	61,900	6,431	68,331	68,040	291
Other Purchased Services (400-500 series)	756	48	804	756	48
Supplies and Materials	29,785	11,976	41,761	41,660	101
Total Educa. Media Serv./School Library	1,046,236	19,420	1,065,656	1,064,224	1,432
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	10,270		10,270	5,400	4,870
Purchased Professional/Educational Services	39,205	6,951	46,156	25,951	20,205
Other Purchased Services (400-500 series)	36,269	(6,621)	29,648	19,066	10,582
Supplies and Materials	18,293	(5,551)	12,742	6,559	6,183
Total Instr. Staff Training Serv.	104,037	(5,221)	98,816	56,976	41,840

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Support Serv. General Administration:					
Salaries	\$ 838,391	\$ (37,509)	\$ 800,882	\$ 800,146	\$ 736
Legal Services	307,500	32,144	339,644	279,219	60,425
Audit Fees	41,402	2,142	43,544	43,544	
Other Purch. Professional Services	6,250	164,565	170,815	128,990	41,825
Purchased Technical Services	25,000	6,558	31,558	28,700	2,858
Communications/Telephone	232,011	(70,760)	161,251	105,687	55,564
BOE Other Purchased Services	2,500	92	2,592	2,253	339
Misc. Purch. Serv. (400-500, exc. 530 & 585)	592,164	(4,732)	587,432	560,512	26,920
General Supplies	19,920	18,754	38,674	31,085	7,589
Judgements Against School District	88,500	(75,000)	13,500		13,500
Misc. Expenditures	60,415	(8,330)	52,085	16,970	35,115
BOE Membership Dues and Fees	27,000	(92)	26,908	26,663	245
Total Support Serv. General Administration	2,241,053	27,832	2,268,885	2,023,769	245,116
Support Serv. School Administration:					
Salaries of Principals/Asst. Principals	2,454,135	4,352	2,458,487	2,450,451	8,036
Salaries of Sec. and Clerical Assts.	1,089,308	33,023	1,122,331	1,118,368	3,963
Purch. Professional & Technical Serv.	12,850	2,633	15,483	14,227	1,256
Other Purchased Services (400-500 series)	64,668	(839)	63,829	29,752	34,077
Supplies and Materials	102,172	43,838	146,010	112,953	33,057
Other Objects	18,987	3,930	22,917	22,758	159
Total Support Serv. School Admin.	3,742,120	86,937	3,829,057	3,748,509	80,548

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Central Services:					
Salaries	\$ 1,268,377	\$ (43,307)	\$ 1,225,070	\$ 1,165,775	\$ 59,295
Purch. Professional Services	11,000	625	11,625	11,625	
Purch. Technical Services	98,060	(22,710)	75,350	69,688	5,662
Misc. Purchased Services (400-500 O/T 594)	74,810	16,750	91,560	49,063	42,497
Supplies and Materials	44,288	(8,062)	36,226	26,960	9,266
Miscellaneous Expenditures	18,846	19,488	38,334	37,070	1,264
Total Central Services	1,515,381	(37,216)	1,478,165	1,360,181	117,984
Admin. Info Technology					
Salaries	805,254	7,293	812,547	804,101	8,446
Purch. Technical Serv.	521,697	4,559	526,256	506,756	19,500
Other Purchased Services (400-500 series)	8,000		8,000	6,889	1,111
Supplies and Materials	35,000	259,463	294,463	272,716	21,747
Total Admin Info Technology	1,369,951	271,315	1,641,266	1,590,462	50,804
Required Maint for School Facilities:					
Salaries	669,274	(51,183)	618,091	586,278	31,813
Cleaning, Repair & Maint. Services	316,019	190,372	506,391	462,649	43,742
General Supplies	145,649	42,478	188,127	173,257	14,870
Other Objects	17,974	(1,037)	16,937	10,215	6,722
Total Required Maint for School Facilities	1,148,916	180,630	1,329,546	1,232,399	97,147

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Custodial Services:					
Salaries	\$ 3,055,258	\$ 40,920	\$ 3,096,178	\$ 2,983,707	\$ 112,471
Salaries Non-Instructional Aides	271,181	72,895	344,076	332,708	11,368
Purch. Professional & Technical Serv.	44,776	37,249	82,025	80,815	1,210
Cleaning, Repair & Maint. Services	168,003	(47,441)	120,562	112,072	8,490
Rental of Land & Bldg. Other than Lease Pur Agrmt	1,775	2,800	4,575	4,470	105
Other Purchased Property Services	158,493	3,360	161,853	161,853	
Insurance	189,094	28,933	218,027	218,027	
General Supplies	289,184	7,217	296,401	289,034	7,367
Energy (Natural Gas)	424,292	22,429	446,721	435,330	11,391
Energy (Electricity)	698,548	(6,313)	692,235	604,396	87,839
Miscellaneous Expenditures	1,780		1,780	925	855
Total Operation of Plant	5,302,384	162,049	5,464,433	5,223,337	241,096
Care & Upkeep Grounds					
Salaries	172,842	(14,319)	158,523	158,458	65
Cleaning, Repair, and Maintenance Services	18,482	(6,737)	11,745	10,490	1,255
General Supplies	39,223	(2,825)	36,398	33,439	2,959
Total Care & Upkeep Grounds	230,547	(23,881)	206,666	202,387	4,279
Security					
Salaries	104,976	(15,523)	89,453	82,473	6,980
Purchased Professional and Technical Services	182,775	(2,319)	180,456	178,698	1,758
General Supplies	5,500	5,786	11,286	5,786	5,500
Total Security	293,251	(12,056)	281,195	266,957	14,238
Total Operation & Maint. Of Plant Serv.	6,975,098	306,742	7,281,840	6,925,080	356,760

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Student Transportation Services:					
Contracted Services (Between Home & School) - Vendors	\$ 538,743	\$ (71,366)	\$ 467,377	\$ 465,342	\$ 2,035
Contracted Services (Other Than Between Home & School) - Vendors	386,000	9,387	395,387	344,642	50,745
Contracted Services (Special Ed. Students) - Vendors	600,865	(18,686)	582,179	562,015	20,164
Contracted Services (Regular Students) - ESCs & CTSA's	28,586	1,113	29,699	26,497	3,202
Contracted Services (Special Ed. Students) - ESCs & CTSA's	3,303,861	488,722	3,792,583	3,632,421	160,162
Contracted Services - Aid in Lieu of Payments - NonPublic Schools	365,000		365,000	364,268	732
Other Objects		1,500	1,500	500	1,000
Total Student Transportation Services	5,223,055	410,670	5,633,725	5,395,685	238,040
Unallocated Employee Benefits:					
Group Insurance	225,300		225,300	217,953	7,347
Social Security Contributions	1,128,431	(5,216)	1,123,215	1,026,767	96,448
Other Retirement Contributions - PERS	1,839,696	26,314	1,866,010	1,816,994	49,016
Unemployment Compensation	60,000	(60,000)			
Workmen's Compensation	398,949	(3,472)	395,477	395,477	
Health Benefits	19,482,781	(1,386,813)	18,095,968	17,281,533	814,435
Tuition Reimbursements	172,365	6,353	178,718	103,626	75,092
Other Employee Benefits	388,002	(312,552)	75,450	74,909	541
Total Unallocated Employee Benefits	23,695,524	(1,735,386)	21,960,138	20,917,259	1,042,879
TPAF Pension Contrib. (non-budgeted)				18,540,830	(18,540,830)
TPAF Post Retire Med. Contrib. (non-budgeted)				4,870,632	(4,870,632)
TPAF LTDI Premiums (non-budgeted)				6,189	(6,189)
TPAF Employer FICA Contrib. (non-budgeted)				3,801,428	(3,801,428)
Total On-Behalf Benefits Contributions				27,219,079	(27,219,079)
Total Undistributed Expenditures	67,228,002	511,025	67,739,027	92,211,553	(24,472,526)
Total Operating Expenditures	116,847,647	(81,418)	116,766,229	140,678,627	(23,912,398)

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
CAPITAL OUTLAY:					
Regular Programs - Instruction:					
Grades 1-5		\$ 2,535	\$ 2,535	\$ 2,535	
Grades 6-8		7,044	7,044	7,044	
Grades 9-12		17,628	17,628	17,619	\$ 9
Undistributed Expenditures-Support Services:					
Related Services		817,117	817,117	428,625	388,492
Total Equipment	\$ 18,500	825,824	844,324	455,823	388,501
Facilities Acquis. & Constr. Services:					
Construction Services					
Assessment for Debt Service on SDA Funding	48,016		48,016	48,016	
Total Facil. Acquis. & Constr. Services	48,016		48,016	48,016	
Total Capital Outlay	66,516	825,824	892,340	503,839	388,501
Total Expenditures	116,914,163	744,406	117,658,569	141,182,466	(23,523,897)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,000,000)	(744,406)	(1,744,406)	5,173,979	6,918,385

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources (Uses)					
Transfer Capital Reserve to Capital Projects Fund	\$ (6,995,580)	\$ 6,904,554	\$ (91,026)	\$ (91,026)	
Total Other Financing Sources (Uses)	(6,995,580)	6,904,554	(91,026)	(91,026)	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(7,995,580)	6,160,148	(1,835,432)	5,082,953	\$ 6,918,385
Fund Balances, July 1	15,692,172		15,692,172	15,692,172	
Fund Balances, June 30	\$ 7,696,592	\$ 6,160,148	\$ 13,856,740	\$ 20,775,125	\$ 6,918,385
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources (uses)					
Budgeted fund balance	\$ (1,000,000)		\$ (1,000,000)	\$ 5,918,385	\$ 6,918,385
Withdrawal from capital reserve to capital projects	(6,995,580)	6,904,554	(91,026)	(91,026)	
Appropriations from capital reserve		(205,926)	(205,926)	(205,926)	
Appropriations from maintenance reserve		(83,126)	(83,126)	(83,126)	
Cancellation of prior year encumbrances		91,022	91,022	91,022	
Adjustment for prior year encumbrances		(546,376)	(546,376)	(546,376)	
Total	\$ (7,995,580)	\$ 6,160,148	\$ (1,835,432)	\$ 5,082,953	\$ 6,918,385
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 288,187	
Emergency Reserve				1,000,000	
Maintenance Reserve				2,090,267	
Capital Reserve				9,891,768	
Unemployment Compensation				401,679	
Excess Surplus - Current Year				1,500,000	
Assigned Fund Balance:					
Year-end Encumbrances				523,134	
Designated for Subsequent Year's Expenditures				1,211,813	
Unassigned Fund Balance				3,868,277	
				20,775,125	
<u>Reconciliation to Governmental Funds Statements (GAAP):</u>					
Delayed State Aid Payments not recognized on GAAP basis				(650,261)	
Fund Balance per Governmental Funds (GAAP)				\$ 20,124,864	

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND (Budgetary Basis)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	\$ 315,524	\$ 230,552	\$ 546,076	\$ 471,270	\$ (74,806)
Federal Sources	1,391,475	1,688,450	3,079,925	2,747,599	(332,326)
Local Sources		572,978	572,978	1,443,671	870,693
Total Revenues	<u>1,706,999</u>	<u>2,491,980</u>	<u>4,198,979</u>	<u>4,662,540</u>	<u>463,561</u>
EXPENDITURES:					
Instruction					
Teacher Salaries	101,694	105,501	207,195	157,300	49,895
Other Salaries for Instruction		48,544	48,544	43,877	4,667
Tuition	1,060,426	734,742	1,795,168	1,787,609	7,559
Purchased Professional/Educational Services		6,580	6,580	6,000	580
Other Purchased Services		12,994	12,994	2,994	10,000
General Supplies	9,795	113,127	122,922	75,736	47,186
Textbooks	25,867	7,727	33,594	25,674	7,920
Instructional Equipment		73,793	73,793	42,458	31,335
Other Objects	290	2,676	2,966	2,100	866
Total Instruction	<u>1,198,072</u>	<u>1,105,684</u>	<u>2,303,756</u>	<u>2,143,748</u>	<u>160,008</u>
Support Services					
Personal Services Salaries	9,500	4,660	14,160	14,160	
Salaries of Other Professional Staff	184,069	25,318	209,387	199,655	9,732
Salaries of Secr & Cler Assts	13,600	(4,600)	9,000	9,000	
Other Salaries	60,662	17,356	78,018	78,018	
Personal Services - Employee Benefits	15,572	188,854	204,426	22,267	182,159
Purchased Professional/Educational Services	49,306	667,462	716,768	623,237	93,531
Other Purchased Professional Services	46,368	107,198	153,566	71,546	82,020

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND (Budgetary Basis)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Support Services (Cont'd.)					
Contracted Services-Trans. (Other Than Between Home/School)	\$ 1,913	\$ 1,428	\$ 3,341	\$ 2,500	\$ 841
Contracted Services-Trans. (Special Ed.)	51,137	(51,137)			
Travel	1,127	19,472	20,599	1,837	18,762
Supplies and Materials	21,973	237,396	259,369	178,458	80,911
Equipment	53,700	16,660	70,360	33,489	36,871
Student Activities				1,122,025	(1,122,025)
	<u>508,927</u>	<u>1,230,067</u>	<u>1,738,994</u>	<u>2,357,033</u>	<u>(618,039)</u>
Total Support Services					
Facilities Acquisition and Construction Services:					
Construction Services		156,229	156,229	156,229	-
		<u>156,229</u>	<u>156,229</u>	<u>156,229</u>	<u>-</u>
Total Facilities Acquisition and Construction Services					
	<u>-</u>	<u>156,229</u>	<u>156,229</u>	<u>156,229</u>	<u>-</u>
Total Expenditures	<u>1,706,999</u>	<u>2,491,980</u>	<u>4,198,979</u>	<u>4,657,010</u>	<u>(458,031)</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	5,530	\$ 5,530
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>5,530</u>	<u>\$ 5,530</u>
Fund Balance, July 1				635,619	
				<u>635,619</u>	
Fund Balance, June 30				\$ 641,149	
				<u>\$ 641,149</u>	
Recapitulation:					
Restricted:					
Student Activities				\$ 641,149	
Total Fund Balance				<u>\$ 641,149</u>	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PART III

**WESTFIELD SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	\$ 146,356,445	(C-2)	\$ 4,662,540
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized				
Prior year				64,230
Current year				(186,475)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements (Net)		(113,104)		
Total revenues as reported on the statement of revenues, expenditures and change in fund balances - governmental funds	(B-2)	\$ 146,243,341	(B-2)	\$ 4,540,295
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	\$ 141,182,466	(C-2)	\$ 4,657,010
Difference - budget to GAAP:				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.				
Prior year				64,230
Current year				(186,475)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2)	\$ 141,182,466	(B-2)	\$ 4,534,765

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

SECTION – E

**WESTFIELD SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit - E-1
Page 1 of 1

	TOTAL BROUGHT FORWARD (EX. E-1a)	TOTAL BROUGHT FORWARD (EX. E-1b)	TITLE I PART A REGULAR	TITLE IIA PART A	TITLE III	TITLE IV	I.D.E.A.				COVID-19 Education Stabilization Fund			TOTALS
							PART B BASIC	PRESCHOOL	ARP PART B BASIC	ARP PRESCHOOL	ESSER II	ESSER III	ACSERS	
REVENUES														
State Sources	\$ 471,270	\$ -	\$ -	\$ 86,784	\$ 17,095	\$ 17,090	\$ 1,531,856	\$ 62,154	\$ 7,749	\$ 5,296	\$ 24,570	\$ 628,491	\$ 366,267	\$ 471,270
Federal Sources			247											2,747,599
Local Sources		1,443,671												1,443,671
Total Revenues	471,270	1,443,671	247	86,784	17,095	17,090	1,531,856	62,154	7,749	5,296	24,570	628,491	366,267	4,662,540
EXPENDITURES														
Instruction:														
Salaries of Teachers	108,766				4,337						6,800	37,397		157,300
Other Salaries for Instruc.		3,000				2,500		38,377						43,877
Tuition							1,341,001		7,749			72,592	366,267	1,787,609
Purchased Prof. - Educational Services		6,000												6,000
Other Purch. Prof. Services		2,994												2,994
General Supplies	5,346	53,845	247	3,043	2,646	2,954					7,655			75,736
Textbooks	25,674													25,674
Instructional Equipment		42,458												42,458
Misc. Expenditures		2,100												2,100
Total Instruction	139,786	110,397	247	3,043	6,983	5,454	1,341,001	38,377	7,749	5,296	14,455	109,989	366,267	2,143,748
Support Services:														
Support Services Salaries	10,260				3,900									14,160
Salaries of Other Prof. Staff	61,139						137,676				840			199,655
Salaries of Sec & Cler Assts							9,000							9,000
Other Salaries				69,394		4,524					4,100			78,018
Personal Services - Empl. Benefits				4,684		314					675	5,374		22,267
Purch. Prof. - Educ. Services	18,579	37,840		4,185			15,932	23,777		5,296	4,500	513,128		623,237
Other Purch. Prof. Services	44,053				3,712	6,754	17,027							71,546
Contract Serv. - Trans. (Other Than Between Home & School)					2,500									2,500
Travel	114	710		969		44								1,837
Supplies and Materials	20,801	153,148		4,509										178,458
Equipment	33,489													33,489
Student Activities		1,122,025												1,122,025
Total Support Services	188,435	1,314,564		83,741	10,112	11,636	190,855	23,777	5,296	5,296	10,115	518,502		2,357,033
Facilities Acquis. & Const. Serv.:														
Construction Services	143,049	13,180												156,229
Total Facil. Acquis. & Const. Serv.	143,049	13,180												156,229
Total Expenditures	471,270	1,438,141	247	86,784	17,095	17,090	1,531,856	62,154	7,749	5,296	24,570	628,491	366,267	4,657,010
Excess (Deficiency) of Revenues Over Expenditures	-	5,530	-	-	-	-	-	-	-	-	-	-	-	5,530
Fund Balance, July 1		635,619												635,619
Fund Balance, June 30	\$ -	\$ 641,149	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 641,149

**WESTFIELD SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit - E-1a
Page 1 of 1

REVENUES	SDA EMERGENT NEEDS	CLIMATE CHANGE EDUCATION	NONPUBLIC TEXTBOOKS	NONPUBLIC NURSING	NONPUBLIC TECHNOLOGY	NONPUBLIC SECURITY	N.J. NONPUBLIC AUXILIARY SERV. CH. 192 COMP. EDUCATION	N.J. NONPUBLIC HANDICAPPED SERV., CH. 193 SUPPL. INST.	EXAM. AND CLASS.	CORR. SPEECH	TOTAL CARRIED FORWARD
State Sources	\$ 143,049	\$ 6,660	\$ 25,674	\$ 42,853	\$ 18,579	\$ 54,290	\$ 83,314	\$ 25,452	\$ 44,927	\$ 26,472	\$ 471,270
Total Revenues	143,049	6,660	25,674	42,853	18,579	54,290	83,314	25,452	44,927	26,472	471,270
EXPENDITURES											
Instruction:											
Salaries of Teachers							83,314	25,452			108,766
General Supplies		5,346									5,346
Textbooks			25,674								25,674
Total Instruction	-	5,346	25,674	-	-	-	83,314	25,452	-	-	139,786
Support Services:											
Support Services Salaries									10,260		10,260
Salaries of Other Prof. Staff									34,667	26,472	61,139
Purch. Prof./Educational Serv.					18,579						18,579
Other Purch. Prof. Services		1,200		42,853							44,053
Travel		114									114
Supplies and Materials						20,801					20,801
Equipment						33,489					33,489
Total Support Services	-	1,314	-	42,853	18,579	54,290	-	-	44,927	26,472	188,435
Facilities Acquis. & Const. Serv.:											
Construction Services	143,049										143,049
Total Facil. Acquis. & Const. Serv.	143,049	-	-	-	-	-	-	-	-	-	143,049
Total Expenditures	143,049	6,660	25,674	42,853	18,579	54,290	83,314	25,452	44,927	26,472	471,270
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, July 1											
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**WESTFIELD SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	LOCAL PROGRAMS	STUDENT ACTIVITY FUND	CARRIED FORWARD
<u>REVENUES</u>			
State Sources	\$	\$	-
Federal Sources			-
Local Sources	316,116	1,127,555	1,443,671
Total Revenues	316,116	1,127,555	1,443,671
<u>EXPENDITURES</u>			
Instruction:			
Other Salaries for Instruction	3,000		3,000
Purchased Prof. - Educational Services	6,000		6,000
Other Purchased Professional Services	2,994		2,994
General Supplies	53,845		53,845
Instructional Equipment	42,458		42,458
Misc. Expenditures	2,100		2,100
Total Instruction	110,397	-	110,397
Support Services:			
Purch. Prof. Ed. Services	37,840		37,840
Contract Serv. - Trans. (Other Than Home & School)	841		841
Travel	710		710
Supplies and Materials	153,148		153,148
Student Activities		1,122,025	1,122,025
Total Support Services	192,539	1,122,025	1,314,564
Facilities Acquis. & Const. Serv.:			
Construction Services	13,180		13,180
Total Facil. Acquis. & Const. Serv.	13,180	-	13,180
Total Expenditures	316,116	1,122,025	1,438,141
Excess (Deficiency) of Revenues Over Expenditures		5,530	5,530
Fund Balance, July 1		635,619	635,619
Fund Balance, June 30	\$	\$ 641,149	\$ 641,149

CAPITAL PROJECTS FUND

SECTION – F

**WESTFIELD SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
YEAR ENDED JUNE 30, 2023**

<u>ISSUE/PROJECT TITLE</u>	<u>REVISED APPROPRIATION</u>	<u>EXPENDITURES TO DATE</u>		<u>UNEXPENDED BALANCE</u>
		<u>PRIOR YEARS</u>	<u>CURRENT YEAR</u>	
Kehler Field, High School and Elementary School Renovations	\$ 23,910,763	\$ 21,633,599	\$ 1,734,668	\$ 542,496
SDA Grant Alyssa's Law Security Funding	<u>353,018</u>	<u>323,288</u>	<u>29,730</u>	<u>-</u>
Total	<u>\$ 24,263,781</u>	<u>\$ 21,956,887</u>	<u>\$ 1,764,398</u>	<u>\$ 542,496</u>

**WESTFIELD SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2023**

Revenues and Other Financing Sources		
Transfer from Capital Reserve	\$	91,026
Total revenues		91,026
Expenditures and Other Financing Uses		
Construction Services		1,764,398
Total expenditures		1,764,398
Deficiency of revenues under expenditures		(1,673,372)
Fund balance - beginning		2,215,868
Fund balance - ending	\$	542,496

**WESTFIELD SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
KEHLER FIELD, HIGH SCHOOL AND ELEMENTARY SCHOOL UPGRADES
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Other Projects	\$ 76,621	\$	\$ 76,621	\$ 76,621
Transfer from Capital Reserve	23,743,116	91,026	23,834,142	23,834,142
Total revenues	23,819,737	91,026	23,910,763	23,910,763
Expenditures and Other Financing Uses				
Purchased professional and technical services	1,548,033		1,548,033	670,834
Construction services	20,085,566	1,734,668	21,820,234	23,239,929
Total expenditures	21,633,599	1,734,668	23,368,267	23,910,763
Excess (deficiency) of revenues over (under) expenditures	\$ 2,186,138	\$ (1,643,642)	\$ 542,496	\$ -

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	\$3,770,972
Additional Authorized Cost	\$20,139,791
Revised Authorized Cost	\$23,910,763

Percentage Increase over Original	
Authorized Cost	534.07%
Percentage completion	98%
Original target completion date	2018
Revised target completions date	2023

**WESTFIELD SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
SDA ALYSSA'S LAW SCHOOL SECURITY GRANT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Alyssa's Law School Security Grant	\$ 353,018	\$ -	\$ 353,018	\$ 353,018
Total revenues	<u>353,018</u>	<u>-</u>	<u>353,018</u>	<u>353,018</u>
Expenditures and Other Financing Uses				
Construction services	323,288	29,730	353,018	353,018
Total expenditures	<u>323,288</u>	<u>29,730</u>	<u>353,018</u>	<u>353,018</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>29,730</u>	\$ <u>(29,730)</u>	\$ <u>-</u>	\$ <u>-</u>

Additional project information:

Project Number	N/A
Grant Date	7/1/2020
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$353,018
Additional Authorized Cost	
Revised Authorized Cost	\$353,018

Percentage Increase over Original
Authorized Cost

Percentage completion	100%
Original target completion date	2023
Revised target completions date	Completed

LONG-TERM DEBT
SECTION – I

WESTFIELD SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2023

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JUNE 30, 2022	RETIRED	BALANCE JUNE 30, 2023
			DATE	AMOUNT				
School Bonds	8/1/2013	\$ 6,916,000	8/1/2023	\$ 460,000	3.000%	\$ 3,220,000	\$ 460,000	\$ 2,760,000
			8/1/2024	460,000	3.000%			
			8/1/2025	460,000	3.000%			
			8/1/2026	460,000	3.000%			
			8/1/2027	460,000	3.000%			
			8/1/2028	460,000	3.000%			
School Bonds	7/10/2014	3,200,000	8/1/2023	350,000	2.250%	1,050,000	350,000	700,000
			8/1/2024	350,000	2.375%			
Refunding School Bonds, Series 2015 A	3/24/2015	5,700,000	10/1/2023	615,000	4.000%	3,755,000	590,000	3,165,000
			10/1/2024	640,000	4.000%			
			10/1/2025	640,000	4.000%			
			10/1/2026	640,000	4.000%			
			10/1/2027	630,000	2.400%			

WESTFIELD SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2023

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2022</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2023</u>
			<u>DATE</u>	<u>AMOUNT</u>				
School Bonds, Series 2016 B	7/13/2016	\$ 12,600,000	8/1/2023	\$ 950,000	2.000%			
			8/1/2024	950,000	2.000%			
			8/1/2025	950,000	2.000%			
			8/1/2026	950,000	2.000%			
			8/1/2027	900,000	2.000%			
			8/1/2028	900,000	2.000%			
			8/1/2029	900,000	2.000%			
			8/1/2030	900,000	2.000%			
			8/1/2031	850,000	2.500%			
						\$ 9,200,000	\$ 950,000	\$ 8,250,000
Total						\$ 17,225,000	\$ 2,350,000	\$ 14,875,000

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,965,995	\$ -	\$ 1,965,995	\$ 1,965,995	\$ -
Total Local Sources	<u>1,965,995</u>	<u>-</u>	<u>1,965,995</u>	<u>1,965,995</u>	<u>-</u>
State Aid - Debt Service	<u>799,313</u>	<u>-</u>	<u>799,313</u>	<u>799,313</u>	<u>-</u>
Total Revenues	<u>2,765,308</u>	<u>-</u>	<u>2,765,308</u>	<u>2,765,308</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Redemption of Bond Principal	2,350,000		2,350,000	2,350,000	-
Bond Interest	<u>415,308</u>		<u>415,308</u>	<u>415,308</u>	<u>-</u>
Total Regular Debt Service	<u>2,765,308</u>	<u>-</u>	<u>2,765,308</u>	<u>2,765,308</u>	<u>-</u>
Total expenditures	<u>2,765,308</u>	<u>-</u>	<u>2,765,308</u>	<u>2,765,308</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

STATISTICAL SECTION
SECTION – J

FINANCIAL TRENDS

**WESTFIELD SCHOOL DISTRICT
NET ASSETS/POSITION BY COMPONENTS
LAST TEN FISCAL YEARS
Unaudited**

Exhibit J-1

June 30,

	2014	2015	2016	2017	2018	2019	GASB #84 Restated 2020	Restated 2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 11,658,528	\$ 14,113,937	\$ 17,621,502	\$ 11,130,655	\$ 20,065,255	\$ 26,976,612	\$ 35,862,718	\$ 38,549,770	\$ 49,006,289	\$ 49,227,359
Restricted	5,732,998	5,886,394	8,428,307	22,660,315	21,908,541	21,059,726	20,019,406	19,254,991	10,594,331	16,355,546
Unrestricted/(deficit)	(22,651,303)	(23,325,495)	(24,717,778)	(28,030,698)	(27,600,573)	(26,310,130)	(24,024,845)	(24,766,477)	(19,989,898)	(19,203,759)
Total governmental activities net position	\$ (5,259,778)	\$ (3,325,164)	\$ 1,332,031	\$ 5,760,272	\$ 14,373,224	\$ 21,726,208	\$ 31,857,279	\$ 33,038,284	\$ 39,610,722	\$ 46,379,146
Business-type activities										
Invested in capital assets	\$ 30,955	\$ 24,616	\$ 18,277	\$ 322,433	\$ 459,157	\$ 316,024	\$ 351,873	\$ 325,553	\$ 299,674	\$ 391,508
Unrestricted	181,308	414,803	593,263	591,850	867,954	1,241,620	1,395,315	1,017,556	658,219	928,430
Total business-type activities net position	\$ 212,263	\$ 439,419	\$ 611,540	\$ 914,283	\$ 1,327,111	\$ 1,557,645	\$ 1,747,188	\$ 1,343,109	\$ 957,893	\$ 1,319,938
Government-wide										
Net investment in capital assets	\$ 11,689,483	\$ 14,138,553	\$ 17,639,779	\$ 11,453,088	\$ 20,524,413	\$ 27,292,636	\$ 36,214,591	\$ 38,875,323	\$ 49,305,963	\$ 49,618,867
Restricted	5,732,998	5,886,394	8,428,307	22,660,315	21,908,541	21,059,726	20,019,406	19,254,991	10,594,331	16,355,546
Unrestricted/(deficit)	(22,469,995)	(22,910,692)	(24,124,515)	(27,438,848)	(26,732,619)	(25,068,510)	(22,629,530)	(23,748,921)	(19,331,679)	(18,275,329)
Total district position	\$ (5,047,515)	\$ (2,885,745)	\$ 1,943,571	\$ 6,674,555	\$ 15,700,335	\$ 23,283,852	\$ 33,604,467	\$ 34,381,393	\$ 40,568,615	\$ 47,699,084

Source: ACFR Schedule A-1.

