

**BOROUGH OF SOMERDALE
SCHOOL DISTRICT
SOMERDALE, NEW JERSEY**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015**

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INTRODUCTORY SECTION



Somerdale Public School District

301 Grace Street
Somerdale, New Jersey 08083



Dr. Dennis Vespe – Superintendent/Principal
(856) 783-6261 (856) 783-2607 FAX

December 14, 2015

Somerdale Board of Education
301 Grace Street
Somerdale, NJ 08083

Dear Somerdale Board of Education Members:

The Comprehensive Annual Financial Report of the Somerdale Board of Education for the fiscal year ended June 30, 2015, 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 (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 of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual 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 officers. The financial section includes the 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 U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations," and the State of New Jersey Circular 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments." Information related to this single audit, including the auditor's report on compliance and internal control over financial reporting and administrative findings – financial, compliance and performance is included in the single audit section of this report.

- 1. REPORTING ENTITY AND ITS SERVICES:** The Borough of Somerdale School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB), as established by GASB Statement No. 14. All funds for the District are included in this report. The Somerdale Board of Education and Somerdale Park Public School constitutes the District's reporting entity.

Somerdale was incorporated as a Borough after division from Clementon Township in 1929. Somerdale is located in Camden County and encompasses 1.36 miles and borders on Hi-Nella, Stratford, Magnolia, Lawnside, Gloucester Township and Voorhees Township.

Development for the first twenty years was minimal due to the effects of the depression and World War II. However, following the war, housing and commercial development began. Today, the Borough's development includes industrial parks, a sheet metal plant, a food vending service operator and other businesses.

Somerdale Park School is the only school in the Borough of Somerdale. Somerdale Public School District is a member of the Sterling Interdistrict. The four K-8 school districts of Laurel Springs, Magnolia, Somerdale, and Stratford send their 9-12 students to the Sterling Regional High School District.

Board of Education

The Board of Education is composed of nine members. Each year the Board undergoes a Self-Evaluation procedure during which its members review its goals and objectives and rates itself on the attainment of those goals and objects. Areas of evaluation include Policy, Instructional Program, Financial Operations, Board Operations, Personnel Performance, Relationship with District/School Administrators, Relationship with Association/Other Staff Members and Parent/Community Relationships.

Administration

Dr. Dennis Vespe serves as the Superintendent/Principal; Dr. Vespe also serves as the director of special education for the District. Ms. Melissa Engelhardt is the District's Business Administrator/Board Secretary. Mr. Jarod Claybourn is in his second year as Vice Principal. Mr. Gregg Ruggieri is in his third year as Shared Services Educational Facilities Manager. The District utilizes a shared service with the Somerdale Borough for custodial and maintenance services.

Student Enrollment

Efforts continue to ensure that educational services are provided only to those students who legally reside within School District boundaries. Attempts by people to register their children who are not entitled to attend district schools continue to be identified and rejected.

The District completed the 2014-2015 fiscal year with an enrollment of 529 students. This count does not include out-of-district placements. The following details the changes in student enrollment in the District over the last five years.

	<u>Ending Enrollment</u>	
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015	529	0.2
2014	528	3.5
2013	510	(2.8)
2012	525	4.2
2011	504	7.5

2. ECONOMIC CONDITIONS AND OUTLOOK

Local Economy: The Borough of Somerdale has experienced very little growth and expansion over the last decade. There is little growth in community retail and professional facilities and there is a disproportionate residential taxpayer-based economy. Many of the residents are employed in the major cities of Philadelphia and Atlantic City or in the larger towns surrounding the Borough. While other portions of the State and other States in the Nation have experienced a distinct economic rebound during the past three years, the portion of Camden County in which the District is located has experienced a slower rate of recovery. However, the Mayor and Borough Council have been involved in various economic redevelopment/revitalization projects over the past few years, most notably, the rehabilitation of the plaza, and the opening of the new "Towne Centre." In conjunction with the Towne Centre opening, housing units opened in spring 2012. The additional housing has shown to have an impact on the school's enrollment figures during the 2014-15 school year.

3. MAJOR ACCOMPLISHMENTS

In conjunction with the mandates of Federal and State Departments of Education, we continued to monitor our K-8 assessment system, with a strong focus on our PARCC and MAP assessments at grades 3-8 for PARCC and grades K-8 for MAP. Overall, our students were competitive with other districts in our District Factor Group as we continued the process of evaluating and assessing the various sub-group categories as per the requirements for grades 3-8.