WESTFIELD SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years
Unaudited

Exhibit J-2

	<u>Fiscal Year Ending June 30,</u>									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
EXPENSES										
Governmental Activities										
Instruction										
Regular	\$ 33,171,669	\$ 32,170,882	\$ 33,945,264	\$ 34,753,267	\$ 36,122,785	\$ 37,571,944	\$ 36,944,281	\$ 40,657,247	\$ 42,558,356	\$ 41,737,944
Special Education	8,076,449	8,152,638	7,980,420	8,190,781	8,361,149	9,766,996	10,011,544	8,566,376	8,470,692	8,713,862
Other Special Instruction	1,024,005	2,155,957	1,081,477	1,184,559	1,140,743	1,178,793	1,301,154	1,309,471	1,290,348	1,415,740
Other Instruction	1,567,943	1,675,043	1,567,029	1,627,761	1,643,247	1,763,297	1,815,169	1,745,647	1,898,069	1,957,264
Support Services										
Tuition	5,839,281	6,686,758	6,688,650	6,570,330	6,640,145	5,139,929	5,597,633	6,237,009	6,543,325	8,091,422
Student & Instruction Related Services	11,450,450	11,684,484	12,153,419	12,458,158	13,283,367	14,151,973	14,170,552	15,634,183	16,711,229	17,214,133
School Administrative Services	3,495,703	3,575,510	3,472,539	3,613,535	3,423,415	3,420,531	3,512,032	3,620,413	3,677,432	3,748,509
General & Business Administrative Services	3,708,227	3,689,079	4,013,438	4,552,751	4,066,604	4,141,012	4,487,540	4,605,815	4,824,423	4,974,412
Plant Operations and Maintenance	5,878,848	5,954,354	5,943,911	6,029,301	5,972,184	6,152,407	6,232,723	5,706,850	6,729,444	6,569,404
Pupil Transportation	2,744,174	2,505,294	2,550,903	2,618,167	2,746,357	3,171,761	2,949,490	3,167,718	4,175,908	5,395,685
Unallocated Benefits	24,007,770	26,417,254	26,368,820	52,176,028	53,851,627	47,488,977	38,579,855	55,552,717	42,020,905	36,015,689
Interest on Long-Term Debt	889,586	808,442	952,171	758,829	733,389	744,088	629,941	520,872	454,861	393,887
Unallocated Depreciation & Amortization	1,201,462	1,255,944	1,771,245	705,067	390,741	632,123	575,603	665,701	739,749	766,456
Total Governmental Activities	<u>103,055,566</u>	<u>106,731,639</u>	<u>108,489,286</u>	<u>135,238,535</u>	<u>138,375,754</u>	<u>135,323,832</u>	<u>126,807,517</u>	<u>147,990,019</u>	<u>140,094,741</u>	<u>136,994,407</u>
Business-Type Activities:										
Food Service	1,242,856	1,161,518	1,189,123	1,231,331	1,307,660	1,348,600	953,918	186,471	1,244,348	1,547,626
Child Care	89,922	197,980	485,571	480,757	523,935	512,422	404,657	396,738	322,967	334,399
Total Business-Type Activities	<u>1,332,778</u>	<u>1,359,498</u>	<u>1,674,695</u>	<u>1,712,088</u>	<u>1,831,594</u>	<u>1,861,022</u>	<u>1,358,575</u>	<u>583,209</u>	<u>1,567,315</u>	<u>1,882,025</u>
Total Primary Government Expenses	<u>\$ 104,388,345</u>	<u>\$ 108,091,137</u>	<u>\$ 110,163,981</u>	<u>\$ 136,950,623</u>	<u>\$ 140,207,348</u>	<u>\$ 137,184,854</u>	<u>\$ 128,166,092</u>	<u>\$ 148,573,228</u>	<u>\$ 141,662,056</u>	<u>\$ 138,876,432</u>
Program Revenues										
Governmental Activities										
Charges for Services										
Instruction (Tuition)	\$ 138,397	\$ 210,478	\$ 162,071	\$ 77,540	\$ 67,437	\$ 101,757	\$ 37,005	\$ 44,542	\$ 69,571	\$ 137,424
Pupil Transportation									23,100	28,160
Business and Other Support Services									887,482	1,127,555
Operating Grants and Contributions	\$ 8,415,719	\$ 9,210,875	\$ 11,209,759	\$ 34,156,080	\$ 40,360,685	\$ 32,625,857	\$ 24,396,372	\$ 40,939,510	\$ 30,485,269	\$ 23,953,846
Interest on Long-Term Debt	363,541	306,218	245,926	774,814						
Total Governmental Activities Program Revenues	<u>8,917,657</u>	<u>9,727,570</u>	<u>11,617,757</u>	<u>35,008,434</u>	<u>40,428,122</u>	<u>32,727,614</u>	<u>24,433,377</u>	<u>40,984,052</u>	<u>31,465,422</u>	<u>25,246,985</u>
Business-Type Activities										
Charges for Services										
Food Service	1,164,484	1,226,149	1,314,583	1,410,190	1,482,337	1,568,419	1,059,004	10,752	1,340,827	1,691,580
Child Care	138,600	278,053	430,003	494,800	640,605	526,400	459,900	161,709	335,500	495,340
Operating Grants and Contributions	89,977	80,768	99,531	104,733	107,996	89,447	5,435			
Total Business Type Activities Program Revenues	<u>1,393,061</u>	<u>1,584,970</u>	<u>1,844,117</u>	<u>2,009,723</u>	<u>2,230,938</u>	<u>2,184,266</u>	<u>1,524,339</u>	<u>172,461</u>	<u>1,676,327</u>	<u>2,186,920</u>
Total District Program Revenues	<u>\$ 10,310,718</u>	<u>\$ 11,312,540</u>	<u>\$ 13,461,874</u>	<u>\$ 37,018,157</u>	<u>\$ 42,659,060</u>	<u>\$ 34,911,879</u>	<u>\$ 25,957,716</u>	<u>\$ 41,156,513</u>	<u>\$ 33,141,749</u>	<u>\$ 27,433,905</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (94,137,910)	\$ (97,004,069)	\$ (96,871,530)	\$ (100,230,101)	\$ (97,947,632)	\$ (102,596,218)	\$ (102,374,140)	\$ (107,005,967)	\$ (108,629,319)	\$ (111,747,422)
Business-Type Activities	60,283	225,471	169,422	297,635	399,344	323,244	165,764	(410,748)	109,012	304,895
Total District-Wide Net Expense	<u>\$ (94,077,627)</u>	<u>\$ (96,778,598)</u>	<u>\$ (96,702,107)</u>	<u>\$ (99,932,466)</u>	<u>\$ (97,548,289)</u>	<u>\$ (102,272,974)</u>	<u>\$ (102,208,376)</u>	<u>\$ (107,416,715)</u>	<u>\$ (108,520,307)</u>	<u>\$ (111,442,527)</u>

WESTFIELD SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years
Unaudited

Exhibit J-2
(continued)

	<u>Fiscal Year Ending June 30,</u>									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes, Levied for General Purposes, Net	\$ 86,360,677	\$ 88,967,333	\$ 91,791,272	\$ 94,193,247	\$ 96,710,506	\$ 98,644,716	\$ 101,420,397	\$ 103,448,805	\$ 105,517,781	\$ 107,628,137
Taxes Levied for Debt Service	2,551,925	2,848,413	3,201,836	2,685,543	3,459,971	3,289,272	3,329,393	2,701,644	2,666,148	1,965,995
Unrestricted Grants and Contributions	4,115,308	4,180,857	4,354,644	4,886,435	3,236,885	5,240,839	4,478,011	3,960,336	4,881,729	6,421,465
Restricted Grants and Contributions	1,906,840	2,212,314	2,163,177	2,174,893	988,965	322,393	410,349	833,695	1,161,522	829,043
Investment earnings	29,129	41,146	58,023	167,841	21,542	911,216	571,427	192,273	154,855	1,248,112
Miscellaneous Income	411,212	688,620	619,234	550,383	2,165,431	1,580,941	1,344,144	961,714	319,722	423,094
Transfers	9,135				(22,716)	(40,175)	(30,866)	(1,988,606)	500,000	
Total Governmental Activities	<u>95,384,226</u>	<u>98,938,682</u>	<u>102,188,187</u>	<u>104,658,342</u>	<u>106,560,584</u>	<u>109,949,202</u>	<u>111,522,855</u>	<u>110,109,861</u>	<u>115,201,757</u>	<u>118,515,846</u>
Business-Type Activities										
Miscellaneous Income	616	1,684	2,700	5,108		27,652	23,780	6,668	5,772	57,150
Transfers					13,485	(120,362)			(500,000)	
Total Business-Type Activities	<u>616</u>	<u>1,684</u>	<u>2,700</u>	<u>5,108</u>	<u>13,485</u>	<u>(92,711)</u>	<u>23,780</u>	<u>6,668</u>	<u>(494,228)</u>	<u>57,150</u>
Total Primary Government	<u>\$ 95,384,842</u>	<u>\$ 98,940,366</u>	<u>\$ 102,190,887</u>	<u>\$ 104,663,450</u>	<u>\$ 106,574,069</u>	<u>\$ 109,856,491</u>	<u>\$ 111,546,635</u>	<u>\$ 110,116,529</u>	<u>\$ 114,707,529</u>	<u>\$ 118,572,996</u>
Change in Net Position										
Governmental Activities	\$ 1,246,316	\$ 1,934,614	\$ 5,316,657	\$ 4,428,241	\$ 8,612,952	\$ 7,352,984	\$ 9,148,715	\$ 3,103,894	\$ 6,572,438	\$ 6,768,424
Business-Type Activities	60,898	227,155	172,122	302,742	412,828	230,533	189,544	(404,080)	(385,216)	362,045
Total District	<u>\$ 1,307,215</u>	<u>\$ 2,161,769</u>	<u>\$ 5,488,779</u>	<u>\$ 4,730,984</u>	<u>\$ 9,025,780</u>	<u>\$ 7,583,517</u>	<u>\$ 9,338,259</u>	<u>\$ 2,699,814</u>	<u>\$ 6,187,222</u>	<u>\$ 7,130,469</u>

Source: ACFR Schedule A-2.

**WESTFIELD SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**
(modified accrual basis of accounting)
Unaudited

Exhibit J-3

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted:										
Committed:	\$ 4,468,499	\$ 4,807,697	\$ 9,041,326	\$ 14,861,873	\$ 16,566,982	\$ 13,549,452	\$ 18,860,064	\$ 10,486,404	\$ 7,772,574	\$ 15,171,901
Assigned:	880,573	722,022	510,251	430,764	1,021,507	393,297	1,394,601	1,259,798	546,376	523,134
Unassigned:	308,774	3,041	653,439	163,799	105,935	357,639	1,009,492	246,682	1,000,000	1,211,813
Total General Fund	<u>\$ 6,316,899</u>	<u>\$ 6,187,358</u>	<u>\$ 10,205,016</u>	<u>\$ 16,108,943</u>	<u>\$ 18,507,355</u>	<u>\$ 16,650,384</u>	<u>\$ 23,397,658</u>	<u>\$ 16,110,132</u>	<u>\$ 15,155,015</u>	<u>\$ 20,124,864</u>
All Other Governmental Funds										
Restricted:										
Student Activities								\$ 575,747	\$ 635,619	\$ 641,149
Assigned, Reported In:										
Capital Projects Fund	\$ 658,442	\$ 353,633	\$ (1,147,567)	\$ 7,313,383	\$ 5,192,415	\$ 7,668,196	\$ 1,177,544	8,116,976	2,186,138	542,496
Debt Service Fund	<u>2</u>	<u>2</u>	<u>24,297</u>	<u>54,295</u>	<u>54,296</u>	<u>123,735</u>	<u>123,735</u>	<u>75,864</u>		
Total All Other Governmental Funds	<u>\$ 383,927</u>	<u>\$ 353,634</u>	<u>\$ (1,123,270)</u>	<u>\$ 7,367,678</u>	<u>\$ 5,246,711</u>	<u>\$ 7,791,931</u>	<u>\$ 1,301,279</u>	<u>\$ 8,768,587</u>	<u>\$ 2,821,757</u>	<u>\$ 1,183,645</u>

Source: ACFR Schedule B-1.

**WESTFIELD SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
Unaudited**

Exhibit J-4

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax levy	\$ 88,912,602	\$ 91,815,746	\$ 94,993,108	\$ 96,878,790	\$ 100,170,477	\$ 101,933,988	\$ 104,749,790	\$ 106,150,449	\$ 108,183,929	\$ 109,594,132
Tuition charges	138,397	210,478	162,071	77,540	67,437	101,757	37,005	44,542	69,571	137,424
Miscellaneous	580,277	729,765	864,554	983,213	2,380,787	2,492,157	1,977,914	1,340,942	1,582,819	3,031,913
State sources	12,845,146	14,270,874	16,116,374	18,518,748	20,114,412	24,584,827	23,946,661	28,605,095	36,384,769	37,516,973
Federal sources	1,816,326	2,196,857	1,669,836	1,729,306	1,762,026	1,803,964	1,757,887	2,560,040	3,648,554	3,298,232
Total revenue	<u>104,292,747</u>	<u>109,223,720</u>	<u>113,805,944</u>	<u>118,187,597</u>	<u>124,495,139</u>	<u>130,916,693</u>	<u>132,469,258</u>	<u>138,701,068</u>	<u>149,869,642</u>	<u>153,578,674</u>
Expenditures										
Instruction										
Regular Instruction	33,171,669	32,170,882	33,945,264	33,231,684	34,218,969	35,028,570	34,465,074	37,737,269	39,486,566	38,512,580
Special education instruction	8,076,449	8,152,638	7,980,420	8,190,781	8,354,649	9,766,996	10,021,974	8,508,910	8,470,692	8,713,862
Other special instruction	1,024,005	2,155,957	1,081,477	1,184,559	1,133,696	1,178,793	1,301,154	1,309,471	1,290,348	1,415,740
Other instruction	1,567,943	1,675,043	1,567,029	1,627,762	1,643,247	1,763,297	1,815,169	1,745,647	1,898,069	1,957,264
Support Services:										
Tuition	5,839,281	6,686,758	6,688,650	6,570,330	6,662,861	5,180,104	5,628,499	6,294,475	6,543,325	8,091,422
Student & inst. related services	11,450,450	11,684,484	12,153,419	12,458,158	13,325,341	14,134,781	14,138,354	15,634,183	16,711,229	17,214,133
General administration	3,495,703	3,575,510	3,472,539	3,613,535	3,437,646	3,430,924	3,512,032	3,620,413	3,677,432	3,748,509
School administrative services	3,708,227	3,689,079	3,932,882	3,822,747	4,066,604	4,139,435	4,470,032	4,605,815	4,824,423	4,974,412
Central services										
Admin. information technology										
Plant operations and maintenance	5,878,848	5,954,354	5,943,911	6,029,301	5,978,362	6,150,307	6,222,552	5,679,056	6,540,019	6,925,080
Pupil transportation	2,744,174	2,505,294	2,550,903	2,618,167	2,746,357	3,171,761	2,949,490	3,167,718	4,175,908	5,395,685
Employee benefits	23,663,574	26,389,347	25,200,825	27,621,203	30,408,685	35,483,009	35,066,593	41,941,168	49,605,239	48,136,338
Capital outlay	6,248,288	5,155,835	3,324,404	6,304,593	7,986,155	6,684,991	8,513,202	3,611,836	10,468,093	2,396,604
Debt service:										
Principal	2,150,000	2,236,000	2,585,000	2,750,000	3,381,000	3,435,000	3,500,000	3,116,000	3,100,000	2,350,000
Interest and other charges	765,465	918,631	838,467	650,359	874,121	680,475	608,513	543,073	480,245	415,308
Total expenditures	<u>109,784,075</u>	<u>112,949,812</u>	<u>111,265,190</u>	<u>116,673,180</u>	<u>124,217,694</u>	<u>130,228,444</u>	<u>132,212,636</u>	<u>137,515,034</u>	<u>157,271,588</u>	<u>150,246,937</u>
Excess (Deficiency) of revenues over (under) expenditures	(5,491,327)	(3,726,093)	2,540,753	1,514,417	277,444	688,249	256,622	1,186,034	(7,401,946)	3,331,737
Other Financing sources (uses)										
Proceeds from borrowing	6,916,000	6,331,360		12,600,000						
Proceeds from refunding		3,474,143		6,675,000						
Premium/Discount on Bonds Issued				320,415						
Payments to escrow agent		(6,239,243)		(6,714,957)						
Transfers in	9,135	522,017	341,140	280,859	3,694,351	7,354,924	685,825	9,249,214	3,458,401	91,026
Transfers out		(522,017)	(341,140)	(280,859)	(3,694,351)	(7,354,924)	(685,825)	(11,237,820)	(2,958,401)	(91,026)
Total other financing sources (uses)	<u>6,925,135</u>	<u>3,566,260</u>	<u>-</u>	<u>12,880,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,988,606)</u>	<u>500,000</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,433,808</u>	<u>\$ (159,833)</u>	<u>\$ 2,540,753</u>	<u>\$ 14,394,875</u>	<u>\$ 277,444</u>	<u>\$ 688,249</u>	<u>\$ 256,622</u>	<u>\$ (802,572)</u>	<u>\$ (6,901,946)</u>	<u>\$ 3,331,737</u>
Debt service as a percentage of noncapital expenditures	2.82%	2.93%	3.17%	3.08%	3.66%	3.33%	3.32%	2.73%	2.44%	1.87%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

**WESTFIELD SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED**

Exhibit J-5

(modified accrual basis of accounting)

	<u>Gate Receipts</u>	<u>Student Activities</u>	<u>Rentals</u>	<u>Interest on Deposits</u>	<u>Miscellaneous</u>	<u>Annual Totals</u>
Fiscal Year Ending June 30,						
2014	\$ 16,004	\$ 153,466		\$ 29,129	\$ 241,742	\$ 440,341
2015	12,654	145,874		41,146	225,219	424,893
2016	30,876	152,063	\$ 143,262	58,023	296,034	680,257
2017	18,766			167,841	531,617	718,224
2018	21,542	221,026	170,605	584,385	1,189,415	2,186,973
2019	12,831	339,734	113,610	911,216	1,114,766	2,492,157
2020	32,099	163,561	96,500	571,427	461,991	1,325,579
2021	1,891	142,355		192,273	438,368	774,887
2022	14,457	172,558	17,931	154,855	111,313	471,114
2023	32,308	215,085	76,954	1,248,112	72,412	1,644,871

Source: District records (Exhibit B-2).

REVENUE CAPACITY

**WESTFIELD SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 Unaudited**

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value) ^c
2014	\$ 10,233,800	\$ 1,650,848,800	-	\$ 4,200	\$ 165,809,000	\$ 1,458,500	\$ 19,074,100	\$ 1,847,428,400	-	\$ 1,620,019	\$ 1,849,048,419	\$ 4.966	\$ 7,222,845,387
2015	12,119,800	1,647,855,600	-	4,200	164,116,600	1,341,600	19,074,100	1,844,511,900	-	1,505,114	1,846,017,014	5.146	7,256,875,671
2016	13,486,700	1,652,471,400	-	4,200	162,612,000	1,341,600	19,074,100	1,848,990,000	-	1,598,256	1,850,588,256	5.235	7,526,933,842
2017	13,579,600	1,660,423,900	-	4,200	160,853,100	1,341,600	19,074,100	1,855,276,500	-	1,584,072	1,856,860,572	5.395	7,686,424,696
2018	13,162,700	1,673,761,100	-	4,200	157,854,800	1,441,600	20,306,100	1,866,530,500	-	1,564,090	1,868,094,590	5.457	7,777,752,094
2019	57,049,700	7,312,278,400	-	5,900	748,327,100	5,819,200	124,288,300	8,247,768,600	-	6,569,291	8,254,337,891	1.270	8,101,346,600
2020	66,169,800	7,307,388,600	-	5,900	753,423,800	5,819,200	119,874,800	8,252,682,100	-	6,668,594	8,259,350,694	1.286	8,116,615,626
2021	47,404,400	7,391,810,800	-	5,900	757,543,900	5,819,200	120,130,000	8,322,714,200	-	7,040,677	8,329,754,877	1.299	8,507,232,113
2022	24,125,700	7,480,524,800	-	5,900	755,730,800	5,819,200	144,543,400	8,410,749,800	\$ 1,524,880	6,912,903	8,416,137,823	1.303	9,166,366,819
2023	23,016,300	7,546,289,200	-	5,900	746,657,300	5,274,300	139,137,400	8,460,380,400	1,143,660	6,785,495	8,466,022,235	1.356	9,908,736,496

Source: District records Tax list summary & 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. Property values for 2019 and subsequent periods reflect a revaluation of taxable properties. Revaluation occurs when authorized by the Governing Body or 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
- c** Union County Abstract of Ratables, when available. Or other local sources

N/A - Not Available.

**WESTFIELD SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
Unaudited**

Exhibit J-7

(rate per \$100 of assessed value)

<u>Year Ended Dec. 31</u>	<u>Total Direct School Tax Rate</u>	<u>Town of Westfield</u>	<u>Union County</u>	<u>Total Tax Rate**</u>
2014	\$ 4.966	\$ 1.548	\$ 2.043	\$ 8.557
2015	5.146	1.577	2.126	8.849
2016	5.235	1.604	2.190	9.029
2017	5.395	1.627	2.224	9.246
2018	5.457	1.636	2.204	9.297
2019	1.270	0.371	0.509	2.150
2020	1.286	0.379	0.493	2.158
2021	1.299	0.386	0.478	2.163
2022	1.303	0.393	0.464	2.160
2023	1.356	0.506	0.447	2.309

**Excludes Special Improvement District Taxes which are levied against properties situated within this district.

Note: 2019 and subsequent tax rate reflect a 2019 revaluation of real property. See "J-6" for changes in assessed valuations.

Union County - Includes County Open Space Recreation & Historic Preservation

Source(s): District Records, Municipal Tax Collector and the Abstract of Ratables - Union County.

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.

**WESTFIELD SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND TEN YEARS AGO
Unaudited**

Exhibit J-8

Taxpayer	YEAR ENDED DEC. 31, 2023			YEAR ENDED DEC. 31, 2014		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
WYCHWOOD GARDENS	\$ 38,991,400	1	0.46%	\$		
ECHO LAKE COUNTRY CLUB	26,863,900	2	0.32%			
WESTFIELD PROPERTY OWNER, LLC	19,500,000	3	0.23%			
EAST COAST DUNCAN HILL, LLC	23,504,700	4	0.28%			
LT WESTFIELD LLC	24,862,300	5	0.30%			
WEILL, MAURICE	19,781,600	6	0.24%	N/A		
WESTFIELD MERIDIAN LLP	17,057,900	7	0.20%			
SZR WESTFIELD ASSISTED LIVING	16,849,400	8	0.20%			
ERNSTOFF, ROBERT	16,474,400	9	0.20%			
BENTLEY WESTFIELD, LLC	14,000,000	10	0.17%			
TOTAL	\$ 217,885,600		2.59%	\$		\$

SOURCE(S): MUNICIPAL TAX ASSESSOR

N/A - Not Available.

**WESTFIELD SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
Unaudited**

Exhibit J-9

Ended Dec. 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 91,815,746	\$ 91,815,746	100.00%	N/A
2015	94,993,108	94,993,108	100.00%	N/A
2016	96,878,790	96,878,790	100.00%	N/A
2017	100,170,477	100,170,477	100.00%	N/A
2018	101,933,988	101,933,988	100.00%	N/A
2019	104,749,790	104,749,790	100.00%	N/A
2020	106,150,449	106,150,449	100.00%	N/A
2021	108,183,929	108,183,929	100.00%	N/A
2022	109,594,132	109,594,132	100.00%	N/A

Source(s): Tax Collector, Town of Westfield and Annual Reports of Audit.

N/A - Not Available.

DEBT CAPACITY

**WESTFIELD SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
Unaudited**

Exhibit J-10

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b				
2014	\$ 25,353,000	\$ 25,353,000		1.433%	\$ 830
2015	26,507,000	26,507,000		1.451%	872
2016	23,922,000	23,922,000		1.318%	792
2017	33,757,000	33,757,000		1.860%	1,118
2018	30,376,000	30,376,000		1.674%	1,006
2019	26,941,000	26,941,000		1.400%	902
2020	23,441,000	23,441,000		1.153%	794
2021	20,325,000	20,325,000		1.01%	689
2022	17,225,000	17,225,000		0.78%	568
2023	14,875,000	14,875,000		0.67%	484

Source: District ACFR Schedule I-1.

a) 2017 Union County per capita income, computed by the Bureau of Economic Analysis using Census Bureau midyear population estimates.

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

WESTFIELD SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
Unaudited

Exhibit J-11

Fiscal Year Ended June 30,	GENERAL BONDED DEBT OUTSTANDING			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2014	\$ 25,353,000		\$ 25,353,000	1.37%	\$ 835
2015	26,507,000		26,507,000	1.44%	877
2016	23,922,000		23,922,000	1.29%	796
2017	33,757,000		33,757,000	1.82%	1,129
2018	30,376,000	\$ (54,296)	30,321,704	1.62%	1,018
2019	26,941,000	(123,735)	26,817,265	0.32%	909
2020	23,441,000	(123,735)	23,317,265	0.28%	783
2021	20,325,000	(75,863)	20,249,137	0.24%	686
2022	17,225,000		17,225,000	0.20%	568
2023	14,875,000		14,875,000	0.18%	484

Source(s): Town of Westfield Tax Assessor.
District Records.

a See Exhibit J-6 for Property Tax Data

b See Exhibit J-14 for Population Data

**WESTFIELD SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2022
Unaudited**

Exhibit J-12

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Town of Westfield	N/A	100.000% \$	N/A
Other Debt			
County of Union - Town's Share	N/A	10.532%	N/A
Rahway Valley Sewarge Authority - Town's Share	N/A	15.820%	N/A
Subtotal Overlapping Debt			-
Net Direct Debt of School District as at June 30, 2023			<u>14,875,000</u>
Total Direct and Overlapping Debt			\$ <u><u>14,875,000</u></u>

Source(s): Town of Westfield, Chief Financial Officer.
Union County Treasurer's Office.
Rahway Valley Sewarge Authority.

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 the businesses of Westfield. This process recognizes that when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

N/A Not available.

WESTFIELD SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 Unaudited

Exhibit J-13

Legal Debt Margin Calculation for Calendar Year 2023

	Equalized	Equalized Valuation Basis
	2021	8,116,615,626
	2022	8,514,383,789
	2023	8,416,137,623
	[A]	<u>\$ 25,047,137,038</u>
Avg Equalized Valuation of Taxable Property	[A/3]	\$ 8,349,045,679
School Borrowing Margin (4%)	[B]	333,961,827
Net Bonded School Debt (6/30/23)	[C]	<u>14,875,000</u>
Legal Debt Margin	[B-C]	<u>\$ 319,086,827</u>

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 289,534,541	\$ 290,575,027	\$ 294,519,299	\$ 299,749,036	\$ 304,663,804	\$ 310,091,292	\$ 316,106,816	\$ 321,382,811	\$ 329,493,966	\$ 333,961,827
Total Net Debt Applicable to Limit	<u>25,353,000</u>	<u>26,507,000</u>	<u>40,006,000</u>	<u>33,757,000</u>	<u>30,376,000</u>	<u>27,941,000</u>	<u>23,441,000</u>	<u>20,325,000</u>	<u>17,225,000</u>	<u>14,875,000</u>
Legal Debt Margin	<u>\$ 264,181,541</u>	<u>\$ 264,068,027</u>	<u>\$ 254,513,299</u>	<u>\$ 265,992,036</u>	<u>\$ 274,287,804</u>	<u>\$ 282,150,292</u>	<u>\$ 292,665,816</u>	<u>\$ 301,057,811</u>	<u>\$ 312,268,966</u>	<u>\$ 319,086,827</u>
Total Net Debt Applicable To The Limit As A Percentage Of Debt Limit	8.76%	9.12%	13.58%	11.26%	9.97%	9.01%	7.42%	6.32%	5.23%	4.45%

Source(s): Town of Westfield Annual Debt Statement - Town of Westfield Finance Director.

DEMOGRAPHIC AND ECONOMIC INFORMATION

**WESTFIELD SCHOOL DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS
 Unaudited**

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2014	30,464	\$ 1,709,913,856	\$ 56,129	4.70%
2015	30,351	1,797,689,730	59,230	4.20%
2016	30,209	1,850,905,430	61,270	3.50%
2017	30,035	1,877,968,410	62,526	3.20%
2018	29,899	1,944,511,364	65,036	3.10%
2019	29,780	2,032,842,360	68,262	2.80%
2020	29,512	2,014,548,144	68,262	2.40%
2021	30,316	2,199,213,588	72,543	3.60%
2022	30,754	2,230,987,422	72,543	4.20%
2023	30,539	2,531,716,773	77,007	3.70%

Source(s):

^a State of New Jersey, Department of labor and Workforce Development (Release Date 2023).

^b Personal income has been estimated based upon the municipal population and the Union County personal income presented.

^c Per Capita Data represents County of Union estimates, updated 11/16/22

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development (as of 9/27/23).

WESTFIELD SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS
 CURRENT AND TEN YEARS AGO
 Unaudited

Exhibit J-15

Employer	2023			2014		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
	UNAVAILABLE	1	0.00%	UNAVAILABLE	UNAVAILABLE	0.00%
	UNAVAILABLE	2	0.00%	UNAVAILABLE	UNAVAILABLE	0.00%
	UNAVAILABLE	3	0.00%	UNAVAILABLE	UNAVAILABLE	0.00%
	UNAVAILABLE	4	0.00%	UNAVAILABLE	UNAVAILABLE	0.00%
	UNAVAILABLE	5	0.00%	UNAVAILABLE	UNAVAILABLE	0.00%
	UNAVAILABLE	6	0.00%	UNAVAILABLE	UNAVAILABLE	0.00%
	UNAVAILABLE	7	0.00%	UNAVAILABLE	UNAVAILABLE	0.00%
	UNAVAILABLE	8	0.00%	UNAVAILABLE	UNAVAILABLE	0.00%
	UNAVAILABLE	9	0.00%	UNAVAILABLE	UNAVAILABLE	0.00%
	UNAVAILABLE	10	0.00%	UNAVAILABLE	UNAVAILABLE	0.00%
	-		0.00%	-		0.00%

N/A - Unavailable.

OPERATING INFORMATION

**WESTFIELD SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS**

Exhibit J-16

Unaudited

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Instruction										
Teachers	478	475	480	484	482	483	485	484	484	471
Classroom Aides	38	31	26	30	45	43	39	42	43	43
Support Services:										
Student & Instruction Related Services	191	189	194	190	186	196	207	190	192	191
General Administrative Services	6	6	6	6	6	6	6	6	6	7
School Administrative Services	41	41	39	39	39	39	39	39	39	32
Business Administrative Services	15	15	14	14	14	14	15	15	15	15
Admin Info Technology Services	9	8	8	8	8	9	9	9	9	9
Plant Operations and Maintenance	61	61	61	61	61	61	61	61	61	61
Total	<u>839</u>	<u>826</u>	<u>828</u>	<u>832</u>	<u>841</u>	<u>851</u>	<u>861</u>	<u>846</u>	<u>849</u>	<u>829</u>

Source(s): District Personnel Records.
 Annual Budget Supporting Documentation.

**WESTFIELD SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
Unaudited**

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2013-14	6,255	\$ 101,695,121	\$ 16,258	2.31%	478	6,193	5,973	-1.5%	96.4%
2014-15	6,266	105,676,238	16,865	3.73%	475	6,256	6,039	1.0%	96.5%
2015-16	6,320	105,812,870	16,743	-0.73%	480	6,272	6,061	0.3%	96.6%
2016-17	6,322	108,009,312	17,085	2.04%	484	6,301	6,074	0.5%	96.4%
2017-18	6,357	114,124,538	17,953	5.08%	482	6,311	6,105	0.2%	96.7%
2018-19	6,238	121,441,122	19,468	8.44%	481	6,191	5,975	-1.9%	96.5%
2019-20	6,227	120,896,781	19,415	8.15%	483	6,202	6,049	-1.7%	97.5%
2020-21	5,936	131,640,439	22,177	13.91%	483	5,928	5,843	-4.3%	98.6%
2021-22	5,829	144,478,816	24,786	27.67%	484	5,807	5,588	-6.4%	96.2%
2022-23	5,909	145,085,025	24,553	10.72%	471	5,855	5,599	-1.2%	95.6%

Source(s): District Records.

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff obtained from Budget Supporting Documentation.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**WESTFIELD SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

Exhibit J-18

Unaudited

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
BUILDING										
ELEMENTARY										
FRANKLIN [1929] [1956] [2000]										
SQUARE FEET	65,814	65,814	65,814	65,814	65,814	65,814	65,814	65,814	65,814	65,814
CAPACITY - STATE MODEL - STUDENTS	550	550	550	550	550	550	550	550	550	550
ENROLLMENT	570	575	569	584	594	580	604	541	529	532
JEFFERSON [1953] [1955] [1996]										
SQUARE FEET	47,849	47,849	47,849	47,849	47,849	47,849	47,849	47,849	47,849	47,849
CAPACITY - STATE MODEL - STUDENTS	431	431	431	431	431	431	431	431	431	431
ENROLLMENT	502	496	489	481	474	442	466	466	457	466
MCKINLEY [1906] [1931] [2000]										
SQUARE FEET	61,140	61,140	61,140	61,140	61,140	61,140	61,140	61,140	61,140	61,140
CAPACITY - STATE MODEL - STUDENTS	337	337	337	337	337	337	337	337	337	337
ENROLLMENT	344	350	353	361	348	340	353	329	332	332
TAMAQUES [1961]										
SQUARE FEET	48,350	48,350	48,350	48,350	48,350	48,350	48,350	48,350	48,350	48,350
CAPACITY - STATE MODEL - STUDENTS	430	430	430	430	430	430	430	430	430	430
ENROLLMENT	439	439	438	429	408	401	431	424	411	415
WASHINGTON [1954] [1992]										
SQUARE FEET	36,700	36,700	36,700	36,700	36,700	36,700	36,700	36,700	36,700	36,700
CAPACITY - STATE MODEL - STUDENTS	332	332	332	332	332	332	332	332	332	332
ENROLLMENT	330	326	320	330	311	309	270	283	260	263
WILSON [1935] [1963] [1996] [2000]										
SQUARE FEET	45,595	45,595	45,595	45,595	45,595	45,595	45,595	45,595	45,595	45,595
CAPACITY - STATE MODEL - STUDENTS	449	449	449	449	449	449	449	449	449	449
ENROLLMENT	385	387	394	388	371	354	347	314	319	345
LINCOLN SCHOOL [1922] [2008]										
SQUARE FEET	26,980	26,980	26,980	26,980	26,980	26,980	26,980	26,980	26,980	26,980
CAPACITY - STATE MODEL - STUDENTS	465	465	465	465	465	465	465	465	465	465
ENROLLMENT	234	313	315	300	311	300	283	247	215	267
INTERMEDIATE										
EDISON [1958] [1964]										
SQUARE FEET	124,998	124,998	124,998	124,998	124,998	124,998	124,998	124,998	124,998	124,998
CAPACITY - STATE MODEL - STUDENTS	768	768	768	768	768	768	768	768	768	768
ENROLLMENT	808	811	831	825	843	841	818	794	772	780
ROOSEVELT [1926] [1964]										
SQUARE FEET	112,890	112,890	112,890	112,890	112,890	112,890	112,890	112,890	112,890	112,890
CAPACITY - STATE MODEL - STUDENTS	683	683	683	683	683	683	683	683	683	683
ENROLLMENT	731	729	734	752	782	777	736	679	681	658
HIGH SCHOOL										
WESTFIELD HIGH SCHOOL [1950] [1906] [2002]										
SQUARE FEET	303,320	303,320	303,320	303,320	303,320	303,320	303,320	303,320	303,320	303,320
CAPACITY - STATE MODEL - STUDENTS	1,713	1,713	1,713	1,713	1,713	1,713	1,713	1,713	1,713	1,713
ENROLLMENT	1,853	1,852	1,863	1,863	1,915	1,865	1,894	1,850	1,853	1,817
OTHER										
ADMINISTRATION [1914]										
SQUARE FEET	29,410	29,410	29,410	29,410	29,410	29,410	29,410	29,410	29,410	29,410

SOURCE: DISTRICT RECORDS

NOTE: YEAR OF ORIGINAL CONSTRUCTION IS SHOWN IN PARENTHESES FOLLOWING THE NAME OF THE BUILDING. DATES, IF ANY FOR A SUBSEQUENT ADDITION ALSO FOLLOW IN PARENTHESES.

WESTFIELD SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J-19

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

School Facilities	Project # (s)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
FRANKLIN ELEMENTARY SCHOOL	N/A	\$ 76,974	\$ 85,316	\$ 71,791	\$ 84,209	\$ 75,771	\$ 74,903	\$ 71,561	\$ 64,378	\$ 78,663	\$ 80,717
JEFFERSON ELEMENTARY SCHOOL	N/A	61,561	53,323	50,375	54,128	56,965	51,959	82,148	72,977	57,191	58,685
LINCOLN ELEMENTARY SCHOOL	N/A	46,118	31,994	37,072	34,802	33,689	41,116	44,675	30,190	32,248	33,089
MCKINLEY ELEMENTARY SCHOOL	N/A	80,413	74,652	79,896	93,323	69,224	70,831	64,098	66,222	73,077	74,986
TAMAQUES ELEMENTARY SCHOOL	N/A	52,039	63,987	46,449	50,364	50,022	54,558	44,557	47,277	57,790	59,299
WASHINGTON ELEMENTARY SCHOOL	N/A	70,226	42,658	44,968	53,168	80,267	60,822	44,099	38,639	43,864	45,010
WILSON ELEMENTARY SCHOOL	N/A	51,210	53,323	45,743	62,170	47,389	44,637	57,136	88,365	95,475	55,921
EDISON INTERMEDIATE SCHOOL	N/A	197,300	149,304	120,102	134,347	130,929	151,442	124,974	129,150	144,118	153,305
ROOSEVELT INTERMEDIATE SCHOOL	N/A	148,406	138,639	121,955	123,993	124,343	139,627	138,299	124,232	134,930	138,453
WESTFIELD HIGH SCHOOL	N/A	363,723	373,258	324,970	317,569	313,681	355,399	316,957	324,952	359,594	400,056
ADMINISTRATION BUILDING	N/A	84,429		55,651	51,801	46,228	33,066	35,291	45,420		
GRAND TOTAL		\$ 1,232,399	\$ 1,066,454	\$ 998,972	\$ 1,059,874	\$ 1,028,508	\$ 1,078,360	\$ 1,023,795	\$ 1,031,802	\$ 1,076,950	\$ 1,099,521

SOURCE: DISTRICT RECORDS.

WESTFIELD SCHOOL DISTRICT
INSURANCE SCHEDULE
As of 6/30/2023
UNAUDITED

Commercial Package Policy - New Jersey Schools Insurance Group (NJSIG)	COVERAGE	DEDUCTIBLE
Real & Personal Property (per occurrence)	\$500,000,000	\$5,000
Blanket Extra Expense	\$50,000,000	\$5,000
Blanket Valuable Paper & Records	\$10,000,000	\$5,000
Demolition & Increased Cost of Construction	\$25,000,000	
Limited Builders Risk	\$10,000,000	
Fire Dept. Service Charge	\$10,000	
Arson Reward	\$10,000	
Pollution Cleanup & Removal	\$250,000	
Flood/Earthquake:		
Flood Zone A & V	\$25,000,000	\$500,000
All Other Flood Zones	\$75,000,000	\$10,000
Earthquake	\$50,000,000	\$1,000
Terrorism	\$1,000,000	
Electronic Data Processing:		
Blanket Hardware/Software, Extra Expense, Business Income, Transit, Debris Removal	\$1,000,000	\$1,000
Flood (Deductible for Zone A & Z)		\$500,000
(Deductible All Other Flood Zones)		\$10,000
Equipment Breakdown		
Combined Single Limit/Accident for Property Damage & Business Income	\$100,000,000	\$5,000
Property Damage	Included	\$5,000
Off Premises Property Damage	\$1,000,000	\$5,000
Extra Expense	\$10,000,000	\$5,000
Service Interruption	\$10,000,000	\$5,000
Perishable Goods	\$1,000,000	\$5,000
Data Restoration	\$1,000,000	\$5,000
Demolition	\$1,000,000	\$5,000
Ordinance or Law	\$1,000,000	\$5,000
Expediting Expense	\$1,000,000	\$5,000
Hazardous Substances	\$1,000,000	\$5,000
Newly Acquired Locations - 120 Days Notice	\$1,000,000	\$5,000
Crime Coverage:		
Public Employee Dishonesty	\$1,000,000	\$1,000
Theft, Disapp. & Destruction/Money Orders & Counterfeit Currency	\$50,000	\$500
Forgery or Alteration	\$1,000,000	\$1,000
Computer Fraud	\$100,000	\$1,000
Public Officials Bond		
Board Secretary - D Sullivan (Selective Ins Co)	\$438,000	\$0
General Liability:		
Bodily Injury & Property Damage	\$31,000,000	
Products & Completed Operations	\$31,000,000	
Sexual Abuse	\$27,000,000	
Personal Injury & Advertising Injury	\$31,000,000	
Employee Benefits Liability	\$31,000,000	\$1,000
Premises Medical Payments	\$10,000 per accident \$5,000 per person	
Terrorism	\$1,000,000	
Automotive Coverage:		
Combined Single Limit for Bodily Injury & Property Damage	\$31,000,000	\$1,000 coll/comp
Personal Injury Protection	\$250,000	
Medical Payments	\$10,000	
Underinsured	\$1,000,000	
Terrorism	\$1,000,000	
Garagekeepers	Included	
School Leaders Errors & Omissions		
Coverage A - protection againsts "loss"/Wrongful Acts	\$31,000,000	\$25,000
Coverage B - defense costs for specific administrative actions	\$100,000	\$25,000
	\$300,000	\$25,000
Retro Date	7/1/1986	
Workers' Compensation		
Part One	Statutory	
Part Two		
Bodily Injury by Accident	\$2,000,000	
Bodily Injury by Disease	\$2,000,000	
Environmental Impairment (Mold)		
Philidelphia Ins Co	\$1,000,000	\$10,000
Travel Accident Insurance		
ACE USA	\$1,000,000	
Student Accident		
US Fire/Chubb	\$7,500,000	
Cyber Liability		
AIG Specialty	\$1,000,000	\$100,000

SINGLE AUDIT SECTION
SECTION - K

**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

**Honorable President and Members
of the Board of Education
Westfield School District
Westfield, New Jersey**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Westfield School District, in the County of Union, New Jersey (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 4, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

PKF O'CONNOR DAVIES, LLP

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**Honorable President and Members
of the Board of Education
Westfield School District**

Page 2

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

PKF O'Connor Davies, LLP

Cranford, New Jersey
December 4, 2023

Scott A. Clelland

Scott A. Clelland, CPA
Licensed Public School Accountant No. 1049

**Report on Compliance for Each Major Federal and State
Program and Report on Internal Control Over Compliance Required
by the Uniform Guidance and NJ OMB Circular 15-08**

Independent Auditors' Report

**Honorable President and Members
of the Board of Education
Westfield School District
Westfield, New Jersey**

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Westfield School District's, in the County of Union, New Jersey (the "District") compliance with the types of compliance requirements described 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 year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey 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 OMB Circular 15-08 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

PKF O'CONNOR DAVIES, LLP

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**Honorable President and Members
of the Board of Education
Westfield School District**

Page 2

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.

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 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. Non-compliance 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 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 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.

**Honorable President and Members
of the Board of Education
Westfield School District**

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We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Cranford, New Jersey
December 4, 2023

Scott A Clelland

Scott A. Clelland, CPA
Licensed Public School Accountant No. 1049

WESTFIELD SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Federal FAIN Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance	Cash Received	Budgetary Expenditures	Adjustments	Passed Through to Subrecipients	Balance
				From	To		June 30, 2022					June 30, 2023
							Unearned Revenue/ (Accounts Receivable)					Unearned Revenue/ (Accounts Receivable)
General Fund:												
U.S. Department of Education												
Passed through State Department of Education:												
Medical Assistance Program (SEMI)	93.778	2305NJ5MAP	100-054-7540-211	7/1/22	6/30/23	\$ 53,373	\$	\$ 53,373	\$ (53,373)	\$	\$	\$
Medical Assistance Program (FFCRA/SEMI)	93.778	2305NJ5MAP	100-054-7540-211	7/1/22	6/30/23	3,627		3,627	(3,627)			
								57,000	(57,000)			
U.S. Department of Homeland Security												
Passed through New Jersey State Police:												
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	N/A	7/1/20	6/30/23	469,633		469,633	(469,633)			
Total General Fund												
								526,633	(526,633)			
Special Revenue Fund:												
U.S. Department of Education												
Passed through State Department of Education:												
Special Education Cluster:												
IDEA Special Education Grants to States	84.027	H027A200100	034-5065-100-016	7/1/22	9/30/23	1,539,333		1,454,201	(1,509,019)			(54,818)
IDEA Special Education Grants to States	84.027	H027A200100	034-5065-100-016	7/1/21	9/30/22	1,474,479	(200,782)	223,619	(22,837)			
IDEA Preschool Grants for Children with Disabilities	84.173	H173A200114	034-5065-100-020	7/1/22	9/30/23	66,732		57,135	(62,154)			(5,019)
IDEA Preschool Grants for Children with Disabilities	84.173	H173A200114	034-5065-100-020	7/1/21	9/30/22	60,163	(1,951)	1,951				
COVID-19 American Rescue Plan IDEA Special Education	84.027X	H027A200100	034-5065-100-016	7/1/21	9/30/22	280,068	(24,310)	32,059	(7,749)			
COVID-19 American Rescue Plan IDEA Preschool Grants for Children with Disabilities	84.173X	H173A200114	034-5065-100-020	7/1/21	9/30/22	23,922	(2,885)	8,181	(5,296)			
Subtotal of Special Education Cluster:							(229,928)	1,777,146	(1,607,055)			(59,837)
No Child Left Behind (NCLB):												
Title I, Part A, Grants to Local Educational Agencies	84.010A	S010A210030	034-5064-100-194	7/1/22	9/30/23	247		247	(247)			
Title I, Part A, Grants to Local Educational Agencies	84.010A	S010A220030	034-5064-100-194	7/1/21	9/30/22	146,219	(65,272)	65,272	(247)			
Title I Part A Subtotal:							(65,272)	65,519	(247)			
Title II A, Improving Teacher Quality State Grants	84.367A	S367A210029	034-5063-100-290	7/1/22	9/30/23	88,330		47,304	(86,784)			(39,480)
Title II A, Improving Teacher Quality State Grants	84.367A	S367A220029	034-5063-100-290	7/1/21	9/30/22	85,893	(37,178)	37,178				
Title II A Subtotal:							(37,178)	84,482	(86,784)			(39,480)
Title III English Language Acquisition Grants	84.365A	S365A210030	NCLB-21	7/1/22	9/30/23	14,845		11,889	(13,824)			(1,935)
Title III English Language Acquisition Grants	84.365A	S365A220030	NCLB-22	7/1/21	9/30/22	21,743	(5,914)	9,185	(3,271)			
Title III, Supplemental Immigrant Student Aid	84.365A	S365A210030	NCLB-22	7/1/21	9/30/22	2,341	(241)	241				
Title III Subtotal:							(6,155)	21,315	(17,095)			(1,935)
Title IV	84.424	S424A200031	034-5063-100-348	7/1/22	9/30/23	17,090		10,613	(16,365)	467		(5,285)
Title IV	84.424	S424A210031	034-5063-100-348	7/1/21	9/30/22	10,625	(6,200)	6,925	(725)			
Title IV Subtotal:							(6,200)	17,538	(17,090)	467		(5,285)
Elementary and Secondary School Emergency Relief (ESSER):												
COVID-19 - CARES ESSER II	84.425D	S425D210027	21-5120-513	3/13/2020	9/30/23	552,746	(172,731)	190,701	(24,570)			(6,600)
COVID-19 - CARES ESSER III	84.425U	S425U210027	21-5120-513	3/13/2020	9/30/24	1,673,543	(372,327)	995,463	(628,491)			(5,355)
Subtotal of ESSER Cluster							(545,058)	1,186,164	(653,061)			(11,955)
U.S. Department of the Treasury												
Passed through State Department of Education:												
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (ACSERS)	21.027	N/A	N/A	7/1/2022	6/30/23	366,267		199,336	(366,267)			(166,931)
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (ACSERS)	21.027	N/A	N/A	7/1/2021	6/30/22	72,607	(72,607)	72,607				
Total U.S. Department of the Treasury							(72,607)	271,943	(366,267)			(166,931)
Total Special Revenue Fund												
							(962,398)	3,424,107	(2,747,599)	467		(285,423)
TOTAL FEDERAL AWARDS							\$ (962,398)	\$ 3,950,740	\$ (3,274,232)	\$ 467	\$	\$ (285,423)

Footnote(s):

N/A - Not Available

The accompanying notes to schedules of expenditures of federal awards and state financial assistance are an integral part of this statement.

**WESTFIELD SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Schedule - B
Exhibit K - 4

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NO.	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2022				BALANCE AT JUNE 30, 2023			MEMO												
				GAAP DEF.REV./ (ACCTS.REC.)	MEMO BUDGETARY (ACCTS. REC.)	DUE TO GRANTOR	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEAR'S BALANCES	(ACCTS.REC.)	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES										
General Fund																							
State Department of Education:																							
Special Education Categorical Aid	495-034-5120-089	\$ 4,501,010	7/1/21-6/30/22	\$	\$ (438,433)	\$	\$ 438,433	\$	\$	\$	\$	\$ (4,501,010)											
Special Education Categorical Aid	495-034-5120-089	5,570,103	7/1/21-6/30/23				5,019,946	(5,570,103)				(5,570,103)											
Categorical Transportation Aid	495-034-5120-014	575,681	7/1/21-6/30/22		(56,076)		56,076					(575,681)											
Categorical Transportation Aid	495-034-5120-014	575,681	7/1/22-6/30/23				518,821	(575,681)			(56,860)	(575,681)											
Security Aid	495-034-5120-084	437,833	7/1/21-6/30/22		(42,648)		42,512					(437,833)											
Security Aid	495-034-5120-084	437,833	7/1/22-6/30/23				394,588	(437,833)		(43,245)		(437,833)											
Lead Testing for Schools Aid	495-034-5120-104	5,313	7/1/21-6/30/22		(5,313)		5,313					(5,313)											
Extraordinary Aid	100-034-5120-473	2,618,038	7/1/21-6/30/22		(2,618,038)		2,618,038					(2,026,585)											
Extraordinary Aid	100-034-5120-473	2,454,237	7/1/22-6/30/23					(2,454,237)		(2,454,237)		(2,454,237)											
Non-Public Transportation	495-034-5120-014	101,500	7/1/21-6/30/22		(101,500)		101,500					(91,060)											
Non-Public Transportation	495-034-5120-014	107,952	7/1/22-6/30/23					(107,952)		(107,952)		(107,952)											
T.P.A.F. Social Security Aid	495-034-5095-003	3,733,995	7/1/21-6/30/22		(183,281)		183,281					3,733,995											
T.P.A.F. Social Security Aid	495-034-5095-003	3,801,428	7/1/22-6/30/23				3,801,428					(3,801,428)											
On-behalf T.P.A.F. Pension Contribution	495-034-5095-002	18,540,830	7/1/22-6/30/23					(18,540,830)				(18,540,830)											
On-behalf T.P.A.F. Post Retirement Medical	495-034-5095-001	4,870,632	7/1/22-6/30/23					(4,870,632)				(4,870,632)											
On-behalf T.P.A.F. LTDI Premiums	495-034-5094-004	6,189	7/1/22-6/30/23					(6,189)				(6,189)											
Total General Fund					(2,908,132)		13,179,936	(36,364,885)		(2,562,189)		(650,282)	(40,268,372)										
Special Revenue Fund																							
State Department of Education:																							
SDA Emergent Needs	N/A	143,049	7/1/22-6/30/23				143,049	(143,049)				(143,049)											
Climate Change Education Grants to Schools	N/A	6,660	7/1/22-6/30/23				6,660	(6,660)				(6,660)											
N.J. Nonpublic Aid:																							
Textbook Aid	100-034-5120-064	33,594	7/1/22-6/30/23				33,594	(25,674)		7,920		(25,674)											
Textbook Aid	100-034-5120-064	25,867	7/1/21-6/30/22			3,995			(3,995)														
Auxiliary Services:																							
Compensatory Education	100-034-5120-067	83,511	7/1/22-6/30/23				83,511	(83,314)		197		(83,314)											
Compensatory Education	100-034-5120-067	70,858	7/1/21-6/30/22			179			(179)														
Home Instruction	100-034-5120-067	1,037	7/1/21-6/30/22		(1,037)		1,037																
English As A Second Language	100-034-5120-067	1,002	7/1/22-6/30/23				1,002			1,002													
English As A Second Language	100-034-5120-068	639	7/1/21-6/30/22																				
Handicapped Services:																							
Supplementary Instruction	100-034-5120-066	41,300	7/1/22-6/30/23				41,300	(25,452)		15,848		(25,452)											
Supplementary Instruction	100-034-5120-066	30,562	7/1/21-6/30/22																				
Examination & Classification	100-034-5120-066	51,371	7/1/22-6/30/23				51,371	(44,927)		6,444		(44,927)											
Examination & Classification	100-034-5120-066	38,490	7/1/21-6/30/22			380			(380)														
Corrective Speech	100-034-5120-066	29,760	7/1/22-6/30/23				29,760	(26,472)		3,288		(26,472)											
Corrective Speech	100-034-5120-066	23,064	7/1/21-6/30/22			3,534			(3,534)														
Nursing Services	100-034-5120-070	57,008	7/1/22-6/30/23				57,008	(42,853)		14,155		(42,853)											
Nursing Services	100-034-5120-070	46,368	7/1/21-6/30/22			9,519			(9,519)														
Technology Initiative	100-034-5120-373	21,378	7/1/22-6/30/23				21,378	(18,579)		2,799		(18,579)											
Technology Initiative	100-034-5120-373	18,102	7/1/21-6/30/22			1,692			(1,692)														
Nonpublic Security	100-034-5120-509	104,345	7/1/22-6/30/23				104,345	(54,290)		50,055		(54,290)											
Nonpublic Security	100-034-5120-509	75,425	7/1/21-6/30/22			49,211			(49,211)														
Total Special Revenue Fund					(1,037)		68,510	574,015	(471,270)	(68,510)		101,708	(471,270)										
Debt Service Fund																							
State Department of Education:																							
Debt Service Aid	495-034-5120-017	799,313	7/1/22-6/30/23	\$	\$	\$	\$ 799,313	\$ (799,313)	\$	\$	\$	\$ (799,313)											
Total Debt Service Fund							799,313	(799,313)				(799,313)											
Capital Projects Fund																							
State Department of Education:																							
SDA Alyssa's Law School Security Grant	20E00312	353,018	7/1/20-6/30/23		(64,668)		94,398	(29,730)				(353,018)											
Total Capital Projects Fund					(64,668)		94,398	(29,730)				(353,018)											
Total State Financial Assistance				\$	(2,973,837)	\$	(537,157)	\$	68,510	\$	14,647,662	\$	(37,665,198)	\$	(68,510)	\$	(2,562,189)	\$	101,708	\$	(650,282)	\$	(41,891,973)

Pursuant to the directive of the New Jersey State Department of Education, on-behalf payments for T.P.A.F. Pensions, Post-Retirement Medical and Non-Contributory Insurance are excluded from the scope of the State Single Audit and are not considered when determining Type A or Major Programs under NJOMB Circular 15-08.

Reconciliation:

Budgetary Expenditures					\$	37,665,198
Less:						
On-behalf T.P.A.F. Pension Contribution	495-034-5095-002	18,540,830	7/1/22-6/30/23			(18,540,830)
On-behalf T.P.A.F. Post Retirement Medical	495-034-5095-001	4,870,632	7/1/22-6/30/23			(4,870,632)
On-behalf T.P.A.F. LTDI Premiums	495-034-5094-004	6,189	7/1/22-6/30/23			(6,189)
Amount Subject to State Single Audit					\$	14,247,547

The accompanying notes to schedules of expenditures of federal awards and state financial assistance are an integral part of this statement.

WESTFIELD SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
JUNE 30, 2023

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Westfield School District (District). All federal and state awards received directly from federal and state agencies, as well as federal awards and state assistance passed through other government agencies are included on the schedule of expenditures of federal awards and state financial assistance. The District is defined in Note 1 to the District's basic financial statements.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules are presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented, or used in the preparation of, the basic financial statements. The District did not allocate any indirect costs to any of its federal and/or state financial awards/assistance programs during the 2022-2023 school year.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the District's basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements and 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 fiscal 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 state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A: 22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund accompanying schedules agree with amounts reported in the District's general-purpose financial statements. The general-purpose financial statements present the special revenue fund on both a GAAP basis and a budgetary basis. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also

**WESTFIELD SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
JUNE 30, 2023**

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd.)

recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A: 22-44.2.

The adjustment to reconcile from budgetary basis due to grantor to GAAP basis intergovernmental payable is \$6,459 for the special revenue fund. This is a result of recognizing encumbrances as expenditures on the budgetary basis but not on the GAAP basis.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(113,104) for the general fund and \$(122,245) for the special revenue fund. See note to required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3). Federal and State award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	\$ 526,633	\$ 36,251,781	\$36,778,414
Special Revenue Fund	2,771,599	436,149	3,207,748
Capital Projects Fund		29,730	29,730
Debt Service Fund		799,313	799,313
Total financial award revenues	<u>\$ 3,298,232</u>	<u>\$ 37,516,973</u>	<u>\$ 40,815,205</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

TPAF Pensions Contributions, Post-Retirement Medical, and Long Term Disability Benefits represents the amount paid by the state on behalf of the District for the year ended June 30, 2023. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2023.

The post-retirement pension, medical and disability insurance benefits received on behalf of the District for the year ended June 30, 2023 amounted to \$23,417,651. Since on-behalf post retirement pension, medical and disability insurance benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey

**WESTFIELD SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
JUNE 30, 2023**

NOTE 5. OTHER (Cont'd.)

OMB Circular 15-08, however they are reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

NOTE 6. INDIRECT COSTS

The District did not use the 10% de minimis indirect cost rate.

**WESTFIELD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section 1 - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal Control over financial reporting:

1) Material weakness(es) identified? _____ Yes X No

2) Significant Deficiency(s) identified that are not considered to be material weaknesses? _____ Yes X None Reported

Noncompliance material to basic financial statements noted? _____ Yes X No

Federal Awards

Internal Control over major programs:

1) Material weakness(es) identified? _____ Yes X No

2) Significant Deficiency(s) identified that are not considered to be material weaknesses? _____ Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR-200.516(a)? _____ Yes X No

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>FAIN Numbers</u>	<u>Name of Federal Program or Cluster</u>
		<u>Education Stabilization Fund ESSER:</u>
84.425D	S425D210027	COVID-19 - CARES ESSER II
84.425U	S425U210027	COVID-19 - CARES ESSER III
21.027	N/A	COVID-19 Coronavirus State and Local Fiscal Recovery Funds (ACSERS)

Dollar threshold used to distinguish between Type A and B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes _____ No

**WESTFIELD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section 1 - Summary of Auditors' Results (cont'd)

State Financial Assistance

Dollar threshold used to distinguish between Type A and B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes No

Type of auditor's report issued on compliance for major programs: Unmodified

Internal Control over major programs:

1) Material weakness(es) identified? Yes X No

2) Significant Deficiency(s) identified that are not considered to be material weaknesses? Yes X None Reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08 Yes X No

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program or Cluster</u>
495-034-5120-017	Debt Service Aid
100-034-5120-473	Extraordinary Aid

**WESTFIELD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section II - Schedule of Financial Statement Findings

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance related to the general-purpose financial statements that are required to be reported in accordance with chapter 5.18 of *Government Auditing Standards*.

Significant Deficiency(ies)/Material Weaknesses

None Noted.

Noncompliance

None Noted.

Section III - Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by the Uniform Guidance and New Jersey OMB's Circular 15-08.

Federal Award Programs:

Significant Deficiency(ies)/Material Weaknesses

None Noted.

Noncompliance

None Noted.

State Financial Assistance Programs:

Significant Deficiency(ies)/Material Weaknesses

None Noted.

Noncompliance

None Noted.

SUMMIT PUBLIC SCHOOLS



**Summit Public Schools
Summit, New Jersey**

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023**

**Annual Comprehensive
Financial Report**

of the

**Summit
Public Schools**

Summit, New Jersey

For the Fiscal Year Ended June 30, 2023



Prepared by

**Summit Public Schools
Board Office**

Finance Department

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INTRODUCTORY SECTION
(UNAUDITED)



SUMMIT PUBLIC SCHOOLS

Board of Education • 14 Beekman Terrace • Summit New Jersey 07901-1702 • 908-273-3025

Derek J. Jess, RSBA, School Business Administrator/Board Secretary

December 4, 2023

The Honorable President and Members of
the Board of Education and Citizens
Summit Public Schools
County of Union, New Jersey

Dear Board Members and Citizens:

It is with pleasure that we submit the Annual Comprehensive Financial Report (ACFR) of the Summit Public Schools (the "District") for the fiscal year ended June 30, 2023. 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 and a list of principal officials. 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 financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 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.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The transmittal letter is designed to be read in conjunction with the MD&A. The MD&A section provides an overview of factors that impact the District's financial position.

1) **REPORTING ENTITY AND ITS SERVICES:** The Summit Public Schools 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 Summit Public Schools District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular as well as special education for impaired and disabled students.

2) ENROLLMENT: The District completed the 2022-2023 school year with an enrollment of 3,978 students, representing an increase of 0.20% or 79 students more compared to the previous year's enrollment.

3) SCHOOLS BUILDINGS AND CAPITAL IMPROVEMENTS: The District's buildings were built in the following years: Brayton (1911), Franklin (1927), Jefferson (1931), Jefferson Primary (2008), Lincoln-Hubbard (1953), Washington (1922), Wilson Primary Center (2008), Lawton C. Johnson Summit Middle School (1922) and Summit High School (1962).

4) ECONOMIC CONDITION AND OUTLOOK: Summit, a Union County treasure, has over 22,000 residents comprised of an international group speaking 40 languages with a broad economic and ethnic cross-section, largely mirroring the makeup of the nation as a whole. This tree-dense suburban community is nestled in the hills of the Watchung Reservation with six square miles of broken hills at a 450-foot elevation. The City of Summit sits above Springfield, to the east of Millburn, and just northwest, Chatham joins Summit to pinch the broad valley of the Passaic River.

The landscape has had a definite influence in the development of Summit. Summit Housing is available to all levels of income including subsidized housing for senior citizens, and low- and middle-income families. Summit is a family-oriented residential community with light industry. Many Summit settlers and current residents have attributed significantly to the world's business, industrial and government affairs. More importantly, their relentless dedication for volunteerism has made the Summit community a leader in civic mindedness.

The governing body has sought out experts on economics, communications, education, government administration, physical and mental health, recreation, social planning, transportation and safety, all adding to the great growth of Summit, then and now.

Major Transportation Hub – With rail and bus links to Newark and Manhattan, Routes 24 and 78 and the Garden State Parkway and Newark-Liberty International Airport, commuters find this thriving community a perfect place to settle. The Summit Train Station has the Mid-Town Direct train -a less than 30-minute ride - from Summit to Penn Station. The City of Summit has numerous parking garages and lots supplying ample parking for resident commuters and downtown employees.

Summit Grows with the Times – State-of-the-Art Downtown - In 1925, way ahead of its time, Summit was the first city to bury utility wires underground. In 2000, the city's downtown business district underwent a complete utility infrastructure and beautification project. Upgrade of underground utility wiring, widening of sidewalks for pedestrian traffic, improved street and sidewalk lighting, festive space for markets and special events with street-lined trees and seasonal plantings. Summit recognizes the importance of the downtown business district to the overall quality of life in the community. The project cost over 4 million dollars with more than 50% funding acquired from state, county grants and zero-interest loans. Summit's Downtown Business District is a tapestry of retail and commercial businesses with an abundance of specialty and gift shops, clothing stores, home furnishings, restaurants, bakeries, fine wine outlets, movie theatre and ample parking all within short walking distances.

Education Remains a Priority – Each year, the graduating class of Summit High School, Summit, New Jersey, is profiled extensively, summarizing postsecondary plans, performance on national tests, college placements, employment plans and demographic information on the members of the class.

4) ECONOMIC CONDITION AND OUTLOOK (Cont'd):

For the Class of 2023, several points are noteworthy:

During the 2022-2023 school year, students enrolled in AP courses were required to take the AP exam in that course. There were 642 exams taken by 407 students in May 2023. This year we had 370 students earn a score of 3 or better on at least one of their AP Exams (90.9%).

There were 197 students identified for their excellent performance on AP exams. 74 students earned the honor of AP Scholar (average AP score of 3.38). These students earned a score of 3 or higher on three or more AP exams during their time in high school.

34 students were recognized as an AP Scholar with Honors (average AP score of 3.25). These students earned a score of 3 or higher on four or more AP exams.

89 students were recognized as AP Scholars with Distinction (average AP score of 3.5) for earning a score of 3 or higher on five or more AP exams.

The percent of students pursuing further education (91.6%).

- 86.2 attending four-year institutions and 6.34% are attending two-year institutions.
- The performance on SAT testing remained significantly above state and national levels.

Summit's public education system includes two Primary Center Facilities, Jefferson and Wilson, which house students in grades Pre-K and K and were opened to the community in the 2008-09 school year to accommodate increased enrollment growth.

In addition, the district contains five elementary schools (Brayton, Franklin, Jefferson, Lincoln Hubbard and Washington) which house students in grades 1 – 5; Lawton C. Johnson Summit Middle School, which houses students in grades 6-8 and Summit High School, which houses students in grades 9-12 and rounds out the complement of nine schools providing a top-rated education and state-of-the-art school facilities for Summit's children.

5) MAJOR INITIATIVES: During the 2022-23 school year, all elementary schools received updated STEAM Innovation labs and an expanded Science curriculum with a focus on STEAM to ensure that our students have access to the most recent innovations, ideas, and materials to foster critical thinking, imagination and to show students what is available to them. STEAM education offers students one of the best opportunities to make sense of the world holistically rather than in bits and pieces. STEAM education removes the traditional barriers erected between the four disciplines and integrates them into one cohesive teaching and learning paradigm.

During the 2022-23 school year, the district will embark on a \$37,429,555 bond project which will enhance the districts educational programs at the high school and middle school levels. The project will encompass an addition at the Lawton C. Johnson Summit Middle School which will house new STEAM Innovation Labs, a new industrial arts lab, a student wellness center, an expanded cafeteria and new kitchen, new learning labs and enhanced security area, renovated and realignment of existing classrooms, the installation of HVAC throughout the building and a renovation of the athletic field and track. At Summit High School, a new addition will be constructed to house new STEAM Innovation Labs, as well as the TV studio, additional learning and collaboration spaces.

5) MAJOR INITIATIVES (Cont'd): The existing media center will be renovated and the lower high school athletic field will be renovated to include a multi-use turf field and a new fence/façade fronting Morris Avenue. Tatlock Field House will receive a face-lift to include additional spaces for use by district athletic teams, gym classes and the community. The last part of the bond project will be the installation of new windows and lintels at Brayton Elementary School's original wing. Upon completion of this project, Summit Public Schools will cement its place at the forefront of education in the State of New Jersey.

6) 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 major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

7) ACCOUNTING SYSTEM BUDGETARY CONTROLS: The 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 District's accounting records include an expanded minimum chart of accounts using dimensions to define area and location. Board approval for most budgetary transfers is required at the state minimum level, which is the dimension object within program. Additional approval from the New Jersey State Department of Education is required in the case of General Fund transfers from instructional to non-instructional accounts, any transfer to capital outlay from current expense except for equipment, transfers from unassigned fund balance, and all transfers that on a cumulative basis exceeds 10% of the advertised appropriation as established by the New Jersey Department of Education, Division of Finance.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2023.