With regard to facilities, in conjunction with the architect-of-record, the District is reviewing the life of its roof, boilers, and quality of HVAC systems. The District will begin to upgrade its security cameras throughout the interior and exterior.

4. STUDENT ACHIEVEMENT

A summary of the NJASK science for grades 4 and 8 demonstrated a 97% proficiency for grade 4 and an 83% proficiency for grade 8. The District's PARCC results demonstrated 100% of grade 3-8 achieved a level 3 or 4 in language arts and mathematics equaling or bettering the national and state achieved levels. The District has completed its one to one tablet initiative with every student and staff member grades pre-k to 8 having a tablet and receiving 21st Century Learning.

5. SAFETY AND SECURITY

The District continued to place a major focus and emphasis on crime prevention and drug and alcohol substance abuse awareness programs via our DARE, and other related drug and alcohol substance abuse programs. Activities continued to be developed to recognize and/or celebrate Red Ribbon and Violence and Vandalism weeks; as well as having had our Discipline Committee meet throughout the year to revise our discipline policy. The District has reviewed and revised its bullying and harassment policies for the 2014-15 school year.

A state-of-the-art electronic security camera/building entry system (buzzer) was installed at the Somerdale Park School during the 2002-03 school year. Plans to expand the program were developed in the 2004-05 and 2005-06 school year(s); and additional cameras and a security wall were installed in the 2007-08, 2008-09, and 2011-2012 school years, respectively. The system monitors all individuals entering and leaving the building in the course of the school day; with all external doors remaining locked during the school day. A list identifying the names and positions of all staff members who have been issued external door keys is on file in the Business Office. These measures were undertaken to ensure the safety and security of all students and staff during the school day. The coordinated efforts of school administration, teachers, other personnel, and municipal police, continues to promote a learning environment that is safe for both students and staff to learn and teach, respectively. Whenever breaches of safety are experienced, district personnel respond swiftly with fair and corrective action.

The BOE recognizes the public's right to be informed on a continuing basis of the activities of the Board of Education, the administrators, staff and its students. In-house publications, the PTA newsletter, the Somerdale Borough's newsletter, the interdistrict's Channel 19, and the District's website continue to inform the public on school events. Lastly, the lines of communication between and among the other districts within the Sterling Regional Interdistrict Schools are always "open" and very strong.

6. CURRICULUM SERVICES

Staff Development: The school schedules are created to facilitate collaborative professional learning. Preparation periods are scheduled to provide common planning times for grade level partners. At least once weekly the grade level partners meet together. These meetings ensure our curriculum is consistent and ever improving across each grade level. Once a month teachers meet in professional learning communities. These meetings are focused on improving and aligning school curriculum, as well as using data analysis to drive instruction. There were five early dismissal days and two full days devoted to professional development training. There was also one full day interdistrict training as well. Finally, each teacher has the opportunity to take two professional development days to attend out of district workshops or classroom visitations.

Summer Enrichment Program: Once again, the District offered a Summer School enrichment program to its students in the summer, 2015 term, and Response to Intervention (RTI) workshops to students in the summer, 2015 term. Low-income/disadvantaged and ESL students were given the opportunity to participate in a variety of programs.

New Teacher Training: A New Teacher Mentoring Program was developed and implemented by the District's Professional Development Committee; and key areas addressed included classroom management; home and school communication; effective instruction; curriculum development; and technology.

7. TECHNOLOGY

The District's Technology Committee revised and drafted a new (3) year (2013-2016) technology plan that was approved by the Camden County NJDOE. During the 2013-14 school year the District hired an in-house technology director to facilitate the 1:1 tablet initiative for all grade levels. The District met the 1:1 tablet initiative during the 2014-15 school year and is currently working to maintain cutting edge technology in the classroom. Somerdale is looking to branch out into shared services to aid other districts and municipalities in bringing 21st century technology into the workplace with goals of achieving increased productivity and efficiency.

The District utilizes accounting/budgeting software known as CSI. The Business Office enters information into the system daily to ensure accuracy of the financial records. The payroll is outsourced through CASA Payroll Services. The Business Office staff enters the payroll data bi-weekly. The checks, reports, and payment of Federal and State taxes are made by CASA. They also issue all payments required to cover Agency accounts. Additionally, the District utilizes the PowerSchool Software which integrates with NJSMART System to maintain all student records for required state reporting including ASSA.