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

The District's budget is developed annually by the administration with input from all stakeholders in the District. Once compiled, it is presented to the District's Board of Education and the New Jersey Department of Education's Executive County Superintendent of Schools in March of each year. It is then advertised for public input and a budget hearing is scheduled. Public comment at the hearing may result in modifications. The final budget must be posted to the District's website forty-eight hours after the public hearing.

7) ACCOUNTING SYSTEM BUDGETARY CONTROLS (Cont'd): In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the 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.

8) 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.

9) DEBT ADMINISTRATION: Summit is a Type I school district, a component unit of the City of Summit. All school debt is reflected in the city's budget.

10) 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.

11) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds. Workers' compensation insurance coverage is provided, in conjunction with a group of other school districts, through a joint insurance fund. A schedule of insurance coverage is found on Exhibit J-20.

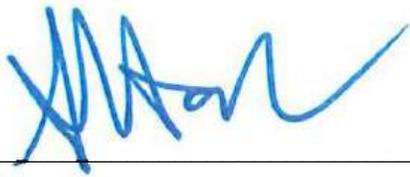
12) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia, LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, 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*, 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 are included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

13) AWARDS AND ACKNOWLEDGMENTS: The Association of School Business Officials (ASBO) awarded a Certificate of Achievement and Excellence in Financial Reporting to the Summit Public Schools for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. This was the eleventh straight year that the District has received this prestigious award. In order to be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized ACFR. This report satisfied both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

The Honorable President and Members of
the Board of Education
Summit Public Schools
Page 6
December 4, 2023

We would like to express our appreciation to the members of the District's 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,

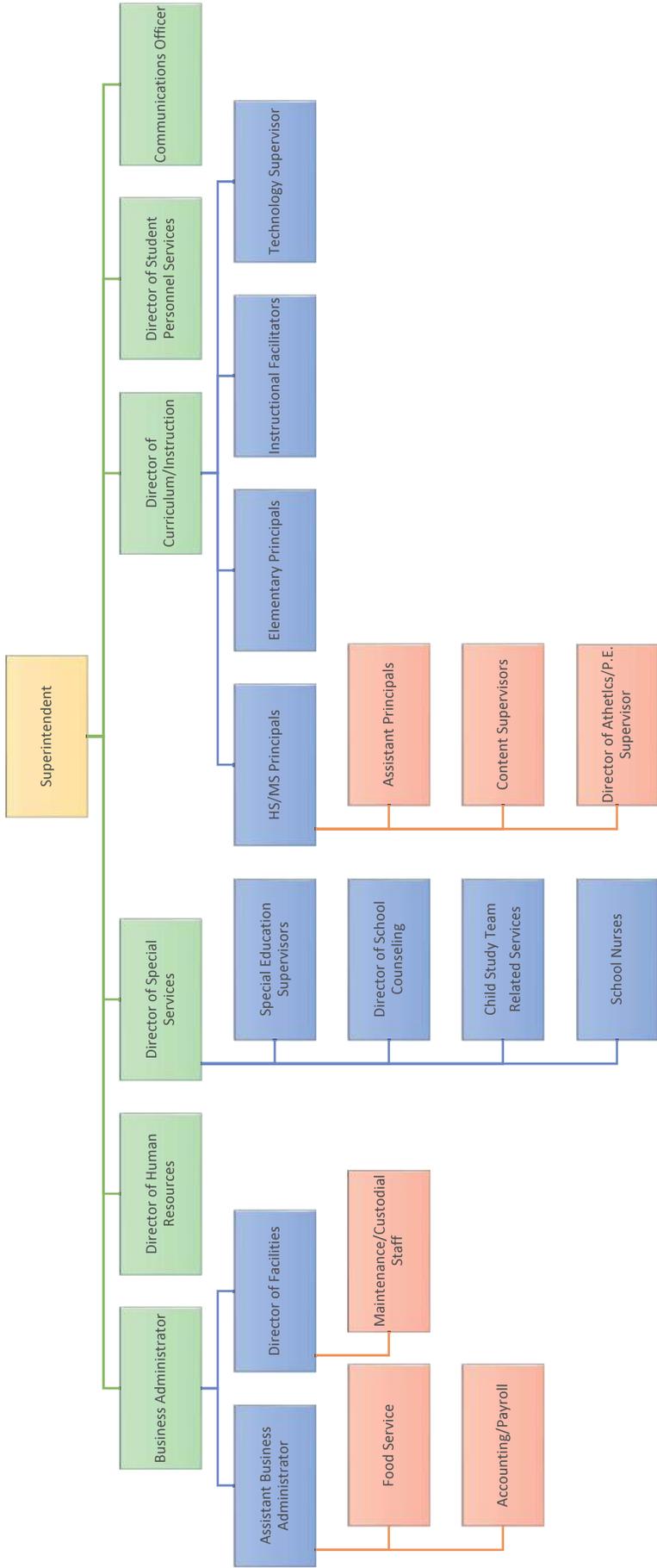


Scott Hough
Superintendent of Schools



Derek J. Jess
Business Administrator/Board Secretary

Summit Public Schools
Operational Organization



**SUMMIT PUBLIC SCHOOLS
ROSTER OF OFFICIALS
JUNE 30, 2023**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Yon Cho, President	2026
Walidah Justice, Vice President	2024
Melanie Cohn	2024
Michael Colón	2024
Jennifer Erday	2025
Eileen P. Kelly	2026
Kelly Stanton	2025

Other Officers

Title

Mr. Scott Hough	Superintendent of Schools
Mr. Derek J. Jess	School Business Administrator/Board Secretary
Mrs. Kathy Sarno, CPA	Assistant School Business Administrator
Ms. Tammie Baldwin	Treasurer of School Monies

SUMMIT PUBLIC SCHOOLS

Consultants and Advisors

Audit Firm

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Mount Arlington, NJ 07856-1320

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Cornell, Merlino, McKeever & Osborne, LLC
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Westfield, NJ 07090

Architects of Record

EI Associates
8 Ridgedale Avenue
Cedar Knolls, NJ 07927

Parette Somjen Architects, LLC
439 Route 46 East
Rockaway, NJ 07866

Official Depository

Citizens Bank
51 JFK Parkway
Short Hills, NJ 07078



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

City of Summit Public Schools

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style.

John W. Hutchison
President

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style.

Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Summit Public Schools
County of Union, 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 Summit Public Schools (the “District”), in the County of Union, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position, and, where applicable cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the “Office”) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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.

Other Matters

The financial statements of the District as of June 30, 2022 were audited by other auditors whose report dated February 8, 2023 expressed an unmodified opinion on those statements.

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 December 4, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

December 4, 2023
Mount Arlington, New Jersey

Nisivoccia, LLP
NISIVOCCIA LLP

Kathryn L. Mantell
Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**SUMMIT PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

This section of Summit Public School's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2023. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

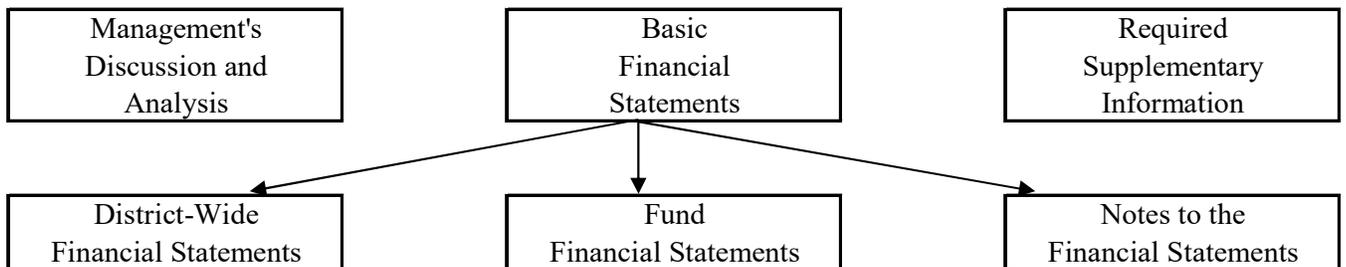
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- 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 and summer FLASH program.

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.

Figure A-1

Organization of the School District's Financial Report



**SUMMIT PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and summer FLASH program.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • 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 resources 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

**SUMMIT PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, tuition and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service, summer arts and innovation summer institute programs are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term liabilities) or to show that it is properly using certain revenue (such as federal grants).

The District has two kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.

**SUMMIT PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Notes to Basic 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

Net Position. The District's combined net position increased by \$4,962,445. Net position from governmental activities increased by \$4,702,191 and net position from business-type activities increased by \$260,254. Net investment in capital assets increased by \$1,176,668, restricted net position decreased by \$2,543,634, and unrestricted net position increased by \$1,242,143.

**Figure A-3
Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Percentage Change 2022/23
	(Restated)		(Restated)		(Restated)		
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	
Current and							
Other Assets	\$ 16,632,653	\$ 17,155,345	\$ 736,288	\$ 458,975	\$ 17,368,941	\$17,614,320	
Capital Assets, Net	37,604,521	36,737,689	115,513	119,691	37,720,034	36,857,380	
Lease Assets, Net	845,932	1,038,819			845,932	1,038,819	
Total Assets	<u>55,083,106</u>	<u>54,931,853</u>	<u>851,801</u>	<u>578,666</u>	<u>55,934,907</u>	<u>55,510,519</u>	0.76%
Deferred Outflows of Resources	<u>3,503,688</u>	<u>1,514,548</u>			<u>3,503,688</u>	<u>1,514,548</u>	131.34%
Other Liabilities	3,392,672	3,669,313	254,723	240,037	3,647,395	3,909,350	
Long-Term Liabilities	20,814,284	17,288,131			20,814,284	17,288,131	
Total Liabilities	<u>24,206,956</u>	<u>20,957,444</u>	<u>254,723</u>	<u>240,037</u>	<u>24,461,679</u>	<u>21,197,481</u>	15.40%
Deferred Inflows of Resources	<u>2,841,392</u>	<u>8,652,702</u>		<u>1,805</u>	<u>2,841,392</u>	<u>8,654,507</u>	-67.17%
Net Position:							
Net Investment in							
Capital Assets	37,253,355	36,072,509	115,513	119,691	37,368,868	36,192,200	
Restricted	11,641,908	9,098,274			11,641,908	9,098,274	
Unrestricted/(Deficit)	<u>(17,356,817)</u>	<u>(18,334,528)</u>	<u>481,565</u>	<u>217,133</u>	<u>(16,875,252)</u>	<u>(18,117,395)</u>	
Total Net Position	<u>\$ 31,538,446</u>	<u>\$ 26,836,255</u>	<u>\$ 597,078</u>	<u>\$ 336,824</u>	<u>\$ 32,135,524</u>	<u>\$27,173,079</u>	18.26%

**SUMMIT PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Changes in Net Position. The District's combined net position was \$32,135,524 on June 30, 2023, an increase of \$4,962,445 or 18.26% over the previous year (see Figure A-3). Net position in the Governmental Activities increased due primarily to the maturity of long term liabilities, capital assets additions offset by depreciation expense, an increase in the capital and maintenance reserves, an increase in excess surplus, an increase in designated for subsequent year's expenditures and changes in net pension liability and related deferred outflows and inflows; offset by a decrease in unexpended budget appropriations. An explanation for the change in Net Position for Business-Type Activities is included later in this section of the report.

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	Change 2022/23
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,461,770	\$ 479,806	\$ 1,724,180	\$ 559,663	\$ 3,185,950	\$ 1,039,469	
Operating Grants and Contributions	22,742,131	24,654,604	797,798	1,540,994	23,539,929	26,195,598	
Capital Contribution	37,125	2,102,919			37,125	2,102,919	
General Revenue:							
Property Taxes	69,767,778	68,506,754			69,767,778	68,506,754	
Unrestricted State and Federal Aid	391,723				391,723		
City Improvement Authorization	1,555,845				1,555,845		
Other	373,001	204,476	15,907		388,908	204,476	
Total Revenue	<u>96,329,373</u>	<u>95,948,559</u>	<u>2,537,885</u>	<u>2,100,657</u>	<u>98,867,258</u>	<u>98,049,216</u>	0.83%
Expenses:							
Instruction	60,389,018	62,812,188			60,389,018	62,812,188	
Pupil/Instruction Services	14,454,695	11,119,144			14,454,695	11,119,144	
Administrative & Business	8,175,990	6,530,586			8,175,990	6,530,586	
Maintenance & Operations	7,162,416	9,746,740			7,162,416	9,746,740	
Transportation	1,445,063	1,098,160			1,445,063	1,098,160	
Other		39,016	2,277,631	1,922,977	2,277,631	1,961,993	
Total Expenses	<u>91,627,182</u>	<u>91,345,834</u>	<u>2,277,631</u>	<u>1,922,977</u>	<u>93,904,813</u>	<u>93,268,811</u>	0.68%
Increase/(Decrease) in Net Position	<u>\$ 4,702,191</u>	<u>\$ 4,602,725</u>	<u>\$ 260,254</u>	<u>\$ 177,680</u>	<u>\$ 4,962,445</u>	<u>\$ 4,780,405</u>	3.81%

**SUMMIT PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Governmental Activities

The financial position of the District improved significantly. However, maintaining existing programs while experiencing changes in enrollment, combined with rising salary and benefits costs, places great demands on the District's resources.

Careful management of expenses remains essential for the District to sustain its financial health. The District will continue its practice of examining all expenses carefully and being mindful that increasing parental and student demands for new activities and programs must be evaluated thoroughly.

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:

**Figure A-5
Net Cost of Governmental Activities**

	Total Cost of Services <hr/> 2022/23	Net Cost of Services <hr/> 2022/23	Total Cost of Services <hr/> 2021/22	Net Cost of Services <hr/> 2021/22
Instruction	\$ 60,389,018	\$ 42,749,473	\$ 62,812,188	\$ 41,532,363
Pupil and Instruction Services	14,454,695	9,193,510	11,119,144	8,274,218
Administrative and Business	8,175,990	7,331,772	6,530,586	5,344,324
Maintenance and Operations	7,162,416	6,869,521	9,746,740	8,028,829
Transportation	1,445,063	1,241,880	1,098,160	889,755
Other			39,016	39,016
	<hr/> <u>\$ 91,627,182</u>	<hr/> <u>\$ 67,386,156</u>	<hr/> <u>\$ 91,345,834</u>	<hr/> <u>\$ 64,108,505</u>

Business-Type Activities

Net position from the District's business-type activity increased by \$260,254 (Refer to Figure A-4). Factors contributing to these results included:

- Food Service Fund revenue exceeded expenses by \$248,382, which was primarily due to an increase in daily sales.
- Summer FLASH program revenue exceeded expenses by \$11,872, which was primarily due to an increase in program fees.

Financial Analysis of the District's Funds

Total fund balance in the District's Governmental Funds increased \$1,277,692. The fund balance in the District's General Fund increased \$1,668,587 on the GAAP basis during the fiscal year primarily due to \$5,308,841 of unexpended appropriations; offset by \$2,500,000 included as anticipated budget revenue for the fiscal year ending June 30, 2023 and \$1,284,861 of budgeted withdrawals from Capital and Maintenance Reserves. The fund balance in the District's Special Revenue Fund increased \$49,934 due to increases in student activities and scholarship funds.

**SUMMIT PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Financial Analysis of the District's Funds (Cont'd)

The fund balance in the District's Capital Projects Fund decreased \$440,829 due to the recognition of NJ Clean Energy program grant receivables. The State imposes spending and tax levy limits on the District in its budget process. At year end, the District's 2% limit is \$1,481,886 plus adjustments for certain additional unbudgeted State Aid of \$340,945, for a total of \$1,822,831 as the maximum General Fund unassigned fund balance.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments are due to changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment. The District is required to report revenue and offsetting expenditures for TPAF benefits paid by NJDOE on behalf of the District. These amounts are not budgeted and are required to be presented as excess revenue and expenditures without appropriations.

Capital Asset and Long-Term Liabilities Administration

The District's capital assets increased by \$862,654 or 2.34% - as shown in Figure A-6. (More detailed information about the District's capital assets is presented in Note 8 to the financial statements.)

**Figure A-6
Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	(Restated)		(Restated)		(Restated)		
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	
Sites	\$ 1,758,660	\$ 1,758,660			\$ 1,758,660	\$ 1,758,660	
Construction in Progress	4,999,175	1,133,860			4,999,175	1,133,860	
Site Improvements	2,916,659	3,230,598			2,916,659	3,230,598	
Buildings & Building Improvements	26,838,648	29,654,236			26,838,648	29,654,236	
Machinery and Equipment	1,091,379	960,335	\$ 115,513	\$ 119,691	1,206,892	1,080,026	
Total Capital Assets, Net	\$ 37,604,521	\$ 36,737,689	\$ 115,513	\$ 119,691	\$ 37,720,034	\$ 36,857,380	2.34%

During the fiscal year, the District acquired or constructed \$4,181,737 (\$4,173,322 from its governmental activities and \$8,415 from its business-type activities) in capital asset additions for various capital projects; offset by \$3,319,083 in current year depreciation (\$3,306,490 from its governmental activities and \$12,593 from its business-type activities).

**SUMMIT PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Long-term Liabilities

The District's long term liabilities increased by \$3,526,153 or 20.40% – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 10 to the financial statements.)

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Percentage Change 2022/23
	2022/23	(Restated) 2021/22	
Net Pension Liability	\$ 17,458,610	\$ 13,470,955	
Other Long-Term Liabilities	3,355,674	3,817,176	
	<u>\$ 20,814,284</u>	<u>\$ 17,288,131</u>	20.40%

- The District paid down \$345,087 in lease principal during the fiscal year.
- The District paid down \$161,814 in financed purchases principal during the fiscal year.
- Compensated absences payable increased by a net amount of \$45,399.
- Net pension liability increased by \$3,987,655.

Factors Bearing on the District's Future Revenue/Expense Changes

The District is unaware of any significant factors bearing on the District's future revenue/expenses.

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 Summit Public Schools Board of Education, 14 Beekman Terrace, Summit, New Jersey 07901. Please visit our website at <http://www.summit.k12.nj.us>.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

SUMMIT PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 6,185,359	\$ 677,136	\$ 6,862,495
Internal Balances	(497)	497	
Receivables from State Government	897,719	1,012	898,731
Receivables from Federal Government	776,282	20,137	796,419
Receivables from Other Governments	82,123		82,123
Other Accounts Receivables	96,980		96,980
Inventories		37,506	37,506
Restricted Cash and Cash Equivalents	8,594,687		8,594,687
Capital Assets, Net:			
Sites (Land) and Construction in Progress	6,757,835		6,757,835
Depreciable Site Improvements, Buildings & Building Improvements and Machinery and Equipment	30,846,686	115,513	30,962,199
Lease Assets, net	845,932		845,932
Total Assets	55,083,106	851,801	55,934,907
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Deferred Outflows Related to Pensions	1,979,945		1,979,945
District Contribution Subsequent to the Measurement Date - Pensions	1,523,743		1,523,743
Total Deferred Outflows of Resources	3,503,688		3,503,688
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	2,187,482	13,607	2,201,089
Payable to State Government	219,635		219,635
Accrued Liability for Insurance Claims	126,011		126,011
Unearned Revenue	859,544	241,116	1,100,660
Noncurrent Liabilities:			
Due Within One Year	558,727		558,727
Due Beyond One Year	20,255,557		20,255,557
Total Liabilities	24,206,956	254,723	24,461,679
<u>DEFERRED INFLOW OF RESOURCES</u>			
Deferred Inflows Related to Pensions	2,841,392		2,841,392
Total Deferred Inflows of Resources	2,841,392		2,841,392
<u>NET POSITION</u>			
Net Investment in Capital Assets	37,253,355	115,513	37,368,868
Restricted for:			
Capital Projects	5,785,204		5,785,204
Maintenance	1,459,271		1,459,271
Emergency	151		151
Unemployment Compensation	701,720		701,720
Excess Surplus	3,047,221		3,047,221
Student Activities	440,909		440,909
Scholarships	207,432		207,432
Unrestricted/(Deficit)	(17,356,817)	481,565	(16,875,252)
Total Net Position	\$ 31,538,446	\$ 597,078	\$ 32,135,524

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

SUMMIT PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 43,864,724	\$ 79,265	\$ 10,593,382		\$ (33,192,077)		\$ (33,192,077)
Special Education	11,982,556	502,005	5,886,607		(5,593,944)		(5,593,944)
Other Special Instruction	2,510,996		545,657		(1,965,339)		(1,965,339)
Other Instruction	2,030,742		32,629		(1,998,113)		(1,998,113)
Support Services:							
Tuition	2,528,034		718,807		(1,809,227)		(1,809,227)
Student and Instruction Related Services	11,926,661	880,500	3,661,878		(7,384,283)		(7,384,283)
General Administrative Services	1,495,823		81,851		(1,413,972)		(1,413,972)
School Administrative Services	4,600,193		643,999		(3,956,194)		(3,956,194)
Central Services	1,512,022		118,368		(1,393,654)		(1,393,654)
Administrative Information Technology	567,952				(567,952)		(567,952)
Plant Operations and Maintenance	7,162,416		255,770	\$ 37,125	(6,869,521)		(6,869,521)
Pupil Transportation	1,445,063		203,183		(1,241,880)		(1,241,880)
Total Governmental Activities	91,627,182	1,461,770	22,742,131	37,125	(67,386,156)		(67,386,156)
Business-Type Activities:							
Food Service	2,165,788	1,609,627	797,798			\$ 241,637	241,637
Summer FLASH Program	111,843	114,553				2,710	2,710
Total Business-Type Activities	2,277,631	1,724,180	797,798			244,347	244,347

SUMMIT PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Total Primary Government	\$ 93,904,813	\$ 3,185,950	\$ 23,539,929	\$ 37,125	\$ (67,386,156)	\$ 244,347	\$ (67,141,809)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net Federal, State and Local Aid not Restricted					69,767,778		69,767,778
City Improvement Authorization					391,723		391,723
Interest Earnings					1,555,845		1,555,845
Miscellaneous Income					94,210	15,907	110,117
					278,791		278,791
Total General Revenues					72,088,347	15,907	72,104,254
Change in Net Position					4,702,191	260,254	4,962,445
Net Position - Beginning (Restated)					26,836,255	336,824	27,173,079
Net Position - Ending					\$ 31,538,446	\$ 597,078	\$ 32,135,524

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

SUMMIT PUBLIC SCHOOLSBALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 5,961,989	\$ 223,370		\$ 6,185,359
Interfund Receivable	440,829			440,829
Receivables From State Government	892,390	5,329		897,719
Receivables From Federal Government		776,282		776,282
Receivables From Other Governments	82,123			82,123
Other Accounts Receivable		96,980		96,980
Restricted Cash and Cash Equivalents	<u>7,946,346</u>	<u>648,341</u>		<u>8,594,687</u>
Total Assets	<u>\$ 15,323,677</u>	<u>\$ 1,750,302</u>	<u>\$ -0-</u>	<u>\$ 17,073,979</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable	\$ 497		\$ 440,829	\$ 441,326
Accounts Payable	267,911	\$ 395,828		663,739
Accrued Liability for Insurance Claims	126,011			126,011
Payable to State Government		219,635		219,635
Unearned Revenue	<u>373,046</u>	<u>486,498</u>		<u>859,544</u>
Total Liabilities	<u>767,465</u>	<u>1,101,961</u>	<u>440,829</u>	<u>2,310,255</u>
Fund Balances:				
Restricted:				
Capital Reserve	5,785,204			5,785,204
Maintenance Reserve	1,459,271			1,459,271
Emergency Reserve	151			151
Unemployment Compensation	701,720			701,720
Excess Surplus - For 2024-2025	2,522,479			2,522,479
Excess Surplus - For 2023-2024	524,742			524,742
Student Activities		440,909		440,909
Scholarships		207,432		207,432
Assigned:				
Other Purposes	158,909			158,909
Designated for Subsequent Year's Expenditures	1,975,258			1,975,258
Unassigned / (Deficit)	<u>1,428,478</u>		<u>(440,829)</u>	<u>987,649</u>
Total Fund Balances / (Deficit)	<u>14,556,212</u>	<u>648,341</u>	<u>(440,829)</u>	<u>14,763,724</u>
Total Liabilities and Fund Balances	<u>\$ 15,323,677</u>	<u>\$ 1,750,302</u>	<u>\$ -0-</u>	<u>\$ 17,073,979</u>

SUMMIT PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

Amounts reported for *Governmental Activities* in the Statement of Net Position (Exhibit A-1) are different because:

Total Fund Balances from previous page	\$ 14,763,724
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	37,604,521
Leased Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	845,932
Long-Term Liabilities, including the Net Pension Liability for PERS, Leases Payable and Financed Purchases Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(20,814,284)
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	<u>(861,447)</u>
Net Position of Governmental Activities (Exhibit A-1)	<u><u>\$ 31,538,446</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

SUMMIT PUBLIC SCHOOLS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
Local Sources:				
Local Tax Levy	\$ 69,767,778			\$ 69,767,778
Tuition from Individuals	79,265			79,265
Tuition from Other LEAs	502,005			502,005
Interest Earned on Capital Reserve Funds	34,415			34,415
Restricted Miscellaneous Revenue	22,982	\$ 978,315		1,001,297
Unrestricted Miscellaneous Revenue	315,604	1,053,840		1,369,444
Total - Local Sources	70,722,049	2,032,155		72,754,204
State Sources	23,614,157	618,103		24,232,260
Federal Sources	94,398	3,494,018	\$ 37,125	3,625,541
Total Revenues	94,430,604	6,144,276	37,125	100,612,005
EXPENDITURES:				
Current:				
Regular Instruction	25,822,132	2,016,649		27,838,781
Special Education Instruction	7,923,326	28,185		7,951,511
Other Special Instruction	1,482,330			1,482,330
School-Sponsored/Other Instruction	1,616,687			1,616,687
Support Services and Undistributed Costs:				
Tuition	1,809,227	718,807		2,528,034
Student/Other Instruction Related Services	6,985,973	1,989,942		8,975,915
General Administrative Services	1,186,321			1,186,321
School Administrative Services	3,102,196			3,102,196
Central Services	1,071,788			1,071,788
Administrative Information Technology	568,928			568,928
Plant Operations and Maintenance	6,036,789			6,036,789
Student Transportation	1,353,082			1,353,082
Unallocated Benefits	32,129,663			32,129,663
Capital Outlay	1,068,525	1,340,759	2,638,849	5,048,133
Total Expenditures	92,156,967	6,094,342	2,638,849	100,890,158
Excess/(Deficit) of Revenue Over/(Under) Expenditures	2,273,637	49,934	(2,601,724)	(278,153)
Other Financing Sources/(Uses):				
City Improvement Authorization			1,555,845	1,555,845
Transfers	(605,050)		605,050	
Total Other Financing Sources/(Uses)	(605,050)		2,160,895	1,555,845
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	1,668,587	49,934	(440,829)	1,277,692
Fund Balance - July 1 (Restated)	12,887,625	598,407		13,486,032
Fund Balance / (Deficit)- June 30	\$ 14,556,212	\$ 648,341	\$ (440,829)	\$ 14,763,724

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

SUMMIT PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)		\$ 1,277,692
Amounts reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are different because:		
Capital outlays related to capital assets 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 depreciation differs from capital outlays in the period.		
	Depreciation Expense	\$ (3,306,490)
	Capital Asset Additions	<u>4,173,322</u>
		866,832
Capital outlays related to lease assets are reported in Governmental Funds as expenditures.		
However, in the Statement of Activities the cost of those assets is allocated over the shorter of their estimated useful lives or lease term as amortization expense. This is the amount by which amortization differs from capital outlays in the period.		
	Amortization Expense	(192,887)
Repayment of leases 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.		
		345,087
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.		
		161,814
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 reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		(45,399)
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:		
	Change in Net Pension Liability	(3,987,655)
	Changes in Deferred Outflows and Inflows Related to Pensions	<u>6,276,707</u>
Change in Net Position of Governmental Activities (Exhibit A-2)		<u>\$ 4,702,191</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

SUMMIT PUBLIC SCHOOLS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Business-Type Activities - Proprietary Funds		
	Non-Major Fund	Major Fund	Total Enterprise
	Food Service	Summer FLASH Program	
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 506,018	\$ 171,118	\$ 677,136
Interfund Receivable	497		497
Intergovernmental Accounts Receivable:			
State	1,012		1,012
Federal	20,137		20,137
Inventories	37,506		37,506
Total Current Assets	565,170	171,118	736,288
Non-Current Assets:			
Capital Assets	857,104		857,104
Less: Accumulated Depreciation	(741,591)		(741,591)
Total Non-Current Assets	115,513		115,513
Total Assets	680,683	171,118	851,801
LIABILITIES:			
Current Liabilities:			
Accounts Payable	13,607		13,607
Unearned Revenue - Donated Commodities	2,038		2,038
Unearned Revenue - Prepaid Sales	64,062		64,062
Unearned Revenue - Supply Chain Assistance	33,961		33,961
Unearned Revenue - Prepaid Tuition		141,055	141,055
Total Current Liabilities	113,668	141,055	254,723
Total Liabilities	113,668	141,055	254,723
NET POSITION:			
Investment in Capital Assets	115,513		115,513
Unrestricted	451,502	30,063	481,565
Total Net Position	\$ 567,015	\$ 30,063	\$ 597,078

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

SUMMIT PUBLIC SCHOOLS
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Proprietary Funds		
	Non-Major Fund	Major Fund	
	Food Service	Summer FLASH Program	Total Enterprise
Operating Revenue:			
Daily Sales:			
Reimbursable Programs	\$ 783,882		\$ 783,882
Non-Reimbursable Programs	808,176		808,176
Special Events	17,470		17,470
Program Fees		\$ 114,553	114,553
Miscellaneous Revenue	99		99
Total Operating Revenue	<u>1,609,627</u>	<u>114,553</u>	<u>1,724,180</u>
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs	476,930		476,930
Non-Reimbursable Programs	516,675		516,675
Salaries	629,419	94,728	724,147
Employee Benefits	218,282	7,247	225,529
Purchased Professional Technical Services	11,569		11,569
Other Purchased Services	156,104		156,104
Supplies and Materials	135,482	9,868	145,350
Miscellaneous Expenses	8,734		8,734
Depreciation Expense	12,593		12,593
Total Operating Expenses	<u>2,165,788</u>	<u>111,843</u>	<u>2,277,631</u>
Operating Income/(Loss)	<u>(556,161)</u>	<u>2,710</u>	<u>(553,451)</u>
Non-Operating Revenue:			
Local Sources:			
Interest Income	6,745	9,162	15,907
State Sources:			
State School Lunch Program	22,217		22,217
State School Breakfast Program	354		354
Federal Sources:			
National School Lunch Program	432,507		432,507
School Breakfast Program	20,444		20,444
Supply Chain Assistance	153,137		153,137
Local Food for Schools (LFS) Cooperative Program	497		497
Paycheck Protection Plan Loan Reimbursement from Food Service Management Contractor	87,740		87,740
Food Distribution Program	80,902		80,902
Total Non-Operating Revenue	<u>804,543</u>	<u>9,162</u>	<u>813,705</u>
Change in Net Position	248,382	11,872	260,254
Net Position / (Deficit) - Beginning of Year (Restated)	<u>318,633</u>	<u>18,191</u>	<u>336,824</u>
Net Position / (Deficit) - End of Year	<u>\$ 567,015</u>	<u>\$ 30,063</u>	<u>\$ 597,078</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN
INTEGRAL PART OF THIS STATEMENT

SUMMIT PUBLIC SCHOOLS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Proprietary Funds		
	Non-Major Fund	Major Fund	Total Enterprise
	Food Service	Summer FLASH Program	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 1,607,868	\$ 141,996	\$ 1,749,864
Payments to Food Service Management Company	(2,070,444)		(2,070,444)
Payments to/for Employees		(101,975)	(101,975)
Payments to Suppliers	(56,971)	(9,868)	(66,839)
Net Cash Provided by/(Used for) Operating Activities	(519,547)	30,153	(489,394)
Cash flows from Financing Activities:			
Interest Income	6,745	9,162	15,907
Net Cash Provided by Financing Activities	6,745	9,162	15,907
Cash flows from Capital and Related Financing Activities:			
Purchase of Capital Assets	(8,415)		(8,415)
Net Cash (Used for) Capital and Related Financing Activities	(8,415)		(8,415)
Cash Flows from Noncapital Financing Activities:			
State Sources	22,828		22,828
Federal Sources	768,861		768,861
Net Cash Provided by Noncapital Financing Activities	791,689		791,689
Net Increase in Cash and Cash Equivalents	270,472	39,315	309,787
Cash and Cash Equivalents, July 1	235,546	131,803	367,349
Cash and Cash Equivalents, June 30	\$ 506,018	\$ 171,118	\$ 677,136
Adjustment to Reconcile Operating Income/(Loss)			
Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (556,161)	\$ 2,710	\$ (553,451)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	12,593		12,593
Food Distribution Program	80,902		80,902
Changes in Assets and Liabilities:			
Decrease in Other Accounts Receivable	6,665		6,665
(Decrease) in Accounts Payable	(40,332)		(40,332)
Increase in Unearned Revenue - Donated Commodities	233		233
Increase/(Decrease) in Unearned Revenue - Prepaid Sales/Fees	(8,424)	27,443	19,019
(Increase) in Inventory	(15,023)		(15,023)
Net Cash Provided by/(Used for) Operating Activities	\$ (519,547)	\$ 30,153	\$ (489,394)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$81,135 and utilized U.S.D.A. Commodities valued at \$80,902.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the “Board”) of Summit Public Schools (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. The District is a component unit of the City of Summit under the provisions of GASB Codification Section 2100.

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 government 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 nonexchange 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.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

District-Wide Financial Statements: (Cont'd)

Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues 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 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 expenses 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 expenditure 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.

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 or lease assets or subscription assets (other than those financed by proprietary funds). The financial resources are derived from bond ordinances that are specifically authorized by the City of Summit and from aid provided by the state to offset the cost of approved capital projects. There is also a project financed with capital reserve funds.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

The District reports the following proprietary fund:

Enterprise Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's food service and summer FLASH program operations. The food service and summer FLASH program are 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 and community 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. Nonexchange 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 liabilities, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset or lease asset acquisitions are reported as expenditures in the governmental funds. Proceeds of general long-term liabilities 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.

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.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. The budget for the fiscal year ended June 30, 2023 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. 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 budget 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 and scholarships. 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.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments in the GAAP financial statements.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of revenue from the City bond ordinances. Ordinance revenue is recognized in full in the year the ordinances are authorized on the budgetary basis; but, are not recognized on the GAAP basis until funds are expended and submitted for reimbursement from the City.

The Capital Projects Fund budgetary revenue also differs from GAAP revenue due to a difference in the recognition of NJ Clean Energy program grants. Grants are recognized in full in the year the grants are awarded on the budgetary basis; but are not recognized on the GAAP basis until certain milestones are accomplished and the required documentation is submitted to the grantor for reimbursement.

	<u>Capital Projects Fund</u>	
	<u>Revenue</u>	<u>Fund Balance</u>
Revenue and Other Financing Sources/Fund Balance	\$ 39,849,755	\$ 37,210,906
City and Grant Receivable not Recognized on the GAAP Basis	(37,651,735)	(37,651,735)
Revenue and Other Financing Sources/Fund Balance per Governmental Funds (GAAP)	\$ 2,198,020	\$ (440,829)

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control (Cont'd)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 94,498,592	\$ 4,866,832
Differences - 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		(8,998)
Cancellation of Prior Year Encumbrances		(270)
Prior Year Encumbrances		1,286,712
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	326,365	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(394,353)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 94,430,604	\$ 6,144,276
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 92,156,967	\$ 4,816,898
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, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(8,998)
Cancellation of Prior Year Encumbrances		(270)
Prior Year Encumbrances		1,286,712
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 92,156,967	\$ 6,094,342

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to the 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 17:9-41et 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 market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all 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 fund. 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 or governmental and agency funds, 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.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

H. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the Special Revenue Fund are reported as restricted, committed and/or assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

K. Capital Assets

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment. The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	20 to 50 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets (Cont'd)

In the Fund financial statements, capital assets used in Governmental fund operations are accounted for as capital outlay expenditures in the Governmental Funds upon acquisition. Capital assets are not capitalized and the related depreciation is not reported in the Fund financial statements.

L. Lease Assets

Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

M. Subscription Assets

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets is determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

N. Long Term Liabilities

In the District-wide and Enterprise Fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable Government activities, Business-type activities, or Enterprise Funds. Bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the Fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

O. Accrued Salaries and Wages

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year; therefore, there are no accrued salaries and wages related to this as of June 30, 2023.

P. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed 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 various employee contracts/agreements. Upon termination, employees are paid for accrued vacation. The District's various employee contracts/agreements permit 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 various employee contracts/agreements.

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.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Q. Lease Payable

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

R. Subscription Payable

In the district-wide financial statements, subscription payables are reported as liabilities in the Statement of Net Position. In the governmental Fund financial statements, the present value of subscription payments at the District's incremental borrowing rate over the subscription term is reported as other financing sources.

S. Unearned Revenue

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned.

T. Fund Balance Appropriated

General Fund: Of the \$14,556,212 General Fund balance at June 30, 2023, \$158,909 is assigned for year end encumbrances; \$1,975,258 is assigned and included as anticipated budget revenue for the fiscal year ending June 30, 2024; \$5,785,204 is restricted in the capital reserve account; \$1,459,271 is restricted in the maintenance reserve account; \$151 is restricted in the emergency reserve account; \$701,720 is restricted for unemployment compensation; \$524,742 is restricted as prior year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2024; \$2,522,479 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2025; and \$1,428,478 is unassigned, which is \$394,353 less than the calculated unassigned fund balance, on a GAAP basis, due to the last two state aid payments, which are not recognized until the fiscal year ended June 30, 2024.

Special Revenue Fund: Of the \$648,341 Special Revenue Fund fund balance at June 30, 2023, \$440,909 is restricted for student activities and \$207,432 is restricted for scholarships.

Capital Projects Fund: The Capital Projects Fund has a (\$440,829) deficit in unassigned fund balance at June 30, 2023, which is \$37,651,735 less on a GAAP basis due to a receivable with the City of Summit and the NJ Clean Energy Program grant not being recognized on a GAAP basis until certain milestones are accomplished and the required documentation is submitted to the grantor for reimbursements.

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 as outlined above.

P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the last state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. 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.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

T. Fund Balance Appropriated (Cont'd)

Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these last 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 last two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments noted above.

U. Deficit Net Position/Fund Balance

The District has a deficit in unrestricted net position of \$17,356,817 in its governmental activities, which is primarily due to deferred inflows, outflows and liabilities related to pensions and compensated absences. The District also has a deficit of \$440,829 in unassigned and total Capital Projects Fund fund balance due to a difference in both the recognition of revenue due from the City of Summit and grant revenue. These deficits do not indicate the District is in financial difficulties and are a permitted practice under 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 and inflows of resources related to pensions at June 30, 2023.

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 of accumulated amortization, and subscription assets, net of accumulated amortization reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

W. Fund Balance Restrictions, Commitments and Assignments

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

W. Fund Balance Restrictions, Commitments and Assignments (Cont'd)

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 capital, maintenance and emergency reserves, excess surplus, student activities, scholarships and unemployment compensation.

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 on a budgetary basis at June 30, 2023.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and amounts designated for subsequent year's expenditures in the General Fund at June 30, 2023.

X. Revenue - Exchange and Nonexchange Transactions

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Y. Operating Revenue and Expenses

Operating revenue are those revenues that are generated directly from the primary activities of the Enterprise Funds. These revenues are sales for Food Service, and program fees for the Summer Arts and Innovation Summer Institute programs. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the Enterprise Funds.

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

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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 on the following two pages.

Custodial Credit Risk - The District's policy with respect to custodial credit 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.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board, 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;
- (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

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the “Local Authorities Fiscal Control Law,” P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district’s funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2023, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents		Total
	Unrestricted	Restricted	
Checking/Money Market Accounts	\$ 4,855,180	\$ 8,594,687	\$ 13,449,867
NJ ARM	2,007,315		2,007,315
	\$ 6,862,495	\$ 8,594,687	\$ 15,457,182

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

During the period ended June 30, 2023, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2023, was \$15,457,182 and the bank balance was \$17,569,229. The balance of \$2,007,315 in NJ ARM is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board 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 State Department of Education, 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-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning Balance, July 1, 2022		\$ 5,046,253
Add:	Interest Earnings	34,415
	Return of Unexpended Balance from Capital Outlay	939,027
	Transfer from Unassigned Fund Balance per Board Resolution - June 30, 2023	1,500,000
Less:	Budgeted Withdrawal to Capital Projects Fund	(605,050)
	Budgeted Withdrawal to Capital Outlay	<u>(1,129,441)</u>
Ending Balance, June 30, 2023		<u>\$ 5,785,204</u>

The balance in the capital reserve account at June 30, 2023 does not exceed the local support costs of uncompleted capital projects in the District's approved LRFP. Withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5. MAINTENANCE RESERVE

A maintenance reserve account was established by the Board. The funds for the establishment of this reserve were transferred from excess 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.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 5. MAINTENANCE RESERVE (Cont'd)

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.

Beginning Balance, July 1, 2022	\$ 1,049,983
Add: Return of Unexpended Balance	64,708
Transfer from Unassigned Fund Balance per Board Resolution - June 30, 2023	500,000
Less: Budgeted Withdrawal	(155,420)
Ending Balance, June 30, 2023	\$ 1,459,271

NOTE 6. EMERGENCY RESERVE

An emergency reserve account was established by Board resolution for the accumulation of funds for use as unanticipated general fund expenditures in subsequent fiscal years. The emergency reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

The emergency reserve is restricted to be used to accumulate funds in accordance with N.J.S.A. 18A:7F-4lc(1) to finance unanticipated General Fund expenditures required for a through and efficient education. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the General Fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution between June 1st and June 30th of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or the withdrawal is included in the original budget certified for taxes to finance school security improvements pursuant to N.J.S.A. 18A:7G-6(c)l.

Beginning Balance, July 1, 2022	\$ 151
Ending Balance, June 30, 2023	\$ 151

NOTE 7. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2023, the District made no net transfers to the capital outlay accounts.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 8. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	(Restated) Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 1,758,660			\$ 1,758,660
Construction in Progress	1,133,860	\$ 3,865,315		4,999,175
Total Capital Assets Not Being Depreciated	<u>2,892,520</u>	<u>3,865,315</u>		<u>6,757,835</u>
Capital Assets Being Depreciated:				
Site Improvements	8,420,209			8,420,209
Buildings and Building Improvements	76,121,249			76,121,249
Machinery and Equipment	3,618,253	308,007		3,926,260
Total Capital Assets Being Depreciated	<u>88,159,711</u>	<u>308,007</u>		<u>88,467,718</u>
Governmental Activities Capital Assets	<u>91,052,231</u>	<u>4,173,322</u>		<u>95,225,553</u>
Less Accumulated Depreciation for:				
Site Improvements	(5,189,611)	(313,939)		(5,503,550)
Buildings and Building Improvements	(46,467,013)	(2,815,588)		(49,282,601)
Machinery and Equipment	(2,657,918)	(176,963)		(2,834,881)
	<u>(54,314,542)</u>	<u>(3,306,490)</u>		<u>(57,621,032)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 36,737,689</u>	<u>\$ 866,832</u>	<u>\$ -0-</u>	<u>\$ 37,604,521</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 848,689	\$ 8,415		\$ 857,104
	<u>848,689</u>	<u>8,415</u>		<u>857,104</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(728,998)	(12,593)		(741,591)
	<u>(728,998)</u>	<u>(12,593)</u>		<u>(741,591)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 119,691</u>	<u>\$ (4,178)</u>	<u>\$ -0-</u>	<u>\$ 115,513</u>

The District capitalized \$4,173,322 of expenditures during the fiscal year, which included \$3,865,315 of construction projects in progress. The District has \$37,210,906 in active construction projects, of which \$428,548 represents open encumbrances as of June 30, 2023.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 8. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 1,526,435
Special Education Instruction	442,277
Other Special Instruction	94,774
Other Instruction/School Sponsored	94,774
Student and Other Instruction Related Services	399,622
General Administration	63,182
School Administration	157,956
Central Services	63,182
Administrative Information Technology	31,591
Operations and Maintenance of Plant	369,515
Student Transportation	63,182
	\$ 3,306,490

NOTE 9. LEASE ASSETS

Lease asset balances and activity for the year ended June 30, 2023 were as follows:

	(Restated) Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Lease Assets Being Amortized:				
Machinery and Equipment	\$ 1,512,734			\$ 1,512,734
Total Lease Assets Being Amortized	1,512,734			1,512,734
Governmental Activities Lease Assets	1,512,734			1,512,734
Less Accumulated Amortization for:				
Machinery and Equipment	(473,915)	\$ (192,887)		(666,802)
	(473,915)	(192,887)		(666,802)
Governmental Activities Lease Assets, Net of Accumulated Amortization	\$ 1,038,819	\$ (192,887)	\$ -0-	\$ 845,932

Amortization expense was charged to governmental functions as follows:

Regular Instruction	\$ 164,027
Administrative Information Technology	28,860
	\$ 192,887

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2023, the following changes occurred in liabilities reported in the district-wide financial statements:

	(Restated) Balance 6/30/2022	Accrued	Retired	Balance 6/30/2023	Due Within One Year
Leases Payable	\$ 1,201,617		\$ 345,087	\$ 856,530	\$ 195,731
Financed Purchases Payable	502,382		161,814	340,568	167,396
Compensated Absences Payable	2,113,177	\$ 254,899	209,500	2,158,576	195,600
Net Pension Liability	13,470,955	3,987,655		17,458,610	
	<u>\$ 17,288,131</u>	<u>\$ 4,242,554</u>	<u>\$ 716,401</u>	<u>\$ 20,814,284</u>	<u>\$ 558,727</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the City of Summit by adopting an ordinance. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the City of Summit are general obligation bonds of the City of Summit and are not recorded as debt of the Summit Public Schools.

B. Financed Purchases Payable:

The District has a financed purchase agreement for technology equipment valued at \$810,000, of which \$469,432 has matured and been repaid. The financed purchase agreement is for a term of five years.

The following is a schedule of the future minimum financed purchases payments and the present value of the net minimum financed purchases payments at June 30, 2023.

<u>Fiscal Year</u>	<u>Amount</u>
2024	\$ 179,146
2025	179,146
	<u>358,292</u>
Less: Amount Representing Interest	<u>(17,724)</u>
Present Value Net of Minimum Financed Purchases Payments	<u>\$ 340,568</u>

The current portion of financed purchases payable at June 30, 2023 is \$167,396 and the long-term portion is \$173,172. The General Fund will be used to liquidate the financed purchases payable.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. LONG-TERM LIABILITIES (Cont'd)

C. Leases Payable:

The District had leases outstanding as of June 30, 2023 as follows:

Purpose	Commencement Date	Frequency of Payment	Final Maturity Date	Interest Rate	Amount
FY2023 Technology Equipment	09/16/22	Monthly	08/16/27	3.10%	\$ 146,356
FY2023 Copiers	09/10/22	Monthly	08/10/27	3.10%	376,038
FY2023 Copiers	09/10/22	Monthly	08/10/27	3.10%	334,136
					<u>\$ 856,530</u>

Principal and interest due on leases outstanding will be liquidated through the General Fund and are as follows:

Fiscal Year Ending June 30,	Governmental Activities	
	Principal	Interest
2024	\$ 195,731	\$ 23,485
2025	201,805	17,411
2026	208,069	11,147
2027	214,528	4,688
2028	36,397	139
	<u>\$ 856,530</u>	<u>\$ 56,870</u>

D. Compensated Absences Payable:

The liability for compensated absences of the Governmental fund types is recorded in current and long-term portions. The compensated absences balance of the governmental funds as of June 30, 2023 is \$2,158,576, of which \$195,600 represents the current portion and \$1,962,976 represents the long-term portion. The General Fund will be used to liquidate compensated absences payable. There is no liability for compensated absences in the Proprietary fund types.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2023 is \$-0- and the long-term portion is \$17,458,610. See Note 11 for further information on the PERS.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. PENSION PLANS

Substantially all of the Board’s employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers’ Pension and Annuity Fund (TPAF) or the Public Employee’s Retirement System (PERS) of New Jersey; 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 members 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 50 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.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 11. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS): (Cont'd)

Contributions (Cont'd)

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

District contributions to PERS amounted to \$1,526,613 for the current fiscal year. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$36,734 to the PERS for normal pension benefits on behalf of the District.

The employee contribution rate was 7.50% effective July 1, 2018.

Special Funding Situation

A special funding situation exists for certain local employers of the PERS. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers Chapter 133, P.L. 2001. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation and there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2023, the District reported a liability of \$17,458,610 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the District's proportion was 0.116%, which was an increase of 0.002% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized an actual pension benefit in the amount of \$830,197 related to the District's proportionate share of the net pension liability. Additionally, for the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$36,734 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 11. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS): (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Cont'd)

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2023.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2018	5.63		\$ 419,670
	2019	5.21		524,448
	2020	5.16		1,542,160
	2021	5.13		127,967
	2022	5.04	\$ 54,092	
			<u>54,092</u>	<u>2,614,245</u>
Changes in Proportion	2018	5.63	59,200	
	2019	5.21		116,026
	2020	5.16	200,026	
	2021	5.13	517,128	
	2022	5.04	300,895	
			<u>1,077,249</u>	<u>116,026</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	17,271	
	2020	5.00	518,990	
	2021	5.00	(3,237,123)	
	2022	5.00	3,423,458	
			<u>722,596</u>	
Difference Between Expected and Actual Experience	2018	5.63		15,981
	2019	5.21	40,089	
	2020	5.16	85,919	
	2021	5.13		43,017
	2022	5.04		52,123
			<u>126,008</u>	<u>111,121</u>
District Contribution Subsequent to the Measurement Date	2022	1.00	1,523,743	
			<u>\$ 3,503,688</u>	<u>\$ 2,841,392</u>

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District contribution subsequent to the measurement date) related to pensions will be recognized in the pension benefit as follows:

Fiscal Year Ending June 30,	Total
2023	\$ (1,201,969)
2024	(450,803)
2025	(117,575)
2026	907,700
2027	1,200
	\$ (861,447)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
	2.75 – 6.55% based on years of service
Investment Rate of Return	
	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 11. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2022 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 11. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2022 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 22,429,199	\$ 17,458,610	\$ 13,228,438

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:

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

SUMMIT PUBLIC SCHOOLS
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FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 11. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

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 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2022, the State's pension contribution was more than the actuarially determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2023, the State of New Jersey contributed \$12,499,423 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$4,362,006.

The employee contribution rate was 7.50% effective July 1, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2023, the State's proportionate share of the net pension liability associated with the District was \$162,079,258. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the District's proportion was 0.314%, which was an increase of 0.009% from its proportion measured as of June 30, 2021.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 11. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Cont'd)

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>162,079,258</u>
Total	\$	<u><u>162,079,258</u></u>

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$4,362,006 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2015	8.30	\$ 213,742,984	
	2016	8.30	1,695,809,748	
	2017	8.30		\$ 3,681,530,748
	2018	8.29		2,705,362,525
	2019	8.04		2,012,738,111
	2020	7.99	1,007,402,060	
	2021	7.93		11,041,509,093
	2022	7.83	<u>96,143,072</u>	
			<u>3,013,097,864</u>	<u>19,441,140,477</u>
Difference Between Expected and Actual Experience	2015	8.30	13,201,022	
	2016	8.30		21,088,845
	2017	8.30	65,502,212	
	2018	8.29	474,592,771	
	2019	8.04		78,198,040
	2020	7.99		5,368,990
	2021	7.93	146,524,969	
	2022	7.83		<u>18,009,041</u>
			<u>699,820,974</u>	<u>122,664,916</u>

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 11. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Cont'd)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual	2019	5.00	\$ 36,220,692	
Actual Investment Earnings on Pension	2020	5.00	482,791,080	
Plan Investments	2021	5.00	(2,665,975,358)	
	2022	5.00	3,319,334,659	
			<u>1,172,371,073</u>	
			<u>\$ 4,885,289,911</u>	<u>\$ 19,563,805,393</u>

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:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2023	\$ (2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Thereafter	(1,687,721,983)
	<u>\$ (14,678,515,482)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 11. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Actuarial Assumptions (Cont'd)

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Best estimates of arithmetic real rates of return for each major asset class included in TPAF' target asset allocation as of June 30, 2022 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 11. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for 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.

Sensitivity of the State's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2022 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Total Net Pension Liability	\$ 190,041,374	\$ 162,079,258	\$ 138,524,688

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.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 11. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

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 \$32,737 for the fiscal year ended June 30, 2023. Employee contributions to DCRP amounted to \$44,458 for the fiscal year ended June 30, 2023.

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtained its health benefit coverage through the New Jersey State Health Benefits Program.

Property and Liability Insurance

The District is a member of the Diploma Joint Insurance Fund (the "Fund"). The Fund is a public entity risk management pool that provides general liability coverage, property coverage, automobile coverage, and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report. The Fund 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 Fund are elected.

As a member of the Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The Fund 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.

The June 30, 2023 audit report is not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2022 is as follows:

	Diploma Joint Insurance Fund
Total Assets	\$ 22,628,660
Net Position	\$ 12,420,996
Total Revenue	\$ 11,001,211
Total Expenses	\$ 9,061,594
Change in Net Position	\$ 1,939,617
Members Dividends	\$ -0-

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

Financial statements for the Fund are available at its Executive Director's Office:

Public Entity Group Administrative Services (PEGAS)
51 Everett Drive, Suite 40-B
West Windsor, NJ 08550
(609) 275-1140
<https://www.diplomajif.org>

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, interest earned, employee contributions, 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>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022-2023	\$ -0-	\$ 7,223	\$ 125,653	\$ 109,894	\$ 701,720
2021-2022	-0-	1,300	118,312	34,295	678,738
2020-2021	-0-	1,358	107,235	85,968	593,421

NOTE 13. 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 14. INTERFUND/INTRAFUND BALANCES AND TRANSFERS

The following interfund balances remained on the balance sheet at June 30, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 440,829	\$ 497
Capital Projects Fund		440,829
Enterprise Funds:		
Food Service Fund	497	
	<u>\$ 441,326</u>	<u>\$ 441,326</u>

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 14. INTERFUND/INTRAFUND BALANCES AND TRANSFERS (Cont'd)

The interfund between the General Fund and the Capital Projects Fund is due to a deficit in cash and cash equivalents in the Capital Projects Fund. The deficit is due to the timing between expenditure and reimbursement of federal grant funds from the State and reimbursement of capital ordinance funds from the City of Summit. The interfund between the General Fund and the Food Service Fund is reimbursements collected in the General Fund not turned over to the Food Service Fund by June 30.

NOTE 15. 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:

Equitable Advisors
Lincoln Investment
Corebridge Financial
Ameriprise Financial
Security Benefits

NOTE 16. TAX CALENDAR

Property taxes are levied 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 October 30. 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 local school district on a predetermined mutually agreed-upon schedule.

NOTE 17. CONTINGENT LIABILITIES

Grant Programs

The School District participates in state and federally 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.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 17. CONTINGENT LIABILITIES (Cont'd)

Litigation

The Board is periodically involved in claims and lawsuits arising in the normal course of business. The Board does not believe that the ultimate outcome of these claims will have a material adverse effect on the District's financial position.

Encumbrances

At June 30, 2023, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 158,909	\$ 8,998	\$ 428,548	\$ 596,455

On the District's Governmental Funds Balance Sheet as of June 30, 2023, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$8,998 less than the actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue. The \$428,548 year-end encumbrances in the Capital Projects Fund are included in the (\$440,829) deficit unassigned fund balance.

NOTE 18. ACCOUNTS PAYABLE

Accounts payable recorded as of June 30, 2023 consisted of the following:

	Governmental Funds		District Contribution Subsequent to the Measure- ment Date	Total Governmental Activities	Business- Type Activities
	General Fund	Special Revenue Fund			Proprietary Funds
Due to State of New Jersey	\$ 2,502	\$ 86,107	\$ 1,523,743	\$ 1,612,352	
Vendors	194,955	309,721		504,676	\$ 13,607
Payroll Deductions and Withholdings	70,454			70,454	
	\$ 267,911	\$ 395,828	\$ 1,523,743	\$ 2,187,482	\$ 13,607

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 19. 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-notice-opeb.shtml>.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Employees Covered by Benefit Terms

At June 30, 2021, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	151,669
Active Plan Members	213,148
Total	364,817

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	TPAF/ABP	PERS	PFRS
Salary Increases:	2.75 - 4.25% based on service years	2.75 - 6.55% based on service years	3.25 - 16.25% based on service years

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the TPAF and PERS experience studies prepared for July 1, 2018 – June 30, 2021.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees were based on the Pub-2010 “Safety” (PFRS), “General” (PERS) and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the State’s Proportionate Share of the Total OPEB Liability Associated with the District

	<u>Total OPEB Liability</u>
Balance at June 30, 2021	\$ 151,987,210
Changes for Year:	
Service Cost	8,150,430
Interest on the Total OPEB Liability	3,321,027
Difference between Actual and Expected Experience	(1,340,764)
Changes of Assumptions	(33,617,293)
Gross Benefit Payments by the State	(3,289,576)
Contributions from Members	<u>105,531</u>
Net Changes	<u>(26,670,645)</u>
Balance at June 30, 2022	<u>\$ 125,316,565</u>

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2022, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	At 1% Decrease (2.54%)	At Discount Rate (3.54%)	At 1% Increase (4.54%)
Total OPEB Liability Attributable to the District	\$ 147,296,440	\$ 125,316,565	\$ 107,700,794

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2022, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 103,581,801	\$ 125,316,565	\$ 153,866,498

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$5,628,064 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 related to OPEB associated with the District from the following sources:

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 19. 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)

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 6,506,570
	2018	9.51		6,209,119
	2019	9.29	\$ 876,634	
	2020	9.24	20,697,712	
	2021	9.24	114,779	
	2022	9.13		29,935,224
				<u>21,689,125</u>
Differences between Expected and Actual Experience	2018	9.51		5,869,550
	2019	9.29		10,318,028
	2020	9.24	19,291,080	
	2021	9.24		22,073,018
	2022	9.13	3,082,898	
				<u>22,373,978</u>
Changes in Proportion	N/A	N/A	<u>5,547,989</u>	<u>4,048,246</u>
			<u>\$ 49,611,092</u>	<u>\$ 84,959,755</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2023	\$ (6,228,288)
2024	(6,228,289)
2025	(6,228,289)
2026	(5,382,802)
2027	(3,077,958)
Thereafter	<u>(9,702,780)</u>
	<u>\$ (36,848,406)</u>

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 20. PRIOR PERIOD ADJUSTMENTS

The District made prior year adjustments in the District Wide Financial Statements to record adjustments to capital assets as a result of a physical inventory, to record an intangible right-to-use asset and a lease liability as of June 30, 2022 as a result of implementing GASB 87, *Leases*, and to record adjustments to the compensated absences payable. The District also made prior year adjustments in the District Wide Financial Statements and the Fund Financial Statements to recognize a receivable from the state government for the fiscal year 2022 extraordinary aid award, to record an adjustment for unsupported accounts payable for Unemployment Compensation, to record payroll deductions payable and cancel uncollectible local grant accounts receivables.

	<u>June 30, 2022</u> <u>as Previously</u> <u>Reported</u>	<u>Retroactive</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30, 2022</u> <u>as Restated</u>
<u>Statement of Net Position - Governmental Activities:</u>			
<u>Assets</u>			
Current and Other Assets	\$ 16,523,228	\$ 632,117	\$ 17,155,345
Capital Assets, Net	78,895,524	(42,157,835)	36,737,689
Lease Asset, Net	-0-	1,038,819	1,038,819
Total Assets	95,418,752	(40,486,899)	54,931,853
<u>Liabilities</u>			
Current Liabilities	3,813,194	(143,881)	3,669,313
Noncurrent Liabilities	16,568,362	719,769	17,288,131
Total Liabilities	20,381,556	575,888	20,957,444
<u>Net Position</u>			
Net Investment in Capital Assets	77,364,681	(41,292,172)	36,072,509
Restricted	7,203,550	1,894,724	9,098,274
Unrestricted/(Deficit)	(16,669,189)	(1,665,339)	(18,334,528)
Total Net Position	\$ 67,899,042	\$ (41,062,787)	\$ 26,836,255
 <u>Balance Sheet - General Fund:</u>			
<u>Fund Balances</u>			
Restricted	\$ 8,330,036	\$ 169,831	\$ 8,499,867
Committed	88,008	(88,008)	
Assigned	1,359,793	88,008	1,447,801
Unassigned/(Deficit)	2,333,790	606,167	2,939,957
Total Fund Balances	\$ 12,111,627	\$ 775,998	\$ 12,887,625

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 20. PRIOR PERIOD ADJUSTMENTS (Cont'd)

The District also made prior year adjustments in the District Wide Financial Statements and the Fund Financial Statements to record adjustments to capital assets as a result of a physical inventory in the Proprietary Funds.

	<u>June 30, 2022</u> as Previously Reported	<u>Retroactive</u> <u>Adjustments</u>	<u>Balance</u> June 30, 2022 as Restated
<u>Statement of Net Position - Business-Type Activities:</u>			
<u>Assets</u>			
Capital Assets, Net	\$ 355,463	\$ (235,772)	\$ 119,691
Total Assets	<u>355,463</u>	<u>(235,772)</u>	<u>119,691</u>
<u>Net Position</u>			
Net Investment in Capital Assets	355,463	(235,772)	119,691
Total Net Position	<u>\$ 355,463</u>	<u>\$ (235,772)</u>	<u>\$ 119,691</u>
 <u>Balance Sheet - Proprietary Funds:</u>			
<u>Net Position</u>			
Net Investment in Capital Assets	\$ 355,463	\$ (235,772)	\$ 119,691
Total Net Position	<u>\$ 355,463</u>	<u>\$ (235,772)</u>	<u>\$ 119,691</u>

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

SUMMIT PUBLIC SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICTS PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST NINE FISCAL YEARS

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's Proportion of the Net Pension Liability	0.0986700000%	0.1003800000%	0.1021300000%	0.1075600000%	0.111091000000%	0.1077000000%	0.10982000000%	0.1137100000%	0.1156859988%
District's Proportionate Share of the Net Pension Liability	\$ 18,473,376	\$ 22,532,808	\$ 30,247,699	\$ 25,039,115	\$ 21,640,624	\$ 19,406,615	\$ 17,909,807	\$ 13,470,955	\$ 17,458,610
District's Covered Employee Payroll	\$ 6,501,378	\$ 6,711,653	\$ 6,885,387	\$ 7,456,193	\$ 7,471,215	\$ 7,531,326	\$ 7,761,673	\$ 8,152,687	\$ 8,400,518
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	284.15%	335.73%	439.30%	335.82%	289.65%	257.68%	230.75%	165.23%	207.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

SUMMIT PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST NINE FISCAL YEARS

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually Required Contribution	\$ 820,714	\$ 876,821	\$ 935,405	\$ 1,019,452	\$ 1,093,852	\$ 1,047,642	\$ 1,201,446	\$ 1,331,706	\$ 1,526,613
Contributions in relation to the Contractually Required Contribution	(820,714)	(876,821)	(935,405)	(1,019,452)	(1,093,852)	(1,047,642)	(1,201,446)	(1,331,706)	(1,526,613)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Covered Employee Payroll	\$ 6,711,653	\$ 6,885,387	\$ 7,456,193	\$ 7,471,215	\$ 7,531,326	\$ 7,761,673	\$ 8,152,687	\$ 8,400,518	\$ 8,382,054
Contributions as a Percentage of Covered Employee Payroll	12.23%	12.73%	12.55%	13.65%	14.52%	13.50%	14.74%	15.85%	18.21%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

SUMMIT PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST NINE FISCAL YEARS

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
State's Proportion of the Net Pension Liability Attributable to the District	0.3188459107%	0.3156785902%	0.3134060072%	0.3130884434%	0.3236728689%	0.3170530612%	0.3144458274%	0.3050413870%	0.3141410848%
State's Proportionate Share of the Net Pension Liability Attributable to the District	\$ 163,208,297	\$ 199,522,349	\$ 246,545,120	\$ 211,095,518	\$ 205,913,727	\$ 194,578,456	\$ 207,058,794	\$ 146,649,222	\$ 162,079,258
District's Covered Employee Payroll	\$ 30,976,568	\$ 31,687,581	\$ 32,393,898	\$ 33,099,522	\$ 33,706,072	\$ 33,461,524	\$ 34,208,264	\$ 35,285,551	\$ 35,019,311
State's proportionate share of the net pension liability attributable to the District as a Percentage of its Covered Employee Payroll	526.88%	629.65%	761.09%	637.76%	610.91%	581.50%	605.29%	415.61%	462.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

SUMMIT PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST NINE FISCAL YEARS

	Fiscal Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Contractually required contribution	\$ 8,782,139	\$ 12,182,636	\$ 18,524,435	\$ 14,623,629	\$ 12,004,050	\$ 11,476,757	\$ 12,875,798	\$ 3,450,721	\$ 4,362,006	
Contributions in relation to the contractually required contribution	(1,592,128)	(2,390,186)	(3,398,493)	(4,766,559)	(6,235,666)	(6,897,002)	(8,867,184)	(12,932,109)	(12,499,423)	
Contribution deficiency/(excess)	\$ 7,190,011	\$ 9,792,450	\$ 15,125,942	\$ 9,857,070	\$ 5,768,384	\$ 4,579,755	\$ 4,008,614	\$ (9,481,388)	\$ (8,137,417)	
District's covered employee payroll	\$ 31,687,581	\$ 32,393,898	\$ 33,099,522	\$ 33,706,072	\$ 33,461,524	\$ 34,208,264	\$ 35,285,551	\$ 35,019,311	\$ 35,712,479	
Contributions as a percentage of covered employee payroll	5.02%	7.38%	10.27%	14.14%	18.64%	20.16%	25.13%	36.93%	35.00%	

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

SUMMIT PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL
OPEB LIABILITY ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS
LAST SIX FISCAL YEARS

	Fiscal Years Ending June 30,					
	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 6,737,252	\$ (2,284,679)	\$ 4,900,906	\$ 5,159,370	\$ 9,304,264	\$ 8,150,430
Interest Cost	4,096,419	3,815,904	4,409,920	3,735,815	3,942,708	3,321,027
Changes in Benefit Terms				(161,772)		
Differences between Expected and Actual Experiences			(15,350,981)	29,597,900	(27,852,070)	(1,340,764)
Changes in Assumptions	(17,155,688)	(14,607,891)	1,535,701	30,981,752	149,947	(33,617,293)
Member Contributions	123,249	237,337	93,722	89,498	100,796	105,531
Gross Benefit Payments	(3,347,116)	(6,445,440)	(3,161,716)	(2,952,755)	(3,105,750)	(3,289,576)
Net Change in Total OPEB Liability	(9,545,884)	(19,284,769)	(7,572,448)	66,611,580	(17,621,877)	(26,670,645)
Total OPEB Liability - Beginning	139,400,608	129,854,724	110,569,955	102,997,507	169,609,087	151,987,210
Total OPEB Liability - Ending	\$ 129,854,724	\$ 110,569,955	\$ 102,997,507	\$ 169,609,087	\$ 151,987,210	\$ 125,316,565
District's Covered Employee Payroll *	\$ 39,279,285	\$ 40,555,715	\$ 41,177,287	\$ 40,992,850	\$ 41,969,937	\$ 43,438,238
Total OPEB Liability as a Percentage of Covered Employee Payroll	331%	273%	250%	414%	362%	288%

* Covered payroll for the fiscal years ending June 30, 2017, 2018, 2019, 2020, 2021 & 2022 are based on the payroll on the June 30, 2016, 2017, 2018, 2019, 2020 and 2021 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

SUMMIT PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 6.55% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 2.00%-6.00% through 2026 and 3.00-7.00% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 1.55%-4.45% through 2026 and 2.75%-5.65% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2022 was 3.54%. The discount rate for June 30, 2021 was 2.16%, a change of 1.38%.