The District continues to plan for continued growth with upgrades to the telecommunications and network infrastructure within the District. These initiatives allow full access to the internet by all teachers in their classrooms and total internal connectivity to all District data on a single platform for administrative and support personnel. Staff and students also have access to centralized data locations and cloud storage for increased classroom productivity. Continued improvement to the infrastructure and subsequent training for all staff is planned for the 2015-16 school year.

8. PURCHASING AND RECEIVING

Purchasing and receiving of supplies and equipment is being expanded to take advantage of standardized group purchasing and the substantial savings that can be realized along with the requirement to manage the District's fixed assets for both state, GASB and insurance purposes.

The School Business Administrator acts as the Purchasing Agent for the District. All quotes, bids and purchasing are conducted through the Business Office. Purchase requisitions are completed by staff members, reviewed by the Principal for educational accuracy, reviewed by the Superintendent for budgetary accuracy, and reviewed by the Business Administrator to insure that all parties have reviewed and signed-off on the requisition. Following review by all three parties the purchase order is entered into the computer system. It is then forwarded to the vendor for completion of the purchase. The District has assigned an employee to receive, document and distribute supplies and materials that come into the school to each department and/or staff member. The process and procedures followed by the assigned staff member ensures the receipt of supplies and materials for the purchasing agent. (*School Business Administrator*)

Ancillary products and services that go arm-in-arm with computer technology, demonstrates the advancements in school purchasing procedures. Purchasing Agents increasingly need to ensure they have support services for the products they buy. It is becoming a more demanding process and requires increased evaluation and work to understand the ramifications of what is being purchased before going out for a quote or bidding materials and equipment.

When instructional personnel evaluate a product or service, they focus on how it fits their need in the instructional program. They do not necessarily take into account the ensuring long-range cost associated with the process of purchasing the product or service. Purchasing departments have the responsibility to oversee both the evaluation and purchasing processes associated with these purchases. Although education supervisors make decisions regarding what they want to purchase, it is up to the School Business Administrator to see that the purchasing is done properly, either by quotes or the bidding process which is outlined in State regulations.

The Purchasing Agent is required by law to be able to verify that purchasing is conducted through a competitive quote/bid process. The agent is also responsible for making certain all purchases are carried out according to State law and District regulation and policy.

9. 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 is 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 is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by 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.

10. BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of

the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvement account 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as assignments of fund balance at June 30, 2015.

11. 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 Financial Statement,” Note 1.

12. FINANCIAL INFORMATION AT FISCAL YEAR-END

As demonstrated by the various statements and schedules included in the financial section of this report, the District has met 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, 2015 and the amount and percentage of (decreases/increases) in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>(Decrease)/Increase from 2014</u>	<u>Percent (Decrease)/Increase</u>
Local	\$4,340,855.94	50.58%	\$ 281,895.75	6.94%
State Sources	3,923,235.31	45.71%	197,243.78	5.29%
Federal Sources	318,174.00	3.71%	43,965.75	16.03%
Total	\$8,582,265.25	100.00%	\$ 523,105.28	6.49%

12. FINANCIAL INFORMATION AT FISCAL YEAR-END (CONT'D)

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2015 and the percentage increases/decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/Decrease From 2014</u>	<u>Percent Decrease/Increase</u>
Current Expense:				
Instruction	\$3,892,354.71	45.14%	\$364,264.46	10.32%
Undistributed Expenditures	4,110,651.41	47.68%	12,695.70	0.31%
Capital Outlay	305,740.58	3.55%	241,401.68	375.20%
Debt Service	313,387.26	3.63%	(669.74)	(0.21%)
Transfer to Charter School	-	-	(11,151.00)	(100.00%)
Total	\$8,622,133.96	100.00%	\$606,541.10	7.57%

13. DEBT ADMINISTRATION

At June 30, 2015, the District had outstanding debt issues in the amount of \$1,020,000.00.

14. CASH MANAGEMENT

The investment policy of the District is guided in part by State statute as detailed in “Notes to the Financial Statements,” Note 2. 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 backing institution in New Jersey. The law requires government units to deposit public funds only in public depositories located in New Jersey where the funds are secured in accordance with the Act.