The salary increases for TPAF/ABP thereafter were 1.55% - 4.45% through 2026 and 2.75% - 5.65% for thereafter in the valuation as of June 30, 2021. The salary increases for TPAF/ABP were 2.75% - 4.25% in the valuation as of June 30, 2022.

The salary increases for PERS were 2.00% - 6.00% through 2026 and 3.00% - 7.00% for thereafter in the valuation as of June 30, 2021. The salary increases for PERS were 2.75% - 6.55% in the valuation as of June 30, 2022.

SUMMIT PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The salary increases for PFRS were 3.25% - 15.25% through 2026 and not applicable for thereafter in the valuation as of June 30, 2021. The salary increases for PFRS were 3.25% - 16.25% in the valuation as of June 30, 2022.

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.

The health care trend rates in the valuation as of June 30, 2021 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal years 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long term rate after seven years.

BUDGETARY COMPARISON SCHEDULES

SUMMIT PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 69,767,778		\$ 69,767,778	\$ 69,767,778	
Tuition From Individuals	83,700		83,700	79,265	\$ (4,435)
Tuition From Other LEAs Within the State	395,984		395,984	502,005	106,021
Unrestricted Miscellaneous Revenues	123,000		123,000	315,604	192,604
Interest Earned on Capital Reserve Funds				34,415	34,415
Other Restricted Miscellaneous Revenues				22,982	22,982
Total Revenues from Local Sources	70,370,462		70,370,462	70,722,049	351,587
Revenues from State Sources:					
Categorical Transportation Aid	203,264		203,264	203,264	
Extraordinary Aid	420,047		420,047	760,992	340,945
Categorical Special Education Aid	3,427,400		3,427,400	3,427,400	
Categorical Security Aid	391,879		391,879	391,879	
Securing Our Children's Future Bond Act				230,899	230,899
TPAF Post Retirement Contributions (Non-Budgeted)				3,329,124	3,329,124
TPAF Pension Contributions (Non-Budgeted)				12,499,423	12,499,423
TPAF Non-Contributory Insurance (Non-Budgeted)				173,415	173,415
TPAF Long-Term Disability Insurance (Non-Budgeted)				5,423	5,423
Reimbursed TPAF Social Security Contributions				2,660,326	2,660,326
Total Revenues from State Sources	4,442,590		4,442,590	23,682,145	19,239,555
Revenues from Federal Sources:					
Medicaid Reimbursement	52,383		52,383	62,763	10,380
Family First Coronavirus Response Act				6,764	6,764
FEMA Reimbursements				24,871	24,871
Total Revenues from Federal Sources	52,383		52,383	94,398	42,015
TOTAL REVENUE	74,865,435		74,865,435	94,498,592	19,633,157

SUMMIT PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 887,083	\$ 41,877	\$ 928,960	\$ 928,960	
Grades 1-5 - Salaries of Teachers	9,205,848	(41,878)	9,163,970	8,904,043	\$ 259,927
Grades 6-8 - Salaries of Teachers	5,698,458		5,698,458	5,433,296	265,162
Grades 9-12 - Salaries of Teachers	8,119,483	(948)	8,118,535	7,920,853	197,682
Regular Programs - Home Instruction:					
Salaries of Teachers	20,600	1,813	22,413	22,413	
Purchased Professional - Educational Services	32,000	(864)	31,136	31,136	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	1,100,307	(300,000)	800,307	696,011	104,296
Purchased Technical Services	12,000		12,000	11,223	777
Other Purchased Services (400-500 series)	334,404		334,404	292,607	41,797
General Supplies	1,505,386	17,377	1,522,763	1,228,749	294,014
Textbooks	603,840	(17,377)	586,463	352,841	233,622
Total Regular Programs - Instruction	<u>27,519,409</u>	<u>(300,000)</u>	<u>27,219,409</u>	<u>25,822,132</u>	<u>1,397,277</u>
Special Education - Instruction:					
Learning and/or Language Disabilities - Mild to Moderate:					
Salaries of Teachers	748,081		748,081	674,168	73,913
General Supplies	4,800		4,800	3,635	1,165
Total Learning and/or Language Disabilities - Mild to Moderate	<u>752,881</u>		<u>752,881</u>	<u>677,803</u>	<u>75,078</u>
Resource Room/Resource Center:					
Salaries of Teachers	3,551,049		3,551,049	3,325,912	225,137
Other Salaries for Instruction	3,074,686		3,074,686	2,859,462	215,224
General Supplies	11,200		11,200	10,465	735
Total Resource Room/Resource Center	<u>6,636,935</u>		<u>6,636,935</u>	<u>6,195,839</u>	<u>441,096</u>

SUMMIT PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Preschool Disabilities - Part-Time:					
Salaries of Teachers	\$ 617,911	\$ (60,000)	\$ 557,911	\$ 514,397	\$ 43,514
Other Salaries for Instruction	475,474	60,000	535,474	533,857	1,617
General Supplies	2,000		2,000	1,430	570
Total Preschool Disabilities - Part-Time	<u>1,095,385</u>		<u>1,095,385</u>	<u>1,049,684</u>	<u>45,701</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>8,485,201</u>		<u>8,485,201</u>	<u>7,923,326</u>	<u>561,875</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	787,075	(69,664)	717,411	707,676	9,735
General Supplies	4,836		4,836	2,939	1,897
Total Basic Skills/Remedial - Instruction	<u>791,911</u>	<u>(69,664)</u>	<u>722,247</u>	<u>710,615</u>	<u>11,632</u>
Bilingual Education - Instruction:					
Salaries of Teachers	699,266	69,664	768,930	768,930	
Purchased Professional-Educational Services	2,000		2,000	1,250	750
General Supplies	1,650		1,650	1,535	115
Total Bilingual Education - Instruction	<u>702,916</u>	<u>69,664</u>	<u>772,580</u>	<u>771,715</u>	<u>865</u>
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	359,000	5,206	364,206	364,206	
Purchased Services (300-500 series)	11,400	17,353	28,753	28,188	565
Supplies and Materials		3,468	3,468	3,468	
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	<u>370,400</u>	<u>26,027</u>	<u>396,427</u>	<u>395,862</u>	<u>565</u>
School-Sponsored Athletics - Instruction:					
Salaries	859,482	1,644	861,126	861,126	
Purchased Services (300-500 series)	189,208		189,208	176,665	12,543
Supplies and Materials	105,783	(13,635)	92,148	92,148	
Other Objects	18,725	(14,036)	4,689	2,588	2,101
Total School-Sponsored Athletics - Instruction	<u>1,173,198</u>	<u>(26,027)</u>	<u>1,147,171</u>	<u>1,132,527</u>	<u>14,644</u>

SUMMIT PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Summer School - Instruction:					
Salaries of Teachers	\$ 106,551	\$	\$ 106,551	\$ 88,298	\$ 18,253
General Supplies	1,000		1,000		1,000
Total Summer School - Instruction	107,551		107,551	88,298	19,253
Total Summer School	107,551		107,551	88,298	19,253
TOTAL INSTRUCTION	39,150,586	\$ (300,000)	38,850,586	36,844,475	2,006,111
Undistributed Expenditures - Instruction:					
Tuition to County Voc. School Dist.-Regular	230,350		230,350	230,350	
Tuition to County Voc. School Dist.-Special	47,355		47,355	29,650	17,705
Tuition to CSSD & Reg. Day Schools	517,881	(100,000)	417,881	247,589	170,292
Tuition to Priv. Sch. for the Handicap. Within the State	1,140,089	9,829	1,149,918	1,149,918	
Tuition to Priv Sch Handicap & Oth LEAs-Spl,O/S St	241,800	(9,829)	231,971	151,720	80,251
Total Undistributed Expenditures - Instruction	2,177,475	(100,000)	2,077,475	1,809,227	268,248
Undistributed Expenditures - Health Services:					
Salaries	703,016	(4,101)	698,915	698,015	900
Purchased Professional and Technical Services	22,420	154,101	176,521	170,253	6,268
Other Purchased Services (400-500 series)	7,200		7,200	7,082	118
Supplies and Materials	38,000	(4,000)	34,000	28,807	5,193
Total Undist. Expenditures - Health Services	770,636	146,000	916,636	904,157	12,479
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	842,293		842,293	837,182	5,111
Purchased Professional - Educational Services	45,000	(10,000)	35,000	8,800	26,200
Total Undist. Expend. - Speech, OT, PT, Related Svcs	887,293	(10,000)	877,293	845,982	31,311
Undist.Expend. - Other Supp.Serv.Students - Extra.Serv.:					
Purchased Professional - Educational Services	360,733		360,733	276,826	83,907
Total Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.	360,733		360,733	276,826	83,907

SUMMIT PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	\$ 1,178,070	\$ 410	\$ 1,178,480	\$ 1,113,564	\$ 64,916
Salaries of Secretarial and Clerical Assistants	156,878	(410)	156,468	152,983	3,485
Other Purchased Services (400-500 series)	1,500		1,500	960	540
Supplies and Materials	25,975	(7,000)	18,975	13,886	5,089
Total Undist Expend. - Guidance	<u>1,362,423</u>	<u>(7,000)</u>	<u>1,355,423</u>	<u>1,281,393</u>	<u>74,030</u>
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	1,206,430	(37,170)	1,169,260	1,117,000	52,260
Salaries of Secretarial and Clerical Assistants	118,307		118,307	118,307	
Purchased Professional - Educational Services	18,000	11,000	29,000	26,130	2,870
Other Purchased Services (400-500 series)	7,000		7,000	691	6,309
Supplies and Materials	14,900		14,900	11,147	3,753
Other Objects	450		450	325	125
Total Undist Expend. - Child Study Team	<u>1,365,087</u>	<u>(26,170)</u>	<u>1,338,917</u>	<u>1,273,600</u>	<u>65,317</u>
Undist. Expend. - Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	672,382		672,382	654,442	17,940
Salaries of Other Professional Staff	13,000		13,000	13,000	
Other Salaries	161,411		161,411	138,023	23,388
Sal of Facilitators, Math Coaches & Literacy Coaches	530,955		530,955	458,210	72,745
Purchased Professional - Educational Services	17,500		17,500	4,000	13,500
Supplies and Materials	20,300		20,300	10,521	9,779
Total Undist. Expend. - Improv. of Inst. Serv.	<u>1,415,548</u>		<u>1,415,548</u>	<u>1,278,196</u>	<u>137,352</u>
Undist. Expend. - Edu. Media Serv./Sch. Library:					
Salaries	1,010,578		1,010,578	954,162	56,416
Supplies and Materials	166,193	(2,830)	163,363	133,689	29,674
Total Undist Expend - Edu. Media Serv./Sch. Library	<u>1,176,771</u>	<u>(2,830)</u>	<u>1,173,941</u>	<u>1,087,851</u>	<u>86,090</u>
Undist. Expend. - Instructional Staff Training Services:					
Other Objects	92,683		92,683	37,968	54,715
Total Undist. Expend. - Instructional Staff Training Services	<u>92,683</u>		<u>92,683</u>	<u>37,968</u>	<u>54,715</u>

SUMMIT PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Support Serv. - Gen. Admin.:					
Salaries	\$ 670,963	\$	\$ 670,963	\$ 660,219	\$ 10,744
Legal Services	225,000	28,355	253,355	231,739	21,616
Audit Fees	107,200	(43,042)	64,158	58,461	5,697
Other Purchased Professional Services	28,000	18,042	46,042	39,466	6,576
Communications / Telephone	154,600		154,600	139,358	15,242
BOE Other Purchased Services	16,000		16,000	15,666	334
General Supplies	6,778		6,778	5,709	1,069
BOE In-house training/ Meeting Supplies	150		150	126	24
BOE Membership Dues and Fees	37,000		37,000	35,577	1,423
BOE Undist. Expend. - Support Serv. - Gen. Admin.	1,245,691	3,355	1,249,046	1,186,321	62,725
Undist. Expend. - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	1,802,942		1,802,942	1,742,730	60,212
Salaries of Other Professional Staff	399,761	480	400,241	400,241	
Salaries of Secretarial and Clerical Assistants	936,549	(480)	936,069	919,880	16,189
Other Purchased Services (400-500 series)	41,000		41,000	9,517	31,483
Supplies and Materials	3,000		3,000	2,218	782
Other Objects	28,500		28,500	27,610	890
Total Undist. Expend. - Support Serv. - School Adm.	3,211,752		3,211,752	3,102,196	109,556
Undist. Expend. - Central Services:					
Salaries	940,254	5,000	945,254	937,704	7,550
Miscellaneous Purchased Services (400-500 series other than 594)	9,500	23,000	32,500	32,275	225
Supplies and Materials	31,460	(5,609)	25,851	22,130	3,721
Interest on Lease Purchase Agreements	50,746	(50,746)			
Other Objects	80,000		80,000	79,679	321
Total Undist. Expend. - Central Services	1,111,960	(28,355)	1,083,605	1,071,788	11,817

SUMMIT PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Admin. Info. Technology:					
Salaries	\$ 188,798	\$ 413,287	\$ 602,085	\$ 566,708	\$ 35,377
Other Purchased Services (400-500 series)	3,000		3,000	2,220	780
Total Undist. Expend. - Admin. Info. Technology	191,798	413,287	605,085	568,928	36,157
Undist. Expend. - Required Maintenance for School Facilities:					
Salaries	962,221	(413,287)	548,934	516,674	32,260
Cleaning, Repair, and Maintenance Services	318,020	155,420	473,440	359,619	113,821
General Supplies	272,160		272,160	263,445	8,715
Other Objects	3,600		3,600	2,250	1,350
Total Undist. Expend. - Required Maint. for School Facilities	1,556,001	(257,867)	1,298,134	1,141,988	156,146
Undist. Expend. - Custodial Services:					
Salaries	2,482,719	243,000	2,725,719	2,719,636	6,083
Purchased Professional and Technical Services	61,723	(14,000)	47,723	47,562	161
Cleaning, Repair, and Maintenance Services	56,000	(24,000)	32,000	23,301	8,699
Other Purchased Property Services	69,360	20,000	89,360	80,907	8,453
Insurance	672,372		672,372	672,197	175
General Supplies	209,000	(28,200)	180,800	175,535	5,265
Energy (Natural Gas)	265,000	28,200	293,200	293,147	53
Energy (Electricity)	546,720	75,000	621,720	613,158	8,562
Other Objects	35,000		35,000	35,000	
Total Undist. Expend. - Custodial Services	4,397,894	300,000	4,697,894	4,660,443	37,451
Undist. Expend. - Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	35,768		35,768	13,624	22,144
General Supplies	39,188		39,188	38,731	457
Total Undist. Expend. - Care And Upkeep Of Grounds	74,956		74,956	52,355	22,601
Undist. Expend. - Security:					
Salaries	193,803		193,803	174,718	19,085
Other Objects	15,000		15,000	7,285	7,715
Total Undist. Expend. - Security	208,803		208,803	182,003	26,800

SUMMIT PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Undist. Expend. - Oper. And Maint. Of Plant Serv.	\$ 6,237,654	\$ 42,133	\$ 6,279,787	\$ 6,036,789	\$ 242,998
Undist. Expend. - Student Transportation Serv.:					
Sal. for Pupil Trans. (Bet. Home and Sch) - Spl. Ed.	63,508		63,508	39,349	24,159
Cleaning, Repair, and Maint. Services	6,545		6,545	1,754	4,791
Contract. Serv.(Oth. than Bet. Home & Sch.) - Vend.	265,740	40,000	305,740	299,271	6,469
Contract. Serv.(Spl. Ed. Students)-Vendors	9,833		9,833	9,760	73
Contract. Serv.(Reg. Students)-ESCs & CTAS	67,143	(20,000)	47,143	20,684	26,459
Contract. Serv.(Spl. Ed. Students) - ESCs & CTAS	995,024	(20,000)	975,024	967,950	7,074
Misc. Purchased Serv. - Transportation	275		275		275
General Supplies	16,115		16,115	14,314	1,801
Total Undist. Expend. - Student Trans. Serv.	1,424,183		1,424,183	1,353,082	71,101
UNALLOCATED BENEFITS					
Group Insurance	227,429		227,429	141,961	85,468
Social Security Contributions	1,255,174		1,255,174	1,073,027	182,147
Other Retirement Contributions - PERS	1,544,513		1,544,513	1,526,613	17,900
Other Retirement Contributions - Regular	35,000		35,000	32,737	2,263
Workers Compensation	377,701		377,701	344,800	32,901
Health Benefits	10,539,929		10,539,929	10,058,515	481,414
Tuition Reimbursement	110,000		110,000	60,921	49,079
Other Employee Benefits	254,000		254,000	223,378	30,622
TOTAL UNALLOCATED BENEFITS	14,343,746		14,343,746	13,461,952	881,794
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				3,329,124	(3,329,124)
TPAF Pension Contributions (Non-Budgeted)				12,499,423	(12,499,423)
TPAF Non-Contributory Insurance (Non-Budgeted)				173,415	(173,415)
TPAF Long-Term Disability Insurance (Non-Budgeted)				5,423	(5,423)
Reimbursed TPAF Social Security Contributions				2,660,326	(2,660,326)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				18,667,711	(18,667,711)

SUMMIT PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 14,343,746		\$ 14,343,746	\$ 32,129,663	\$ (17,785,917)
TOTAL UNDISTRIBUTED EXPENDITURES	37,375,433	\$ 430,420	37,805,853	54,243,967	(16,438,114)
TOTAL GENERAL CURRENT EXPENSE	76,526,019	130,420	76,656,439	91,088,442	(14,432,003)
CAPITAL OUTLAY					
Equipment					
Grades 1-5	281,308		281,308	275,874	5,434
Grades 6-8	56,738		56,738	55,063	1,675
Grades 9-12	209,015		209,015	208,337	678
Undistributed:					
Undistributed Expenditures - Instruction	73,475		73,475	37,154	36,321
Undist. Expend. - Required Maint for School Fac.	3,945		3,945	3,945	
Total Equipment	624,481		624,481	580,373	44,108
Facilities Acquisition and Construction Serv.:					
Other Purchased Prof. and Tech. Services	190,500	25,000	215,500	165,013	50,487
Construction Services	1,739,911	(760,470)	979,441	42,896	936,545
Lease Purchase Agreements - Principal	247,422		247,422	245,222	2,200
Assessment for Debt Service on SDA Funding	35,021		35,021	35,021	
Total Facilities Acquisition and Const. Serv.	2,212,854	(735,470)	1,477,384	488,152	989,232
TOTAL CAPITAL OUTLAY	2,837,335	(735,470)	2,101,865	1,068,525	1,033,340
Transfer of Funds to Charter Schools	39,793		39,793		39,793
TOTAL EXPENDITURES	79,403,147	(605,050)	78,798,097	92,156,967	(13,358,870)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(4,537,712)	605,050	(3,932,662)	2,341,625	6,274,287

SUMMIT PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources/(Uses):					
Capital Reserve - Transfer to Capital Projects Fund		\$ (605,050)	\$ (605,050)	\$ (605,050)	
Total Other Financing Sources/(Uses)		(605,050)	(605,050)	(605,050)	
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (4,537,712)		(4,537,712)	1,736,575	\$ 6,274,287
Fund Balance, July 1 (Restated)	13,213,990		13,213,990	13,213,990	
Fund Balance, June 30	\$ 8,676,278	\$ -0-	\$ 8,676,278	\$ 14,950,565	\$ 6,274,287
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2024-2025				\$ 2,522,479	
Excess Surplus - Restricted For 2023-2024				524,742	
Capital Reserve				5,785,204	
Maintenance Reserve				1,459,271	
Emergency Reserve				151	
Unemployment Compensation				701,720	
Assigned Fund Balance:					
Year End Encumbrances				158,909	
Designated for Subsequent Year's Expenditures				1,975,258	
Unassigned Fund Balance				1,822,831	
				14,950,565	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(394,353)	
Fund Balance per Governmental Funds (GAAP)				\$ 14,556,212	

SUMMIT PUBLIC SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 2,956,514		\$ 2,956,514	\$ 1,984,165	\$ (972,349)
State Sources	745,050		885,985	618,103	(267,882)
Federal Sources	636,838	2,409,085	3,045,923	2,264,564	(781,359)
Total Revenues	777,773	6,110,649	6,888,422	4,866,832	(2,021,590)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	181,627	1,143,242	1,324,869	820,503	504,366
Purchased Professional and Technical Services	54,156	480,797	534,953	415,580	119,373
Other Purchased Services		33,710	33,710	26,600	7,110
Tuition	394,701	383,886	778,587	718,807	59,780
General Supplies	28,226	1,019,651	1,047,877	699,730	348,147
Textbooks		70,752	70,752	27,040	43,712
Other Objects	565	13,274	13,839	3,567	10,272
Total Instruction	659,275	3,145,312	3,804,587	2,711,827	1,092,760
Support Services:					
Salaries of Supervisors of Instruction		155,215	155,215	81,804	73,411
Personal Services - Employee Benefits		149,955	149,955	114,179	35,776
Purchased Professional and Technical Services	118,498	1,115,337	1,233,835	721,188	512,647
Other Purchased Services		125,050	125,050	114,212	10,838
Supplies and Materials		29,412	29,412	29,338	74
Other Objects		840	840	840	
Student Activities		863,624	863,624	863,624	
Scholarships Awarded		64,757	64,757	64,757	
Total Support Services	118,498	2,504,190	2,622,688	1,989,942	632,746
Facilities Acquisition and Construction Services:					
Instructional Equipment		308,904	308,904	68,968	239,936
Non-Instructional Equipment		102,309	102,309	46,161	56,148
Total Facilities Acquisition and Construction Services		411,213	411,213	115,129	296,084
Total Expenditures	\$ 777,773	\$ 6,060,715	\$ 6,838,488	\$ 4,816,898	\$ 2,021,590
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -0-	\$ 49,934	\$ 49,934	\$ 49,934	\$ -0-

SUMMIT PUBLIC SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 94,498,592	\$ 4,866,832
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		(8,998)
Cancellation of Prior Year Encumbrances		(270)
Prior Year Encumbrances		1,286,712
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	326,365	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(394,353)	
	\$ 94,430,604	\$ 6,144,276
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds		
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 92,156,967	\$ 4,816,898
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, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		(8,998)
Cancellation of Prior Year Encumbrances		(270)
Prior Year Encumbrances		1,286,712
	\$ 92,156,967	\$ 6,094,342
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		

SUMMIT PUBLIC SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. The budget for the fiscal year ended June 30, 2023 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. 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 and scholarships. 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.

The General Fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments in the GAAP financial statements.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of revenue from the City bond ordinances. Ordinance revenue is recognized in full in the year the ordinances are authorized on the budgetary basis; but, are not recognized on the GAAP basis until funds are expended and submitted for reimbursement from the City.

The Capital Projects Fund budgetary revenue also differs from GAAP revenue due to a difference in the recognition of NJ Clean Energy program grants. Grants are recognized in full in the year the grants are awarded on the budgetary basis; but are not recognized on the GAAP basis until certain milestones are accomplished and the required documentation is submitted to the grantor for reimbursement.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

SUMMIT PUBLIC SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	I.D.E.A. Elementary and Secondary Education Act					
	Basic	Preschool	Title IA	Title IIA	Title III	Title IV
REVENUES:						
Local Sources						
State Sources						
Federal Sources	\$ 1,046,732	\$ 40,461	\$ 309,002	\$ 69,942	\$ 63,501	\$ 22,369
Total Revenues	<u>1,046,732</u>	<u>40,461</u>	<u>309,002</u>	<u>69,942</u>	<u>63,501</u>	<u>22,369</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers			247,170	24,420	18,114	
Purchased Professional and Technical Services						
Other Purchased Services			6,013			
Tuition	469,112					
General Supplies	27,957		3,094		28,453	14,724
Textbooks						
Other Objects	228				3,339	
Total Instruction	<u>497,297</u>		<u>256,277</u>	<u>24,420</u>	<u>49,906</u>	<u>14,724</u>
Support Services:						
Salaries of Supervisors of Instruction	8,627					
Personal Services - Employee Benefits	660		52,725	12,832	1,386	
Purchased Professional and Technical Services	428,851	40,461		32,690	7,644	7,645
Other Purchased Services	109,647				4,565	
Supplies and Materials	810					
Other Objects	840					
Student Activities						
Scholarships Awarded						
Total Support Services	<u>549,435</u>	<u>40,461</u>	<u>52,725</u>	<u>45,522</u>	<u>13,595</u>	<u>7,645</u>
Facilities Acquisition and Construction Services:						
Instructional Equipment						
Non-Instructional Equipment						
Total Facilities Acquisition and Construction Services						
Total Expenditures	<u>\$ 1,046,732</u>	<u>\$ 40,461</u>	<u>\$ 309,002</u>	<u>\$ 69,942</u>	<u>\$ 63,501</u>	<u>\$ 22,369</u>

SUMMIT PUBLIC SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	CRRSA		ARP			
	Learning Acceleration	Mental Health	ESSER III	Learning Acceleration	Beyond School Day	Mental Health
REVENUES:						
Local Sources						
State Sources						
Federal Sources	\$ 1,673	\$ 38,026	\$ 283,694	\$ 85,260	\$ 9,209	\$ 45,000
Total Revenues	<u>1,673</u>	<u>38,026</u>	<u>283,694</u>	<u>85,260</u>	<u>9,209</u>	<u>45,000</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers			154,296		8,555	
Purchased Professional and Technical Services						
Other Purchased Services						
Tuition						
General Supplies	1,673		30,552			
Textbooks						
Other Objects						
Total Instruction	<u>1,673</u>		<u>184,848</u>		<u>8,555</u>	
Support Services:						
Salaries of Supervisors of Instruction			37,305	4,872		31,000
Personal Services - Employee Benefits			31,549	373	654	14,000
Purchased Professional and Technical Services		9,498	29,992	80,015		
Other Purchased Services						
Supplies and Materials		28,528				
Other Objects						
Student Activities						
Scholarships Awarded						
Total Support Services		<u>38,026</u>	<u>98,846</u>	<u>85,260</u>	<u>654</u>	<u>45,000</u>
Facilities Acquisition and Construction Services:						
Instructional Equipment						
Non-Instructional Equipment						
Total Facilities Acquisition and Construction Services						
Total Expenditures	<u>\$ 1,673</u>	<u>\$ 38,026</u>	<u>\$ 283,694</u>	<u>\$ 85,260</u>	<u>\$ 9,209</u>	<u>\$ 45,000</u>

SUMMIT PUBLIC SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Nonpublic					
	ACRSERS	School Climate Change	Nursing	Textbooks	Technology Initiative	Security Aid
REVENUES:						
Local Sources						
State Sources						
Federal Sources						
Total Revenues	\$ 249,695	\$ 6,660	\$ 101,252	\$ 27,040	\$ 57,577	\$ 298,363
	<u>249,695</u>	<u>6,660</u>	<u>101,252</u>	<u>27,040</u>	<u>57,577</u>	<u>298,363</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional and Technical Services			101,252			298,363
Other Purchased Services						
Tuition	249,695				57,577	
General Supplies		6,660		27,040		
Textbooks						
Other Objects						
Total Instruction	<u>249,695</u>	<u>6,660</u>	<u>101,252</u>	<u>27,040</u>	<u>57,577</u>	<u>298,363</u>
Support Services:						
Salaries of Supervisors of Instruction						
Personal Services - Employee Benefits						
Purchased Professional and Technical Services						
Other Purchased Services						
Supplies and Materials						
Other Objects						
Student Activities						
Scholarships Awarded						
Total Support Services						
Facilities Acquisition and Construction Services:						
Instructional Equipment						
Non-Instructional Equipment						
Total Facilities Acquisition and Construction Services						
Total Expenditures	\$ 249,695	\$ 6,660	\$ 101,252	\$ 27,040	\$ 57,577	\$ 298,363
	<u>249,695</u>	<u>6,660</u>	<u>101,252</u>	<u>27,040</u>	<u>57,577</u>	<u>298,363</u>

SUMMIT PUBLIC SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Nonpublic Handicapped Services		Nonpublic Auxiliary Services		
	Supplementary Instruction	Examination and Classification	Corrective Speech	Compensatory Education	Home Instruction
REVENUES:					
Local Sources					
State Sources	\$ 8,921	\$ 47,229	\$ 15,717	\$ 3,854	\$ 5,329
Federal Sources					
Total Revenues	8,921	47,229	15,717	3,854	5,329
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Purchased Professional and Technical Services					
Other Purchased Services					
Tuition					
General Supplies					
Textbooks					
Other Objects					
Total Instruction					
Support Services:					
Salaries of Supervisors of Instruction					
Personal Services - Employee Benefits					
Purchased Professional and Technical Services	8,921	47,229	15,717	3,854	5,329
Other Purchased Services					
Supplies and Materials					
Other Objects					
Student Activities					
Scholarships Awarded					
Total Support Services	8,921	47,229	15,717	3,854	5,329
Facilities Acquisition and Construction Services:					
Instructional Equipment					
Non-Instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	\$ 8,921	\$ 47,229	\$ 15,717	\$ 3,854	\$ 5,329

SUMMIT PUBLIC SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	SDA Emergent and Capital Needs	Private Donations	Student Activities	Scholarship	Totals
REVENUES:					
Local Sources	\$ 46,161	\$ 1,005,850	\$ 880,500	\$ 97,815	\$ 1,984,165
State Sources					618,103
Federal Sources					2,264,564
Total Revenues	46,161	1,005,850	880,500	97,815	4,866,832
EXPENDITURES:					
Instruction:					
Salaries of Teachers		367,948			820,503
Purchased Professional and Technical Services		15,965			415,580
Other Purchased Services		20,587			26,600
Tuition					718,807
General Supplies		529,040			699,730
Textbooks					27,040
Other Objects					3,567
Total Instruction		933,540			2,711,827
Support Services:					
Salaries of Supervisors of Instruction					81,804
Personal Services - Employee Benefits					114,179
Purchased Professional and Technical Services		3,342			721,188
Other Purchased Services					114,212
Supplies and Materials					29,338
Other Objects					840
Student Activities			863,624		863,624
Scholarships Awarded				64,757	64,757
Total Support Services		3,342	863,624	64,757	1,989,942
Facilities Acquisition and Construction Services:					
Instructional Equipment		68,968			68,968
Non-Instructional Equipment	46,161				46,161
Total Facilities Acquisition and Construction Services	46,161	68,968			115,129
Total Expenditures	\$ 46,161	\$ 1,005,850	\$ 863,624	\$ 64,757	\$ 4,816,898

CAPITAL PROJECTS FUND

SUMMIT PUBLIC SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Revenue and Other Financing Sources:	
Federal Sources -	
NJ Clean Energy Program Grant	\$ 1,815,150
City Bond Ordinance Proceeds	37,429,555
Transfer from Capital Reserve	<u>605,050</u>
Total Revenue and Other Financing Sources	<u>39,849,755</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	1,444,029
Construction Services	<u>1,194,820</u>
Total Expenditures and Other Financing Uses	<u>2,638,849</u>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	37,210,906
Fund Balance - Beginning of Year	<u>-0-</u>
Fund Balance - End of Year	<u>\$ 37,210,906</u>
<u>Recapitulation:</u>	
Committed	\$ 36,782,358
Committed - Year End Encumbrances	<u>428,548</u>
Total Fund Balance - Budgetary Basis	<u>\$ 37,210,906</u>
<u>Reconciliation to Governmental Funds Statements (GAAP):</u>	
City and Grant Receivable not Recognized on the GAAP Basis	<u>\$ (37,651,735)</u>
Fund Balance/(Deficit) per Governmental Funds (GAAP)	<u>\$ (440,829)</u>

SUMMIT PUBLIC SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
VARIOUS SCHOOL IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Due from City of Summit:				
Bond Ordinance Proceeds		\$ 37,429,555	\$ 37,429,555	\$ 37,429,555
Total Revenue and Other Financing Sources		37,429,555	37,429,555	37,429,555
Expenditures:				
Purchased Professional and Technical Services		1,390,442	1,390,442	37,425,705
Construction Services		1,925	1,925	3,850
Total Expenditures		1,392,367	1,392,367	37,429,555
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 36,037,188	\$ 36,037,188	\$ -0-

Additional Project Information:

Project Numbers	5090-0X0-23-X000
Grant Date	N/A
Bond Authorization Date	12/20/22
Bonds Authorized	\$ 37,429,555
Bonds Issued	\$ 22,380,000
Original Authorized Cost	\$ 37,429,555
Additional Authorized Cost	-0-
Revised Authorized Cost	<u>\$ 37,429,555</u>

Percentage Increase over Original

Authorized Cost	0%
Percentage Completion	4%
Original Target Completion Date	06/30/28
Revised Target Completion Date	N/A

The District is a Type I District and all debt is authorized, issued and paid by the City of Summit.

N/A - Not Available/Applicable

SUMMIT PUBLIC SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
HVAC REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Federal Sources -				
NJ Clean Energy Program Grant		\$ 1,815,150	\$ 1,815,150	\$ 1,815,150
Transfer from Capital Reserve		605,050	605,050	605,050
Total Revenue and Other Financing Sources		<u>2,420,200</u>	<u>2,420,200</u>	<u>2,420,200</u>
Expenditures:				
Purchased Professional and Technical Services		53,587	53,587	75,000
Construction Services		1,192,895	1,192,895	2,345,200
Total Expenditures		<u>1,246,482</u>	<u>1,246,482</u>	<u>2,420,200</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ -0-</u>	<u>\$ 1,173,718</u>	<u>\$ 1,173,718</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	N/A
Grant Number	SSB-VEEVR-68352
Grant Date	01/26/23
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 2,420,200
Additional Authorized Cost	-0-
Revised Authorized Cost	<u>\$ 2,420,200</u>
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	52%
Original Target Completion Date	06/30/24
Revised Target Completion Date	N/A

N/A - Not Available/Applicable

PROPRIETARY FUNDS

SUMMIT PUBLIC SCHOOLS
PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Non-Major Fund</u>	<u>Major Fund</u>	
	<u>Food Service</u>	<u>Summer FLASH Program</u>	<u>Totals</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 506,018	\$ 171,118	\$ 677,136
Interfund Receivable	497		497
Intergovernmental Accounts Receivable:			
State	1,012		1,012
Federal	20,137		20,137
Inventories	37,506		37,506
Total Current Assets	<u>565,170</u>	<u>171,118</u>	<u>736,288</u>
Non-Current Assets:			
Capital Assets	857,104		857,104
Less: Accumulated Depreciation	<u>(741,591)</u>		<u>(741,591)</u>
Total Non-Current Assets	<u>115,513</u>		<u>115,513</u>
Total Assets	<u>680,683</u>	<u>171,118</u>	<u>851,801</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	13,607		13,607
Unearned Revenue - Donated Commodities	2,038		2,038
Unearned Revenue - Prepaid Sales	64,062		64,062
Unearned Revenue - Supply Chain Assistance	33,961		33,961
Unearned Revenue - Prepaid Tuition		141,055	141,055
Total Current Liabilities	<u>113,668</u>	<u>141,055</u>	<u>254,723</u>
Total Liabilities	<u>113,668</u>	<u>141,055</u>	<u>254,723</u>
NET POSITION:			
Investment in Capital Assets	115,513		115,513
Unrestricted/(Deficit)	<u>451,502</u>	<u>30,063</u>	<u>481,565</u>
Total Net Position/(Deficit)	<u>\$ 567,015</u>	<u>\$ 30,063</u>	<u>\$ 597,078</u>

SUMMIT PUBLIC SCHOOLS
PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Non-Major Fund</u>	<u>Major Fund</u>	
	Food Service	Summer FLASH Program	Totals
Operating Revenue:			
Daily Sales:			
Reimbursable Programs	\$ 783,882		\$ 783,882
Non-Reimbursable Programs	808,176		808,176
Special Events	17,470		17,470
Program Fees		\$ 114,553	114,553
Miscellaneous Revenue	99		99
Total Operating Revenue	<u>1,609,627</u>	<u>114,553</u>	<u>1,724,180</u>
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs	476,930		476,930
Non-Reimbursable Programs	516,675		516,675
Salaries	629,419	94,728	724,147
Employee Benefits	218,282	7,247	225,529
Purchased Professional Technical Services	11,569		11,569
Other Purchased Services	156,104		156,104
Supplies and Materials	135,482	9,868	145,350
Miscellaneous Expenses	8,734		8,734
Depreciation Expense	12,593		12,593
Total Operating Expenses	<u>2,165,788</u>	<u>111,843</u>	<u>2,277,631</u>
Operating Income/(Loss)	<u>(556,161)</u>	<u>2,710</u>	<u>(553,451)</u>
Non-Operating Revenue:			
Interest Income	6,745	9,162	15,907
State Sources:			
State School Lunch Program	22,217		22,217
State School Breakfast Program	354		354
Federal Sources:			
National School Lunch Program	432,507		432,507
School Breakfast Program	20,444		20,444
Supply Chain Assistance	153,137		153,137
Local Food for Schools (LFS) Cooperative Program	497		497
Paycheck Protection Plan Loan Reimbursement from Food Service Management Contractor	87,740		87,740
Food Distribution Program	80,902		80,902
Total Non-Operating Revenue	<u>804,543</u>	<u>9,162</u>	<u>813,705</u>
Change in Net Position	248,382	11,872	260,254
Net Position / (Deficit) - Beginning of Year (Restated)	<u>318,633</u>	<u>18,191</u>	<u>336,824</u>
Net Position / (Deficit) - End of Year	<u>\$ 567,015</u>	<u>\$ 30,063</u>	<u>\$ 597,078</u>

SUMMIT PUBLIC SCHOOLS
PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Non-Major Fund</u>	<u>Major Fund</u>	
	Food Service	Summer FLASH Program	Totals
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 1,607,868	\$ 141,996	\$ 1,749,864
Payments to Food Service Management Company	(2,070,444)		(2,070,444)
Payments to/for Employees		(101,975)	(101,975)
Payments to Suppliers	(56,971)	(9,868)	(66,839)
Net Cash Provided by/(Used for) Operating Activities	<u>(519,547)</u>	<u>30,153</u>	<u>(489,394)</u>
Cash Flows from Financing Activities:			
Interest Income	6,745	9,162	15,907
Net Cash Provided by Financing Activities	<u>6,745</u>	<u>9,162</u>	<u>15,907</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of Capital Assets	(8,415)		(8,415)
Net Cash (Used for) Capital and Related Financing Activities	<u>(8,415)</u>		<u>(8,415)</u>
Cash Flows by Noncapital Financing Activities:			
State Sources	22,828		22,828
Federal Sources	768,861		768,861
Net Cash Provided by Noncapital Financing Activities	<u>791,689</u>		<u>791,689</u>
Net Increase in Cash and Cash Equivalents	270,472	39,315	309,787
Cash and Cash Equivalents, July 1	235,546	131,803	367,349
Cash and Cash Equivalents, June 30	<u>\$ 506,018</u>	<u>\$ 171,118</u>	<u>\$ 677,136</u>
Adjustment to Reconcile Operating Income/(Loss)			
Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (556,161)	\$ 2,710	\$ (553,451)
Adjustment to Reconcile Operating Income/(Loss) to Net			
Cash Provided by/(Used for) Operating Activities:			
Depreciation	12,593		12,593
Food Distribution Program	80,902		80,902
Changes in Assets and Liabilities:			
Decrease in Other Accounts Receivable	6,665		6,665
(Decrease) in Accounts Payable	(40,332)		(40,332)
Increase in Unearned Revenue - Donated Commodities	233		233
Increase/(Decrease) in Unearned Revenue - Prepaid Sales/Fees	(8,424)	27,443	19,019
(Increase) in Inventory	(15,023)		(15,023)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (519,547)</u>	<u>\$ 30,153</u>	<u>\$ (489,394)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$81,135 and utilized U.S.D.A. Commodities valued at \$80,902.

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM LIABILITIES

SUMMIT PUBLIC SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2022</u>	<u>Matured</u>	<u>Balance June 30, 2023</u>
Technology Equipment	3.450%	\$ 810,000	\$ 502,382	\$ 161,814	\$ 340,568
			<u>\$ 502,382</u>	<u>\$ 161,814</u>	<u>\$ 340,568</u>

SUMMIT PUBLIC SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER LEASES

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2022</u>	<u>Matured</u>	<u>Balance June 30, 2023</u>
FY2021 Copiers	3.10%	\$ 659,093	\$ 212,607	\$ 212,607	
FY2023 Technology Equipment	3.10%	173,156	173,156	26,800	\$ 146,356
FY2023 Copiers	3.10%	445,828	432,011	55,973	376,038
FY2023 Copiers	3.10%	396,149	<u>383,843</u>	<u>49,707</u>	<u>334,136</u>
			<u>\$ 1,201,617</u>	<u>\$ 345,087</u>	<u>\$ 856,530</u>

STATISTICAL SECTION
(UNAUDITED)

This part of the District’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District’s overall financial health.

Contents

	<u>Exhibit</u>
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.

SUMMIT PUBLIC SCHOOLS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	(Restated) 2022	2023
Governmental Activities:										
Net Investment in Capital Assets	\$63,466,575	\$76,308,217	\$79,075,844	\$77,587,661	\$77,215,235	\$77,075,628	\$76,267,397	\$76,877,092	\$36,072,509	\$ 37,253,355
Restricted	4,711,655	2,508,419	3,206,598	3,531,095	3,344,272	1,703,192	4,054,275	5,181,773	9,098,274	11,641,908
Unrestricted/(Deficit)	(15,778,464)	(15,802,765)	(16,927,486)	(19,201,691)	(20,179,376)	(19,137,589)	(18,375,276)	(18,762,548)	(18,334,528)	(17,356,817)
Total Governmental Activities Net Position	\$52,399,766	\$63,013,871	\$65,354,956	\$61,917,065	\$60,380,131	\$59,641,231	\$61,946,396	\$63,296,317	\$26,836,255	\$ 31,538,446
Business-type Activities:										
Investment in Capital Assets	\$ 345,388	\$ 342,331	\$ 431,646	\$ 422,196	\$ 425,106	\$ 420,873	\$ 419,843	\$ 388,942	\$ 119,691	\$ 115,513
Unrestricted	595,915	619,349	538,729	642,158	89,816	180,719	120,563	5,974	217,133	481,565
Total Business-type Activities Net Position	\$ 941,303	\$ 961,680	\$ 970,375	\$ 1,064,354	\$ 514,922	\$ 601,592	\$ 540,406	\$ 394,916	\$ 336,824	\$ 597,078
District-wide:										
Net Investment in Capital Assets	\$63,811,963	\$76,650,548	\$79,507,490	\$78,009,857	\$77,640,341	\$77,496,501	\$76,687,240	\$77,266,034	\$36,192,200	\$ 37,368,868
Restricted	4,711,655	2,508,419	3,206,598	3,531,095	3,344,272	1,703,192	4,054,275	5,181,773	9,098,274	11,641,908
Unrestricted/(Deficit)	(15,182,549)	(15,183,416)	(16,388,757)	(18,559,533)	(20,089,560)	(18,956,870)	(18,254,713)	(18,756,574)	(18,117,395)	(16,875,252)
Total District Net Position	\$53,341,069	\$63,975,551	\$66,325,331	\$62,981,419	\$60,895,053	\$60,242,823	\$62,486,802	\$63,691,233	\$27,173,079	\$ 32,135,524

Source: Summit Public Schools Financial Reports.

SUMMIT PUBLIC SCHOOLS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 32,260,299	\$ 37,264,045	\$ 40,482,290	\$ 44,310,886	\$ 45,659,443	\$ 41,980,159	\$ 41,007,259	\$ 47,491,972	\$ 42,588,519	\$ 43,864,724
Special Education	9,992,167	12,801,840	13,344,736	14,804,687	15,323,007	14,915,451	14,465,091	15,629,179	14,350,436	11,982,556
Other Special Education	3,509,697	4,201,638	4,995,496	5,391,094	5,678,770	5,282,063	4,757,671	5,492,430	5,873,233	2,510,996
Other Instruction/School Sponsored										2,030,742
Support Services:										
Tuition										2,528,034
Student & Instruction Related Services	8,324,086	10,458,358	10,848,019	12,631,059	12,682,069	12,100,760	11,695,662	12,195,483	11,119,144	11,926,661
General Administrative Services	1,667,992	1,636,224	2,341,790	2,917,540	2,009,478	1,875,953	1,870,362	1,789,992	1,714,368	1,495,823
School Administrative Services	5,282,003	4,991,596	4,767,242	5,752,566	5,810,362	5,139,602	4,702,005	5,273,588	4,816,218	4,600,193
Central Services	1,605,161	1,481,281	1,595,472	1,622,981	1,664,986	1,734,615	1,683,121	2,034,730	1,810,828	1,512,022
Administrative Information Technology										567,952
Plant Operations and Maintenance	6,225,201	6,248,907	6,939,247	7,197,792	7,227,873	7,190,553	6,899,092	7,352,263	7,935,912	7,162,416
Pupil Transportation	704,629	783,899	887,653	1,052,710	958,686	1,054,288	868,786	798,570	1,098,160	1,445,063
Interest on Long-term Debt	35,021	35,021	35,021	35,021	35,021	48,503	23,089	45,682	39,016	
Total Governmental Activities Expenses	69,606,256	79,902,809	86,236,966	95,716,336	97,049,695	91,321,947	87,972,138	98,103,889	91,345,834	91,627,182
Business-type Activities:										
Food Service	1,770,238	1,741,238	1,768,912	1,790,338	1,785,850	1,757,794	1,480,288	966,207	1,840,735	2,165,788
Summer Flash Program	243,187	245,984	246,620	242,630	229,284	252,357	253,019	113,851	82,242	111,843
Transfers					605,000					
Total Business-type Activities Expense	2,013,425	1,987,222	2,015,532	2,032,968	2,620,134	2,010,151	1,733,307	1,080,058	1,922,977	2,277,631
Total District-wide Expenses	\$ 71,619,681	\$ 81,890,031	\$ 88,252,498	\$ 97,749,304	\$ 99,669,829	\$ 93,332,098	\$ 89,705,445	\$ 99,183,947	\$ 93,268,811	\$ 93,904,813
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Regular Instruction	\$ 324,367	\$ 679,483	\$ 1,149,840	\$ 1,129,474	\$ 1,039,603	\$ 921,335	\$ 327,266	\$ 521,053	\$ 479,806	\$ 79,265
Special Education Instruction										502,005
Student and Instruction Related Services										880,500
Operating Grants and Contributions	9,725,573	17,410,834	21,729,577	27,494,986	30,004,578	24,935,243	22,402,140	31,595,879	24,654,604	22,742,131
Capital Grants and Contributions	3,020,365	11,519,361	3,476,015	198,818	243,560	243,692	421,815	254,202	2,102,919	37,125
Total Governmental Activities Program Revenues	13,070,305	29,609,678	26,355,432	28,823,278	31,287,741	26,100,270	23,151,221	32,371,134	27,237,329	24,241,026
Business-type Activities:										
Charges for Services:										
Food Service	\$ 1,443,347	\$ 1,413,289	\$ 1,400,386	\$ 1,416,710	\$ 1,388,514	\$ 1,454,465	\$ 1,075,240	\$ 28,782	\$ 475,898	\$ 1,609,627
Summer Flash Program	253,252	224,904	222,380	280,340	274,139	260,632	229,596	80,995	83,765	114,553
Operating Grants and Contributions	388,211	370,406	401,461	429,897	408,049	381,724	367,285	824,791	1,540,994	797,798
Total Business-type Activities Program Revenues	2,084,810	2,008,599	2,024,227	2,126,947	2,070,702	2,096,821	1,672,121	934,568	2,100,657	2,521,978
Total District-wide Program Revenues	\$ 15,155,115	\$ 31,618,277	\$ 28,379,659	\$ 30,950,225	\$ 33,358,443	\$ 28,197,091	\$ 24,823,342	\$ 33,305,702	\$ 29,337,986	\$ 26,763,004

SUMMIT PUBLIC SCHOOLS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense)/Revenue:										
Governmental Activities	\$ (56,535,951)	\$ (50,293,131)	\$ (59,881,534)	\$ (66,893,058)	\$ (65,761,954)	\$ (65,221,677)	\$ (64,820,917)	\$ (65,732,755)	\$ (64,108,505)	\$ (67,386,156)
Business-type Activities	71,385	21,377	8,695	93,979	(549,432)	86,670	(61,186)	(145,490)	177,680	244,347
Total District-wide Net Expense	<u>\$ (56,464,566)</u>	<u>\$ (50,271,754)</u>	<u>\$ (59,872,839)</u>	<u>\$ (66,799,079)</u>	<u>\$ (66,311,386)</u>	<u>\$ (65,135,007)</u>	<u>\$ (64,882,103)</u>	<u>\$ (65,878,245)</u>	<u>\$ (63,930,825)</u>	<u>\$ (67,141,809)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 59,401,147	\$ 60,517,972	\$ 60,674,206	\$ 61,764,695	\$ 62,968,889	\$ 63,153,994	\$ 65,668,859	\$ 66,872,641	\$ 68,506,754	\$ 69,767,778
Unrestricted Grants and Contributions	72,410			82,938	119,435	119,912				391,723
City Improvement Authorization										1,555,845
Investment Earnings										94,210
Miscellaneous Income	358,841	263,151	160,620	405,305	371,703	366,514	471,341	210,035	204,476	278,791
Transfers						605,000				
Donated Capital Assets							21,000			
Loss on Disposal of Assets				(30,319)	(4,860)	(20,400)				
Total Governmental Activities	<u>59,759,988</u>	<u>60,781,123</u>	<u>60,907,236</u>	<u>62,222,619</u>	<u>63,455,167</u>	<u>64,225,020</u>	<u>66,161,200</u>	<u>67,082,676</u>	<u>68,711,230</u>	<u>72,088,347</u>
Business-type Activities:										
Investment Earnings										15,907
Total Business-type Activities										<u>15,907</u>
Total District-wide General Revenues and Other Changes in Net Position	<u>\$ 59,759,988</u>	<u>\$ 60,781,123</u>	<u>\$ 60,907,236</u>	<u>\$ 62,222,619</u>	<u>\$ 63,455,167</u>	<u>\$ 64,225,020</u>	<u>\$ 66,161,200</u>	<u>\$ 67,082,676</u>	<u>\$ 68,711,230</u>	<u>\$ 72,104,254</u>
Change in Net Position:										
Governmental Activities	\$ 3,224,037	\$ 10,487,992	\$ 1,025,702	\$ (4,670,439)	\$ (2,306,787)	\$ (996,657)	\$ 1,340,283	\$ 1,349,921	\$ 4,602,725	\$ 4,702,191
Business-type Activities	71,385	21,377	8,695	93,979	(549,432)	86,670	(61,186)	(145,490)	177,680	260,254
Total District-wide Change in Net Position	<u>\$ 3,295,422</u>	<u>\$ 10,509,369</u>	<u>\$ 1,034,397</u>	<u>\$ (4,576,460)</u>	<u>\$ (2,856,219)</u>	<u>\$ (909,987)</u>	<u>\$ 1,279,097</u>	<u>\$ 1,204,431</u>	<u>\$ 4,780,405</u>	<u>\$ 4,962,445</u>

Source: Summit Public Schools Financial Reports.

SUMMIT PUBLIC SCHOOLS
FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
UNAUDITED
 (Modified Accrual Basis of Accounting)

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	(Restated)	
									2022	2023
General Fund:										
Restricted	\$ 3,509,038	\$ 3,931,841	\$ 4,725,254	\$ 5,547,933	\$ 5,112,946	\$ 4,971,414	\$ 7,886,207	\$ 7,375,016	\$ 8,499,867	\$ 10,993,567
Committed							606,676	155,387		
Assigned	795,118	801,906	470,376	190,483	248,496	627,216	953,543	739,571	1,447,801	2,134,167
Unassigned/(Deficit)	958,106	924,198	957,397	944,299	959,194	924,530	869,507	2,338,129	2,939,957	1,428,478
Total General Fund	\$ 5,262,262	\$ 5,657,945	\$ 6,153,027	\$ 6,682,715	\$ 6,320,636	\$ 6,523,160	\$ 10,315,933	\$ 10,608,103	\$ 12,887,625	\$ 14,556,212
All Other Governmental Funds:										
Restricted				\$ 922,190	\$ 818,036	\$ 511,755	\$ 551,098	\$ 598,407	\$ 648,341	
Unreserved, Reported in:										
Capital Projects Fund	\$ 3,252,857	\$ 789,379	\$ 613,660	\$ 613,660						(440,829)
Unassigned/(Deficit)										
Total All Other Governmental Funds/(Deficit)	\$ 3,252,857	\$ 789,379	\$ 613,660	\$ 613,660	\$ 922,190	\$ 818,036	\$ 511,755	\$ 551,098	\$ 598,407	\$ 207,512
Total Governmental Funds	\$ 8,515,119	\$ 6,447,324	\$ 6,766,687	\$ 7,296,375	\$ 7,242,826	\$ 7,341,196	\$ 10,827,688	\$ 11,159,201	\$ 13,486,032	\$ 14,763,724

SUMMIT PUBLIC SCHOOLS
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
UNAUDITED

(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Tax Levy	\$ 60,517,972	\$ 60,674,206	\$ 61,764,695	\$ 62,968,889	\$ 63,153,994	\$ 64,005,589	\$ 65,668,859	\$ 66,872,641	\$ 68,506,754	\$ 69,767,778
Tuition Charges	324,367	679,483	1,149,840	1,129,474	1,010,265	921,335	290,943	487,525	454,505	581,270
Interest Earnings										34,415
Miscellaneous	1,717,845	12,053,319	4,370,714	855,893	1,320,430	1,141,342	1,297,537	1,301,025	1,811,385	2,370,741
State Sources	9,792,430	8,791,864	9,983,338	10,921,923	12,760,474	14,553,199	15,382,713	17,834,949	23,408,391	24,232,260
Federal Sources	1,493,814	1,263,254	1,563,994	1,404,319	1,336,458	1,436,062	1,300,696	2,333,456	3,562,661	3,625,541
Total Revenue	73,846,428	83,462,126	78,832,581	77,280,498	79,581,621	82,057,527	83,940,748	88,829,596	97,743,696	100,612,005
Expenditures:										
Instruction:										
Regular Instruction	31,392,439	32,184,067	33,592,718	33,958,217	35,687,625	35,926,838	36,236,311	40,332,081	44,076,813	27,838,781
Special Education Instruction	9,830,609	11,267,187	11,415,376	11,836,430	12,361,050	13,021,768	13,278,577	13,697,490	14,613,266	7,951,511
Other Special Instruction	1,755,669	1,833,353	2,273,611	2,177,927	2,366,872	2,522,947	2,504,151	2,665,679	3,327,999	1,482,330
School-Sponsored/Other Instruction	1,670,300	1,833,276	1,939,180	2,009,180	2,158,354	2,061,443	1,829,051	2,156,234	2,649,413	1,616,687
Support Services:										
Tuition										2,528,034
Student & Other Instruction Related Services	8,124,382	9,157,522	9,328,895	9,889,736	10,098,889	10,557,260	10,669,833	10,737,796	11,264,934	8,975,915
General Administrative Services	1,644,015	1,498,264	1,995,618	2,225,953	1,720,572	1,677,690	1,737,757	1,583,319	1,746,915	1,186,321
School Administrative Services	5,131,602	4,271,680	3,880,112	4,388,952	4,484,354	4,363,607	4,260,819	4,518,264	4,912,458	3,102,196
Central Services	1,560,887	1,424,666	1,532,450	1,512,551	1,490,595	1,597,688	1,579,868	1,809,051	1,802,503	1,071,788
Administrative Information Technology										568,928
Plant Operations and Maintenance	6,104,171	6,080,448	6,686,176	6,700,787	6,555,671	6,759,941	6,539,790	6,769,074	7,893,867	6,036,789
Student Transportation	701,411	780,334	782,285	980,021	950,688	1,050,493	865,735	792,624	1,097,765	1,353,082
Unallocated Benefits										32,129,663
Capital Outlay	4,247,996	15,143,426	5,051,776	1,036,035	2,053,570	2,970,276	2,580,690	3,110,769	3,873,853	5,048,133
Total Expenditures	72,163,481	85,474,223	78,478,197	76,715,789	79,928,240	82,509,951	82,082,582	88,172,381	97,259,786	100,890,158

SUMMIT PUBLIC SCHOOLS
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
UNAUDITED

(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Excess/(Deficit) of Revenues Over/(Under) Expenditures	\$ 1,682,947	\$ (2,012,097)	\$ 354,384	\$ 564,709	\$ (346,619)	\$ (452,424)	\$ 1,858,166	\$ 657,215	\$ 483,910	\$ (278,153)
Other Financing Sources/(Uses):										
Insurance Proceeds									407,750	
Financed Purchases						659,093			1,015,111	
Lease Purchase Agreement Proceeds							810,000			
Cancellation of Prior Year Revenues		(20,677)			(276,609)					
City Improvement Authorization Transfers					605,000					1,555,845
Total Other Financing Sources/(Uses)	-0-	(20,677)	-0-	-0-	328,391	659,093	810,000	-0-	1,422,861	1,555,845
Net Change in Fund Balances	\$ 1,682,947	\$ (2,032,774)	\$ 354,384	\$ 564,709	\$ (18,228)	\$ 206,669	\$ 2,668,166	\$ 657,215	\$ 1,906,771	\$ 1,277,692
Debt Service as a % of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

SUMMIT PUBLIC SCHOOLS
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Basis of Accounting)

Fiscal Year Ending June 30,	Interest on	Tuition	Rentals	Prior Year	E-Rate	Miscellaneous	Total
	Investments			Refunds	Reimbursement		
2014	\$ 54,012	\$ 324,367	\$ 7,845	\$ 73,898	\$ 65,759	\$ 61,637	\$ 587,518
2015	47,059	679,483	34,928		66,134	12,499	840,103
2016	50,463	1,149,840	8,889	201,669	34,647	109,607	1,555,115
2017	74,933	1,129,474	10,670	37,159	95,116	154,155	1,501,507
2018	170,488	1,010,265	29,338	286,441	18,477	167,717	1,682,726
2019	229,454	921,335		74,422	18,132	144,665	1,388,008
2020	192,952	290,943	19,865	113,524	14,874	166,449	798,607
2021	43,233	487,525	29,227	61,431	14,368	95,304	731,088
2022	40,751	454,505	13,743	86,898	17,511	70,874	684,282
2023	205,300	581,270		80,994	15,724	70,983	954,271

Source: Summit Public Schools Financial Reports

SUMMIT PUBLIC SCHOOLS
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
UNAUDITED

Year Ended Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2013	\$ 12,397,700	\$ 2,511,184,000	\$ -	\$ -	\$ 300,404,900	\$ 238,161,000	\$ 60,220,400	\$ 3,122,368,000	\$ 2,904,517	\$ 3,125,272,517	\$ 461,496,900	\$ 1.919	\$ 6,918,152,783
2014	11,933,500	2,520,174,500	-	-	294,329,000	236,570,200	60,534,000	3,123,541,200	2,560,736	3,126,101,936	461,496,900	1.939	6,767,823,074
2015	12,823,900	2,528,788,100	-	-	283,374,300	219,667,400	60,314,800	3,104,968,500	2,487,837	3,107,456,337	462,217,300	1.970	6,965,068,414
2016	11,306,200	2,548,081,600	-	-	282,815,800	202,970,900	64,694,800	3,109,869,300	2,545,696	3,112,414,996	462,751,700	2.004	6,967,242,421
2017	15,270,400	2,558,372,600	-	-	283,665,000	183,080,676	65,339,600	3,105,728,276	2,517,120	3,108,245,396	463,777,900	2.029	7,364,274,475
2018	12,040,500	2,581,194,700	-	-	302,951,600	165,104,200	69,373,700	3,130,664,700	2,593,126	3,133,257,826	465,701,100	2.179	7,287,394,553
2019	10,383,500	2,608,521,700	-	-	305,221,800	144,804,800	71,542,500	3,140,474,300	2,645,524	3,143,119,824	465,931,900	2.063	7,368,386,609
2020	9,476,200	2,627,818,600	-	-	309,179,900	144,804,800	79,025,200	3,170,304,700	2,653,093	3,172,957,793	467,388,000	2.089	7,476,261,532
2021	9,361,300	2,645,680,800	-	-	316,641,100	144,564,800	81,735,600	3,197,983,600	2,782,506	3,200,766,106	467,045,100	2.115	7,564,952,752
2022	9,928,300	2,666,258,900	-	-	316,136,300	151,564,800	91,029,900	3,234,918,200	2,811,937	3,237,730,137	473,710,400	2.136	7,722,939,399

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 of assessed value.

Source: Union County Abstract of Ratables

SUMMIT PUBLIC SCHOOLS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per \$100 of Assessed Value)

Year Ended December 31,	School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	Debt Service ^b	Total Direct	Municipality	County	
2013	\$ 1.919		\$ 1.919	\$ 1.041	\$ 1.102	\$ 4.062
2014	1.939		1.939	1.034	1.135	4.108
2015	1.970		1.970	1.048	1.199	4.217
2016	2.004		2.004	1.050	1.247	4.301
2017	2.029		2.029	1.061	1.275	4.365
2018	2.179		2.179	0.921	1.237	4.337
2019	2.063		2.063	1.085	1.217	4.365
2020	2.089		2.089	1.078	1.193	4.360
2021	2.115		2.115	1.051	1.151	4.317
2022	2.136		2.136	1.067	1.080	4.283

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.

SUMMIT PUBLIC SCHOOLS
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

Taxpayer	2022		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Summit West Celgene, LLC	\$ 100,315,600	1	3.10%
Summit East Corporate Property LLC	53,532,100	2	1.65%
RWX 25 Deforest Owner LLC	20,206,500	3	0.62%
Summit Clayton Association & NE Summit Assoc.	12,080,000	4	0.37%
1st Union National Bank	11,387,400	5	0.35%
Atlantic Health System Dunitz	10,509,700	6	0.32%
Constantine CXII LLC Goldberg Realty	8,940,000	7	0.28%
RWX 1 DeForest Owner Group, LLC	8,769,100	8	0.27%
Summit PropCo LLC Sunrise Tax Dept.	8,654,200	9	0.27%
The Maple Group, LLC	8,241,400	10	0.25%
	<u>\$ 242,636,000</u>		<u>7.49%</u>
Taxpayer	2013		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
The Summit Property Company (Schering-Plough)	\$ 225,888,000	1	7.23%
Celgene Corporation	17,312,800	2	0.55%
Bouras Properties, LLC	11,599,300	3	0.37%
1st Union National Bank	10,387,400	4	0.33%
The Maple Group, LLC	8,241,400	5	0.26%
Canoe Brook County Club	8,040,500	6	0.26%
Bassett Associates	7,521,700	7	0.24%
SHPI/CSL Summit, LLC	7,000,000	8	0.22%
E. Coast Constantine Village	6,800,000	9	0.22%
PSI Summit Hospital Inc	6,500,000	10	0.21%
	<u>\$ 309,291,100</u>		<u>9.90%</u>

Source: Municipal Tax Assessor

SUMMIT PUBLIC SCHOOLS
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	
2014	\$ 60,517,972	\$ 60,517,972	100.00%	\$ -0-
2015	60,674,206	60,674,206	100.00%	-0-
2016	61,764,695	61,764,695	100.00%	-0-
2017	62,968,889	62,968,889	100.00%	-0-
2018	63,153,994	63,153,994	100.00%	-0-
2019	64,005,589	64,005,589	100.00%	-0-
2020	65,668,859	65,668,859	100.00%	-0-
2021	66,872,641	66,872,641	100.00%	-0-
2022	68,506,754	68,506,754	100.00%	-0-
2023	69,797,778	69,797,778	100.00%	-0-

^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.