15. RISK MANAGEMENT

As part of the Risk Management Program the School Business Administrator continually reviews the District's insurance programs.

The Risk Management Program of the District is handled through the School Business Administrator and her staff. Risk Management is an important part of the District's ability to protect current and future assets. The Business Office continues to sort through many issues facing the District insurance program including worker's compensation, property, general liability, errors and omissions and bonding, risk management and loss control, insurance brokerage services, student accidents, facility use, personnel, human resources, benefits administration, Medicare, COBRA, coordination of the Family Leave Program, employee orientation and training, Employee Assistance Program, legal assistance, safety and health issues, Safe School, Federal compliance with ADA (Americans with Disabilities Act), EOC Affirmative Action, AHERA compliance, Right-To-Know compliance, product survey and labeling, maintenance of MSDS, HSFS and hazardous chemical issues, PEOSHA filings, Blood borne Pathogens training and administration, disease prevention programs, exposure control compliance, property evaluation and appraisal, regulated medical waste and hazardous material management.

The safety program goes beyond the obvious of just properly maintaining buildings and grounds but is stressed as an attitude to be brought to the facility by students and employees. The School Superintendent reinforces the need to have a stress-free environment and disseminates her desires to the Principal, Teachers, Non-Certified Staff and Students.

The Buildings and Grounds Department is involved in periodic safety inspections throughout the school. Safety meetings are often held with the School Business Administrator and the Safety Committee.

16. CAPITAL PROJECTS

The Architect-of-Record drafted and the State approved, mailroom and classroom renovations anticipated to be completed in the 2015-16 school year. The District also plans to update the camera security system in the building during the 2016-17 fiscal year.

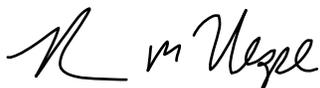
17. OTHER INFORMATION

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board at its Reorganization Meeting selected the accounting firm of Bowman & Co., LLP in May 2015. 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 and the related OMB Circular A-133 and State of New Jersey Circular 15-08 OMB. The auditor's report on the entity-wide 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 the report.

18. ACKNOWLEDGEMENTS

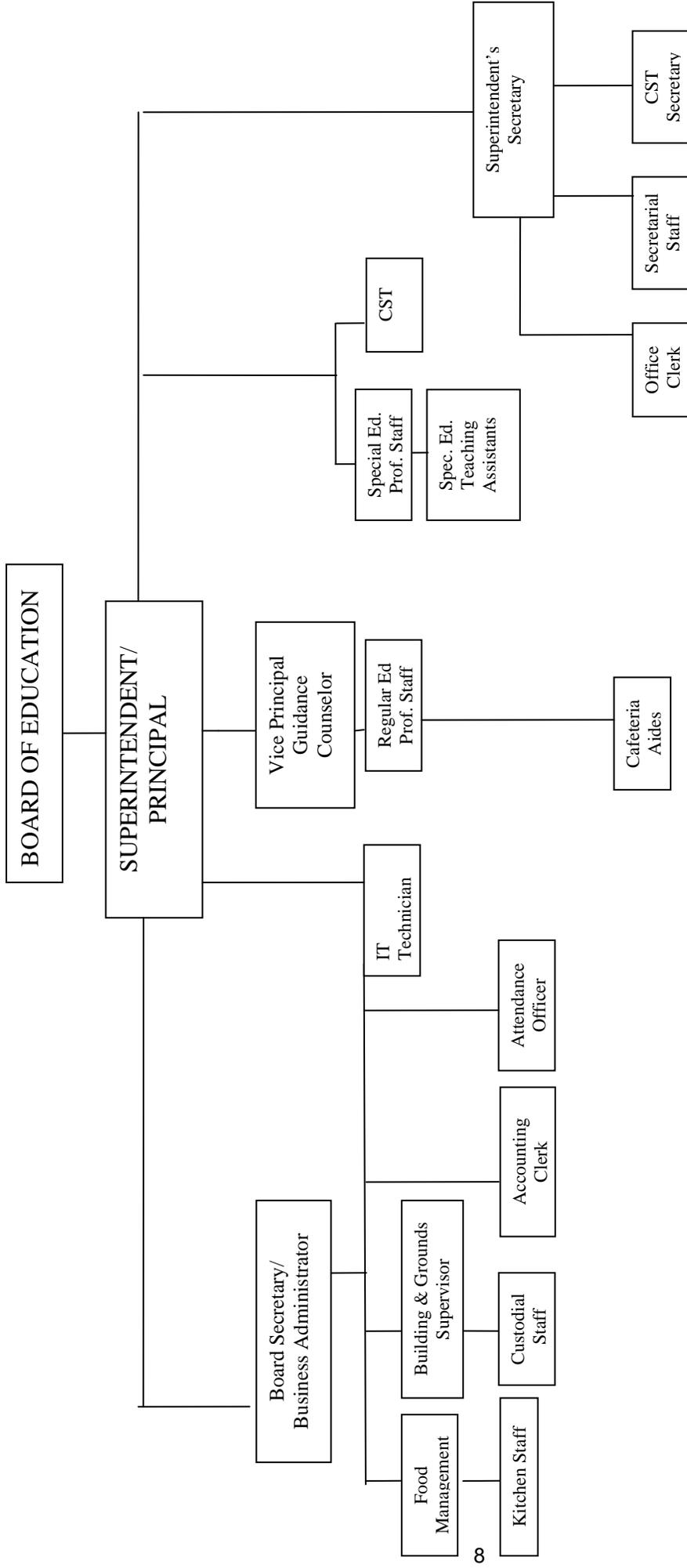
We would like to express our appreciation to the members of the Somerdale Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully submitted:



Dr. Dennis Vespe
Superintendent of Schools

SOMERDALE PUBLIC SCHOOL'S ORGANIZATIONAL CHART



Responsibilities

*B/A	*VP	Superintendent/Principal
All Business Office/Budgetary Matters	Discipline grades 5-8	Discipline grades K-4
Grant Reimbursement Requests and Final Reports	504 and IR&S officer	IEPs and Related Services
Maintenance Department/Facilities	State test coordination and HIB	Out of dist. Placements
Federal/State Reports Pertaining to any Budgetary Matters	8 th grade to HS transition/scheduling	Grade level placement PK-5
Food service	Grade level placements grades 6-8	IDEA and Pre School grant
Shared Service/Joint Purchasing	NCLB Grant	Special Ed Scheduling
	Regular Ed scheduling	Special Ed Budget
	Classroom observations/evaluations	Classroom observations/evaluations
	*Other duties assigned by the Superintendent	

**ROSTER OF OFFICIALS
JUNE 30, 2015**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
James Walsh, President	2017
Deborah Mill-Hightower	2017
John Phillips	2017
Colm Fidgeon	2016
Victoria Burckley	2016
Monique Howard	2016
Susan Lowden, Vice-President	2015
Russel Dunnings	2015
Thomas Toff	2015

OTHER OFFICIALS

Dr. Dennis Vespe, Superintendent/Principal

Melissa Engelhardt, Board Secretary/Business Administrator

Leonard Wood, Solicitor

**BOARD OF EDUCATION OF THE
BOROUGH OF SOMERDALE SCHOOL DISTRICT
SOMERDALE, NJ 08083**

CONSULTANTS AND ADVISORS

ARCHITECT

Bach & Associates
304 White Horse Pike
Haddon Heights, NJ 08035

AUDITING FIRM

Bowman & Company LLP
601 White Horse Road
Voorhees, NJ 08043

ATTORNEY

Leonard Wood, Esq.
Wade, Long, Wood & Kennedy, LLC
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Laurel Springs, NJ 08021

OFFICIAL DEPOSITORY

First Colonial National Bank
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Collingswood, NJ 08108

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Somerdale School District
Somerdale, New Jersey 08083

Report on the Financial Statements

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 Somerdale School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, each major fund, and the aggregate remaining fund information of the Borough of Somerdale School District in the County of Camden, State of New Jersey, as of June 30, 2015, 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.

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in note 1 to the financial statements, during the fiscal year ended June 30, 2015, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Prior Period Restatement

Because of the implementation of GASB Statements No. 68 and No. 71, net position as of June 30, 2014 on the statement of activities has been restated, as discussed in note 19 to the financial statements. Additionally, net position and Governmental Fund, Fund Balance as of June 30, 2104 was restated for a cancellation of State Aid receivable in the Capital Projects Fund. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Somerdale School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section, and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

Other Information (Cont'd)

The accompanying combining statements and related major fund supporting statements 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 accompanying combining statements and related major fund supporting statements 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.