Source: District financial records, including the Certificate and Report of School Taxes (A4F form).

SUMMIT PUBLIC SCHOOLS
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	Financed Purchases and Leases	Bond Anticipation Notes (BANs)			
2014				\$ -0-	0.00%	\$ -0-
2015				-0-	0.00%	-0-
2016				-0-	0.00%	-0-
2017				-0-	0.00%	-0-
2018				-0-	0.00%	-0-
2019		\$ 599,297		599,297	0.04%	27
2020		1,285,830		1,285,830	0.08%	59
2021		1,005,810		1,005,810	0.06%	45
2022		1,703,999		1,703,999	0.10%	76
2023		1,197,098		1,197,098	0.07%	54

Note: Details regarding the District's outstanding debt can be found in the notes to the basic 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.

Source: District financial records

SUMMIT PUBLIC SCHOOLS
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation Taxable ^a	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		

NOT APPLICABLE

Note: The district is a Type 1 District; all bonded debt is issued by the City.

Source: District financial records.

SUMMIT PUBLIC SCHOOLS
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2022
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:			
City of Summit	\$ 65,576,761	100.00%	\$ 65,576,761
Union County General Obligation Debt	535,795,259	3.87%	<u>20,725,515</u>
Subtotal, Overlapping Debt			86,302,276
Summit Public Schools Direct Debt			<u>-0-</u>
Total Direct and Overlapping Debt			<u><u>\$ 86,302,276</u></u>

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 another governmental unit's equalized property value that is within the district's boundaries and dividing it by each unit's total equalized property value.

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 residents and businesses of the City of Summit. 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.

Sources: Assessed value data used to estimate applicable percentages provided by the Union County Board of Taxation; debt outstanding data provided by each governmental unit.

SUMMIT PUBLIC SCHOOLS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2023

Year Ended December 31,	Equalized Valuation Basis
2020	\$ 7,473,608,439
2021	7,608,811,801
2022	8,512,942,632
	<u>\$ 23,595,362,872</u>
Average Equalized Valuation of Taxable Property	<u>\$ 7,865,120,957</u>
Debt Limit (4% of Average Equalization Value) ^a	\$ 314,604,838
Net Bonded School Debt	<u>-0-</u>
Legal Debt Margin	<u>\$ 314,604,838</u>

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt Limit	\$ 273,916,650	\$ 274,328,081	\$ 278,689,697	\$ 286,810,415	\$ 290,114,527
Total Net Debt Applicable to Limit	<u>46,864,740</u>	<u>54,031,774</u>	<u>49,215,985</u>	<u>47,733,211</u>	<u>51,647,571</u>
Legal Debt Margin	<u>\$ 227,051,910</u>	<u>\$ 220,296,307</u>	<u>\$ 229,473,712</u>	<u>\$ 239,077,204</u>	<u>\$ 238,466,956</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	17.11%	19.70%	17.66%	16.64%	17.80%

	Fiscal Year				
	2019	2020	2021	2022	2023
Debt Limit	\$ 291,967,722	\$ 293,142,830	\$ 296,399,624	\$ 300,253,544	\$ 314,604,838
Total Net Debt Applicable to Limit	<u>35,571,985</u>	<u>29,506,985</u>	<u>24,170,000</u>	<u>69,017,771</u>	<u>65,576,761</u>
Legal Debt Margin	<u>\$ 256,395,737</u>	<u>\$ 263,635,845</u>	<u>\$ 172,561,919</u>	<u>\$ 231,235,773</u>	<u>\$ 249,028,077</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	12.18%	10.07%	8.15%	22.99%	20.84%

a - Limit set by NJSA 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.

SUMMIT PUBLIC SCHOOLS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
UNAUDITED

Year	Population ^a	Union County Per Capital Personal Income ^b	Personal Income ^c	Township Unemployment Rate ^d
2014	21,818	\$ 58,569	\$ 1,277,858,442	4.5%
2015	21,848	60,596	1,323,901,408	3.7%
2016	21,906	61,978	1,357,690,068	3.4%
2017	21,964	64,342	1,413,207,688	3.1%
2018	21,965	67,346	1,479,254,890	2.7%
2019	21,911	68,867	1,508,944,837	2.3%
2020	21,812	72,543	1,582,307,916	6.3%
2021	22,526	77,007	1,734,659,682	4.2%
2022	22,342	77,007 *	1,720,490,394 ***	2.5%
2023	22,342 **	77,007 *	1,720,490,394 ***	N/A

* - Latest Union County per capita personal income available (2021) was used for calculation purposes.

** - Latest population data available (2022) was used for calculation purposes.

*** - Latest available population data (2022) and latest available Union County per capita personal income (2021) was used for calculation purposes.

N/A - Information is not available.

Sources:

a - Population information provided by the US Department of Census - Population Division.

b - Per Capita Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.

c - Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.

d - Unemployment data provided by the NJ Department of Labor and Workforce Development.

SUMMIT PUBLIC SCHOOLS
PRINCIPAL EMPLOYERS - COUNTY OF UNION
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2022		
Employer	Employees	Rank	Percentage of Total Employment

NOT AVAILABLE

	2013		
Employer	Employees	Rank	Percentage of Total Employment

NOT AVAILABLE

SUMMIT PUBLIC SCHOOLS
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,
LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Instruction:										
Regular	297.73	298.19	303.94	31.33	298.23	305.00	291.93	291.43	290.00	309.64
Special Education	132.51	135.46	142.67	142.98	145.38	156.00	154.50	159.50	158.50	155.66
Special Education/Other Special Instruction	14.00	18.50	20.50	22.50	22.50	23.20	22.00	22.00	19.50	21.00
Support Services:										
Student & instruction related services	52.17	55.97	58.37	60.37	60.37	63.30	61.97	64.17	60.26	62.05
School administrative services	36.50	31.70	31.70	31.99	31.70	32.00	30.70	30.70	29.00	30.70
General Administrative services	6.00	6.00	6.00	7.00	7.00	7.00	6.00	6.00	6.00	6.00
Central services	11.00	11.00	11.00	10.00	10.00	10.00	11.00	11.00	11.00	10.00
Administrative Information Technology	1.30	1.30	1.30	1.30	1.33	1.33	1.33	1.33	1.33	6.78
Plant Operations and Maintenance	49.83	48.98	51.98	53.48	52.95	53.50	53.45	53.45	53.45	47.26
Pupil Transportation	3.40	3.25	2.75	2.25	1.25	1.25	1.25	1.00	1.00	0.38
Total	604.44	610.35	630.21	363.20	630.71	652.58	634.13	640.58	630.04	649.47

Source: District Personnel Records.

SUMMIT PUBLIC SCHOOLS
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year End	June 30, Enrollment ^a	Operating Expenditures ^b	Cost Per Public ^c	Percentage Change	Teaching Staff ^d	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^e	Average Daily Attendance (ADA) ^e	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School				
2014	4,103	\$ 67,915,485	\$ 16,553	-0.53%	402	1:11	1:11	1:11	4,118.7	3,935.8	0.94%	95.56%
2015	4,058	70,330,797	17,331	4.70%	416	1:10	1:11	1:10	4,062.1	3,886.6	-1.25%	95.68%
2016	4,112	73,426,421	17,857	3.03%	401	1:11	1:10	1:10	4,116.2	3,934.8	1.24%	95.60%
2017	4,061	75,679,754	18,636	4.36%	391	1:11	1:10	1:11	4,088.6	3,898.1	-0.93%	95.35%
2018	3,953	77,844,962	19,693	5.67%	385	1:10	1:10	1:11	3,965.0	3,761.8	-3.50%	94.88%
2019	3,953	79,588,178	20,134	2.24%	391	1:11	1:10	1:10	3,943.0	3,735.5	-0.70%	94.74%
2020	3,954	79,501,892	20,107	-0.13%	393	1:11	1:11	1:10	3,964.9	3,842.2	2.86%	96.91%
2021	3,883	85,061,612	21,906	8.95%	367	1:11	1:11	1:11	3,911.8	3,641.1	-5.23%	93.08%
2022	3,855	93,385,933	24,225	10.58%	379	1:11	1:11	1:10	3,897.1	3,709.7	1.88%	95.20%
2023	3,912	95,842,025	24,499	1.13%	419	1:10	1:10	1:09	3,935.7	3,722.3	0.34%	94.58%

- a** - Enrollment is obtained from October 15 Enrollment Summary, including students placed out of district.
- b** - Operating expenditures equal total expenditures less capital outlay.
- c** - Cost per pupil is calculated based upon enrollment and operating expenditures as presented and may not be the same as other (State) cost per pupil calculations.
- d** - Teaching staff includes only full-time equivalents of certificated staff.
- e** - Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Source: District records.

SUMMIT PUBLIC SCHOOLS
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

District Building	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Elementary Schools:</u>										
Brayton Elementary										
Square Feet	53,737	53,737	53,737	53,737	53,737	53,737	53,737	53,737	53,737	53,737
Capacity (students)	415	415	415	415	415	415	415	415	415	415
Enrollment	375	372	360	361	367	367	323	315	301	304
Franklin Elementary										
Square Feet	48,280	48,280	48,280	48,280	48,280	48,280	48,280	48,280	48,280	48,280
Capacity (students)	349	349	349	349	349	349	349	349	349	349
Enrollment	382	360	349	365	347	347	340	327	319	327
Jefferson Elementary										
Square Feet	44,890	44,890	44,890	44,890	44,890	44,890	44,890	44,890	44,890	44,890
Capacity (students)	263	263	263	263	263	263	263	263	263	263
Enrollment	226	214	227	237	221	221	214	204	202	215
Jefferson Primary Center										
Square Feet	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Capacity (students)	137	137	137	137	137	137	137	137	137	137
Enrollment	155	144	138	138	108	108	125	140	124	144
Lincoln-Hubbard Elementary										
Square Feet	74,600	74,600	74,600	74,600	74,600	74,600	74,600	74,600	74,600	74,600
Capacity (students)	401	401	401	401	401	401	401	401	401	401
Enrollment	306	302	298	288	311	311	328	326	331	328
Washington Elementary										
Square Feet	53,340	53,340	53,340	53,340	53,340	53,340	53,340	53,340	53,340	53,340
Capacity (students)	373	373	373	373	373	373	373	373	373	373
Enrollment	339	341	349	362	364	364	337	336	320	310
Wilson Primary Center										
Square Feet	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
Capacity (students)	175	175	175	175	175	175	175	175	175	175
Enrollment	132	126	163	144	138	138	195	159	166	201

SUMMIT PUBLIC SCHOOLS
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

District Building	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Middle School:</u>										
Lawton C. Johnson Summit Middle School										
Square Feet	149,720	149,720	149,720	149,720	149,720	149,720	149,720	149,720	149,720	149,720
Capacity (students)	1,023	1,023	1,023	1,023	1,023	1,023	1,023	1,023	1,023	1,023
Enrollment	1,005	982	954	927	922	922	974	941	960	942
<u>High School:</u>										
Summit High School										
Square Feet	206,690	206,690	206,690	206,690	206,690	206,690	206,690	206,690	206,690	206,690
Capacity (students)	1,247	1,247	1,247	1,247	1,247	1,247	1,247	1,247	1,247	1,247
Enrollment	1,183	1,217	1,274	1,239	1,175	1,175	1,118	1,135	1,132	1,141

Number of Schools at June 30, 2023
 Elementary School = 7
 Middle School = 1
 High School = 1

Source: District records.

SUMMIT PUBLIC SCHOOLS
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance
 For School Facilities - Account #11-000-261-XXX:

School Facilities*	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Summit High School	\$ 344,929	\$ 354,867	\$ 363,274	\$ 348,455	\$ 427,676	\$ 409,298	\$ 409,721	\$ 448,349	\$ 561,705	\$ 277,929
Lawton C. Johnson Middle School	253,700	254,294	267,386	252,410	309,796	296,483	326,787	309,431	387,664	180,385
Brayton Elementary School	86,972	73,235	92,573	90,594	111,191	106,413	118,904	135,183	169,361	74,666
Franklin Elementary School	78,484	84,431	96,467	97,233	119,339	114,211	124,016	120,263	150,669	87,107
Jefferson Elementary School	107,852	115,456	136,941	90,852	111,507	106,716	87,632	81,335	101,899	114,397
Lincoln-Hubbard Elementary School	114,575	106,813	121,422	125,767	154,360	147,727	117,337	155,259	194,513	96,385
Washington Elementary School	81,940	85,003	102,937	89,925	110,369	105,626	119,664	110,494	138,430	69,482
Jefferson Primary Center				35,403	43,453	41,585	47,611	49,235	61,683	24,135
Wilson Primary Center	38,065	45,851	41,695	53,948	66,213	63,368	64,693	60,871	76,261	24,135
Total School Facilities	<u>1,106,517</u>	<u>1,119,950</u>	<u>1,222,695</u>	<u>1,184,587</u>	<u>1,453,904</u>	<u>1,391,427</u>	<u>1,416,365</u>	<u>1,470,420</u>	<u>1,842,185</u>	<u>948,621</u>
Other Facilities										
Stadium	5,372	5,586	5,809	6,042	6,283	6,535	6,666			
Administration	10,560	10,580	11,518	11,748	11,983	12,223	12,712	84,854	106,308	193,367
Total Other Facilities	<u>15,932</u>	<u>16,166</u>	<u>17,327</u>	<u>17,790</u>	<u>18,266</u>	<u>18,758</u>	<u>19,378</u>	<u>84,854</u>	<u>106,308</u>	<u>193,367</u>
Grand Total	<u>\$ 1,122,449</u>	<u>\$ 1,136,116</u>	<u>\$ 1,240,022</u>	<u>\$ 1,202,377</u>	<u>\$ 1,472,170</u>	<u>\$ 1,410,185</u>	<u>\$ 1,435,743</u>	<u>\$ 1,555,274</u>	<u>\$ 1,948,493</u>	<u>\$ 1,141,988</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: School District's Financial Statements

SUMMIT PUBLIC SCHOOLS
INSURANCE SCHEDULE
JUNE 30, 2023

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy - Diploma JIF		
Commercial General Liability		
Each Occurrence	\$ 5,000,000	
General Aggregate	50,000,000	
Products/Completed Operations Agg.	Incl. in each occurrence	
Personal & Advertising Injury	Incl. in each occurrence	
Fire Damage	2,500,000	
Medical Expense	10,000	
Employee Benefits Liability	5,000,000	
Property - Diploma JIF		
Blanket Building	168,434,531	5,000
Blanket Personal Property	10,735,838	5,000
Blanket EDP	2,094,241	5,000
Blanket Miscellaneous Property	978,850	5,000
Mobile Equipment	93,872	5,000
Employee Dishonesty	500,000	1,000
Business Automobile - Diploma JIF		
Liability	5,000,000	
Uninsured Motorist	\$15,000/30,000/5,000	
Underinsured Motorist	\$15,000/30,000/5,000	
Personal Injury Protection	Basic Statutory	
Comprehensive Deductible		1,000
Collision Deductible		1,000
Boiler and Machinery - Diploma JIF		
Blanket Property Damage - Inc. in Property Limit	100,000,000	5,000
Extra Expense - Actual Loss Sustained: 12 Consecutive Months		
Hazardous Substance Limitation	1,000,000	10,000
Board of Education Liability - Diploma JIF		
Each Claim	5,000,000	
Annual Aggregate	10,000,000	
Excess Umbrella Policy - Diploma JIF		
Per Occurrence	30,000,000	
Annual Aggregate	30,000,000	
** Excess Over Primary Limit of \$10,000,000		
Workers Compensation Policy - Diploma JIF		
Employers Liability	5,000,000	
Excess Umbrella Policy - Fireman's Fund (NJCAP Shared)		
Per Occurrence	25,000,000	
Annual Aggregate	25,000,000	
** Excess Over Primary Limit of \$10,000,000/NJUWP of \$30,000,000		
Bonds - Selective Insurance Co.		
Derek J. Jess, Board Secretary/Business Administrator	150,000	
Tammie Baldwin, Treasurer of School Monies	375,000	

Source: District records.

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
Summit Public Schools
County of Union, 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 "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Summit Public Schools (the "District"), in the County of Union, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 4, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

The Honorable President and Members
of the Board of Education
Summit Public Schools
Page 2

Report on 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.

December 4, 2023
Mount Arlington, New Jersey

Nisivoccia, LLP
NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

Report on Compliance For Each Major Federal and State Program;
Report on Internal Control Over Compliance Required by the Uniform Guidance and NJOMB 15-08

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Summit Public Schools
County of Union, New Jersey

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Summit Public Schools' (the District's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

The Honorable President and Members
of the Board of Education
Summit Public Schools
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
Summit Public Schools
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.

December 4, 2023
Mount Arlington, New Jersey

Nisivoccia, LLP
NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

SUMMIT PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Assistance Listing Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2022			Balance at June 30, 2023		
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Amounts Provided to Subrecipients
U.S. Department of Education:									
Special Revenue Fund:									
Passed-through State Department of Education:									
Elementary and Secondary Education Act:									
Federal Grantor/Pass Through Grantor/Program/Cluster Title									
84-010	ESEA509023	7/1/22-9/30/23	\$ 336,686	\$ (69,663)		\$ 229,267	\$ (309,002)	\$ (79,735)	
84-010	ESEA509022	7/1/21-9/30/22	459,444	(69,663)		69,663	(309,002)	(79,735)	
	Total Title I					23,726	(69,942)	(46,216)	
84-367	ESEA509023	7/1/22-9/30/23	69,942	(29,360)		29,360	(69,942)	(46,216)	
84-367	ESEA509022	7/1/21-9/30/22	94,795	(29,360)		29,360	(69,942)	(37,648)	
	Total Title II					53,086	(69,942)	(46,216)	
84-365	ESEA509023	7/1/22-9/30/23	67,775	(475)		25,853	(63,501)	(11,784)	
84-365	ESEA509022	7/1/21-9/30/22	71,483	(475)		12,259	(63,501)	(37,648)	
	Total Title III					38,112	(63,501)	(22,079)	
84-424	ESEA509023	7/1/22-9/30/23	24,665			290	(22,369)	(22,079)	
	Total Title IV					290	(22,369)		
Education Stabilization Fund:									
COVID-19 - CARES Emergency Relief									
COVID-19 - CRRSA:									
84-425D	CARES509022	3/13/20-9/30/22	244,150	(1,453)			\$ 1,453		
84-425D	S425D210027	3/13/20-9/30/23	1,006,709	(197,328)		197,328	(1,673)	(1,673)	
84-425D	S425D210027	3/13/20-9/30/23	64,605				(38,026)	(27,502)	
84-425D	S425D210027	3/13/20-9/30/23	45,000	(1,250)		11,774			
	Total COVID-19 - ARP:					2,014,319	(283,694)	(79,386)	
84-425U	S425U210027	3/13/20-9/30/24	332,213	(1,810,011)		45,672	(85,260)	(39,588)	
84-425U	S425U210027	3/13/20-9/30/24	40,000			6,503	(9,209)	(2,706)	
84-425U	S425U210027	3/13/20-9/30/24	45,000			31,000	(45,000)	(14,000)	
	Total Education Stabilization Fund					2,306,596	(462,862)	(164,855)	
Special Education Cluster (IDEA):									
84-027	IDEA509023	7/1/22-9/30/23	1,342,599			745,830	(1,046,732)	(300,902)	
84-027	IDEA509022	7/1/21-9/30/22	1,300,448	(249,828)		249,828			
84-027X	IDEA509023	7/1/21-9/30/23	246,447	(73,953)		73,953			
84-173	IDEA509023	7/1/22-9/30/23	40,461			40,461	(40,461)		
84-173	IDEA509022	7/1/21-9/30/22	4,340	(4,340)		4,340			
84-173X	IDEA509023	7/1/21-9/30/23	21,027	(6,356)		6,356			
	Total Special Education Cluster (IDEA)					1,120,768	(1,087,193)	(300,902)	
Total U.S. Department of Education / Special Revenue Fund									
				(2,444,017)		3,817,782	(2,014,869)	(10,331)	(651,435)
U.S. Department of Health and Human Services:									
Medicaid Cluster:									
93-778	N/A	7/1/22-6/30/23	37,593			37,593			
93-778	N/A	7/1/21-6/30/22	25,170			25,170			
93-778	N/A	7/1/22-6/30/23	6,764			6,764			
	Total U.S. Department of Health and Human Services / Total Medicaid Cluster					69,527	(69,527)		

SUMMIT PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Assistance Listing Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2022		Cash Received	Budgetary Expensi- tures	Adjust- ments	Balance at June 30, 2023		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue				Budgetary Accounts Receivable	Budgetary Unearned Revenue	
U.S. Department of Homeland Security:												
Passed-through State Department of Law and Public Safety:												
General Fund:												
Disaster Grants - Public Assistance - FEMA:	97.036	N/A	1/20/20-5/11/23	\$ 16,709			\$ (16,709) *					
COVID-19 Pandemic	97.036	N/A	9/1/21-9/3/21	8,162			(8,162) *					
Hurricane Ida												
Total U.S. Department of Homeland Security / Total Disaster Grants - Public Assistance - FEMA												
U.S. Department of Agriculture:												
Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
Food Distribution Program	10.555	N/A	7/1/22-6/30/23	81,135			(79,097)				\$ 2,038	
Food Distribution Program	10.555	N/A	7/1/21-6/30/22	111,648			(1,805)					
National School Lunch Program	10.555	N/A	7/1/22-6/30/23	432,507			(432,507)			\$ (19,189)		
National School Lunch Program	10.555	N/A	7/1/21-6/30/22	1,276,052		\$ (55,129)						
COVID-19 - Supply Chain Assistance	10.555	N/A	7/1/22-6/30/23	187,098			(153,137)				33,961	
School Breakfast Program	10.553	N/A	7/1/22-6/30/23	20,444			(20,444)			(948)		
School Breakfast Program	10.553	N/A	7/1/21-6/30/22	106,313		(6,080)	6,080			(20,137)	35,999	
Total Child Nutrition Cluster						(61,209)	762,256					
Local Food for Schools (LFS) Cooperative Program	10.185	N/A	7/1/22-6/30/23	497			(497)					
Total U.S. Department of Agriculture												
U.S. Department of Treasury:												
Passed-through State Department of Education:												
Special Revenue Fund:												
COVID-19 -	21.027	SLFREDOEISES	7/1/22-6/30/23	249,695								
Additional or Compensatory Special Education and Related Services (ACSERS)						124,848	(249,695)				(124,847)	
Passed-through State Department of Community Affairs:												
Capital Projects Fund:												
COVID-19 - School and Small Business Ventilation and Energy Efficiency Verification and Repair Program:	21.027	SSB-VEEVR-	1/26/23-1/25/24	1,815,150			(37,125)					
HVAC Replacement		68352										
Total U.S. Department of Treasury												
Total Federal Awards					\$ (2,505,226)	\$ 1,805	\$ 4,836,906	\$ (3,083,574)	\$ (10,331)	\$ (796,419)	\$ 35,999	
											\$ -0-	

* - Fully/partially expended in Prior Year
N/A - Not Available/Applicable

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SUMMIT PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2023		Cumulative Total Expenditures	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Unearned Revenue		Due to Grantor
State Department of Education:												
General Fund State Aid:												
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	\$ 3,427,400			\$ 3,091,392	\$ (3,427,400)			\$ (336,008)	\$ 3,427,400	
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	391,879			353,461	(391,879)			(38,418)	391,879	
Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	203,264			183,337	(203,264)			(19,927)	203,264	
State Reimbursement for Lead Testing of Drinking Water	23-495-034-5120-104	7/1/22-6/30/23	13,045			13,045	(13,045)				13,045	
Extraordinary Special Education Costs Aid	23-100-034-5120-104	7/1/22-6/30/23	760,992				(760,992)			(760,992)	760,992	
Securing Our Children's Future Bond Act	N/A	N/A	230,899				(230,899)				230,899	
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	7/1/22-6/30/23	2,660,326			2,528,928	(2,660,326)			(131,398)	2,660,326	
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22-6/30/23	3,329,124			3,329,124	(3,329,124)				3,329,124	
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22-6/30/23	12,499,423			12,499,423	(12,499,423)				12,499,423	
Extraordinary Special Education Costs Aid	23-495-034-5094-004	7/1/22-6/30/23	173,415			173,415	(173,415)				173,415	
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5120-089	7/1/21-6/30/22	5,423			5,423	(5,423)				5,423	
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	2,747,521			2,688,257	(2,747,521)				2,747,521	
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	391,879			38,262	(38,262)				391,879	
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	203,264			19,846	(19,846)				203,264	
Excess Nonpublic Transportation Costs	22-495-034-5120-014	7/1/21-6/30/22	1,000			1,000	(1,000)				1,000	
Extraordinary Special Education Costs Aid	22-100-034-5120-473	7/1/21-6/30/22	716,840			716,840	(716,840)				716,840	
Reimbursed TPAF Social Security Contributions	22-495-034-5094-403	7/1/21-6/30/22	2,561,233			125,409					2,561,233	
Subtotal - General Fund				(1,169,614)		23,578,061	(23,695,190)		(892,390)	(1,286,743)	30,316,927	
Special Revenue Fund Aid:												
Nonpublic Auxiliary Services:												
Compensatory Education	23-100-034-5120-067	7/1/22-6/30/23	6,919			6,919	(3,854)			\$ 3,065	3,854	
Compensatory Education	22-100-034-5120-067	7/1/21-6/30/22	5,106								4,389	
Home Instruction	N/A	7/1/22-6/30/23	5,329				(5,329)			(5,329)	5,329	
Home Instruction	N/A	7/1/21-6/30/22	718			718					718	
Nonpublic Handicapped Services:												
Supplementary Instruction	23-100-034-5120-066	7/1/22-6/30/23	41,300			41,300	(8,921)				8,921	
Supplementary Instruction	22-100-034-5120-066	7/1/21-6/30/22	37,996		909			(909)			37,087	
Corrective Speech	23-100-034-5120-066	7/1/22-6/30/23	24,831			24,831	(15,717)				15,717	
Corrective Speech	22-100-034-5120-066	7/1/21-6/30/22	26,970		11,067			(11,067)			15,903	
Examination and Classification	23-100-034-5120-066	7/1/22-6/30/23	67,130			67,130	(47,229)				47,229	
Examination and Classification	22-100-034-5120-066	7/1/21-6/30/22	75,056		4,172			(4,172)			70,884	
N.J. Nonpublic Textbook Aid	23-100-034-5120-064	7/1/22-6/30/23	70,752			70,752	(27,040)				27,040	
N.J. Nonpublic Textbook Aid	22-100-034-5120-064	7/1/21-6/30/22	62,601		38,059			(38,059)			24,542	
N.J. Nonpublic Nursing Aid	23-100-034-5120-070	7/1/22-6/30/23	177,408			177,408	(101,252)				101,252	
N.J. Nonpublic Nursing Aid	22-100-034-5120-070	7/1/21-6/30/22	115,920		80,398			(80,398)			35,522	
N.J. Nonpublic Technology Initiative	23-100-034-5120-373	7/1/22-6/30/23	66,528			66,528	(57,577)				57,577	
N.J. Nonpublic Technology Initiative	22-100-034-5120-373	7/1/21-6/30/22	43,806		27,328			(27,328)			16,478	
N.J. Nonpublic Security Aid	23-100-034-5120-509	7/1/22-6/30/23	324,720			324,720	(298,363)				298,363	
N.J. Nonpublic Security Aid	22-100-034-5120-509	7/1/21-6/30/22	181,125		37,650			(37,650)			143,475	
School Climate Change Pilot	23-100-034-5063-359	7/1/22-6/30/23	6,660			6,660	(6,660)				6,660	
Subtotal - Special Revenue Fund				(718)	200,300	786,966	(571,942)	(200,300)	(5,329)	(5,329)	920,940	

SUMMIT PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2023		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable
Food Service Fund:												
State School Lunch Program	23-100-000-3350-023	7/1/22-6/30/23	\$ 22,217	\$ (1,269)	\$ 21,222	\$ (22,217)	\$ (995)	\$ (995)	\$ (995)	\$ (995)	\$ 22,217	
COVID-19 - Seamless Summer Option	22-100-010-3350-023	7/1/21-6/30/22	32,537		1,269						32,537	
State School Breakfast Program	23-100-010-3350-023	7/1/22-6/30/23	354		337	(354)	(17)	(17)	(17)	(17)	354	
Subtotal - Food Service Fund				(1,269)	22,828	(22,571)	(1,012)	(1,012)	(1,012)	(1,012)	54,754	
Total State Department of Education				(1,171,601)	\$200,300	(24,289,703)	\$ (200,300)	(898,731)	(898,731)	\$219,635	31,292,621	
School Development Authority:												
Special Revenue Fund Aid:												
Emergency & Capital Maintenance Needs	N/A	7/1/22-6/30/23	94,408		94,408	(46,161)				\$ 48,247	46,161	
Total State Awards					\$200,300	\$ (24,335,864)	\$ (200,300)	(898,731)	(898,731)	\$ 48,247	\$ 31,338,782	
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22-6/30/23	(3,329,124)			3,329,124						
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22-6/30/23	(12,499,423)			12,499,423						
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22-6/30/23	(173,415)			173,415						
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	(5,423)			5,423						
Subtotal - On-Behalf TPAF Pension System Contributions						16,007,385						
Total State Awards Subject to Single Audit Major Program Determination						\$ (8,328,479)						

N/A - Not Available/Applicable

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SUMMIT PUBLIC SCHOOLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Summit Public Schools under programs of the federal and state governments for the fiscal year ended June 30, 2023. The information in these schedules is presented in accordance with the requirements of the 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. This basis of accounting is 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 elected not 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 and Special Revenue Funds on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the General and Special Revenue Funds 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 N.J.S.A. 18A:22-44.2. 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 net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$81,033) of which (\$13,045) represents the State Reimbursement for Lead Testing of Drinking Water grant posted as a refund against current year expenditures for the General Fund and \$1,277,444 (of which \$47,990 relates to local grants) for the Special Revenue Fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. The District’s Food Service Management Company was granted forgiveness on their Paycheck Protection Program (PPP Loan). Schools that participated in the USDA’s National School Lunch Program (NSLP) received a credit for Labor Cost for the period of May 16, 2020 through October 30, 2020.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

Based on USDA guidance, the PPP forgiven funds of \$87,740 were credited to the District and is included as a federal award in the District’s Food Service Fund but are not to be reported on the Schedules of Expenditures of Federal Awards.

Revenue from federal and state awards is reported in the Board’s basic financial statements on the GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ 94,398	\$ 23,614,157	\$ 23,708,555
Special Revenue Fund	3,494,018	618,103	4,112,121
Capital Projects Fund	37,125		37,125
Food Service Fund	775,227	22,571	797,798
Total Awards	\$ 4,400,768	\$ 24,254,831	\$ 28,655,599

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. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers’ share of social security contributions for TPAF members for the fiscal year ended June 30, 2023. Revenue and expenditures reported under the Food Distribution Program represent the current year value received and the current year distributions respectively.

NOTE 7. NJ CLEAN ENERGY GRANT

The District has been awarded a grant in the amount of \$1,815,150 which is recorded in the Capital Projects Fund from the School and Small Business Ventilation and Energy Efficiency Verification and Repair Program (SSBVEEVR). As of June 30, 2023, \$37,125 of the grant has been expended and drawn down on a GAAP basis. In the Capital Projects Fund, the District realizes the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as certain milestones are accomplished and the required documentation is submitted to the grantor for reimbursement. Expenditures reported under the SSB-VEEVR on the Schedule of Expenditures of Federal Awards represent reimbursement requests submitted to the New Jersey Clean Energy Program.

SUMMIT PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by the Uniform Guidance and NJ OMB 15-08*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following federal and state awards:

	<u>Assistance Listing/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	7/1/22-9/30/23	\$ 1,342,599	\$ 1,046,732
I.D.E.A. Preschool	84.173	7/1/22-9/30/23	40,461	40,461
<u>State:</u>				
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	7/1/22-6/30/23	2,660,326	2,660,326

- The threshold used for distinguishing between federal and state Type A and Type B programs was \$750,000.
- The District was determined to be a "low-risk" auditee for federal and state programs.

SUMMIT PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

SUMMIT PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Status of Prior Fiscal Year Findings:

The District had no prior fiscal year audit findings.