The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2015 on our consideration of the Borough of Somerdale School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Somerdale School District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Kirk N. Applegate
Certified Public Accountant
Public School Accountant No. 20CS00223300

Voorhees, New Jersey
December 16, 2015

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Somerdale School District
Somerdale, New Jersey 08083

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Somerdale School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 16, 2015. Our report on the financial statements included an emphasis of matter paragraph describing the restatement of the prior period financial statements resulting from the adoption of new accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Somerdale 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Somerdale School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School 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 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 Borough of Somerdale 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 Division of Administration and 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 School District'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 Division of Administration and Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Kirk N. Applegate

Kirk N. Applegate
Certified Public Accountant
Public School Accountant No. 20CS00223300

Voorhees, New Jersey
December 16, 2015

REQUIRED SUPPLEMENTARY INFORMATION
PART I

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2015 (Unaudited)

The discussion and analysis of the Borough of Somerdale School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole: readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- During the fiscal year ended June 30, 2015, the School District was required to implement Governmental Accounting Standard Board (GASB) Statement No. 68 – Accounting and Financial Reporting for Pensions, see discussion that follows. In addition, the notes to the financial statements provide a more thorough discussion of the implementation of GASB 68 and the effects to the financial statements.
- The total assets and deferred outflows of resources of the School District were over its total liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$2,448,869.66 (net position).
- In total, net position decreased \$679,014.75.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$609,608.94, an increase of \$40,168.59 in comparison with the prior year.

Overview of the Financial Statements

The financial section of this annual report consists of two parts: Part I, management's discussion and analysis (this section), the basic financial statements with the accompanying note disclosures and Part II, budgetary comparison schedules, notes to the to the required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the School District.

- The first two statements, Exhibit A-1 and A-2 are government-wide financial statements that provide both long-term and short-term information about the School District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School District's operations in more detail than the government-wide statements.
- The governmental fund statements tell how general government services were financed in the short term as well as what remains for future spending.

Overview of the Financial Statements (Cont'd)

- Proprietary fund statements offer short term and long-term financial information about those types of activities that operate like a business.
- Fiduciary funds statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The statements are followed by another section, Part II, which contains required supplementary information that further explains and supports the information in the financial statements including; budget schedules, reconciliations and individual fund statements.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

The government-wide statements report information about the School District as a whole using accounting methods similar to those used by the private-sector companies. The statement of net position includes all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. 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.

These two statements report the School District's net position and changes in net position. 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 School 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 the School District's facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental and business type activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and special schools.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

The School 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 School 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 and governmental funds is reconciled in the financial statements.

Enterprise Fund

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The School District as a Whole

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

The following schedule provides a summary of the School District's Net Position for 2015 and 2014.

BOROUGH OF SOMERDALE SCHOOL DISTRICT'S NET POSITION						
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 622,286	\$ 604,446	\$ 27,036	\$ 19,777	\$ 649,323	\$ 624,223
Capital Assets	4,294,413	4,178,329	20,833	25,124	4,315,245	4,203,453
Total Assets	4,916,699	4,782,775	47,869	44,901	4,964,568	4,827,676
Deferred Outflows of Resources Related to Pensions	72,677				72,677	
Total Deferred Outflows of Resources	72,677	-	-	-	72,677	-
Long-term Liabilities Outstanding	2,049,233	1,349,204			2,049,233	1,349,204
Other Liabilities	382,611	302,719			382,611	302,719
Total Liabilities	2,431,844	1,651,922	-	-	2,431,844	1,651,922
Deferred Inflows of Resources Related to Pensions	108,663				108,663	
Total Deferred Inflows of Resources	108,663	-	-	-	108,663	-
Net Position:						
Net Investment in Capital Assets	3,451,331	2,898,329	20,833	25,124	3,472,165	2,923,453
Restricted	1	187,630			1	187,630
Unrestricted (Deficit)	(1,002,463)	44,894	27,036	19,777	(975,427)	64,671
	2,448,870	3,130,853	47,869	44,901	2,496,739	3,175,754
Restatement:						
To Record the School District's Net Pension Liability and Pension Related Deferred Outflows Deferred Outflows of Resources per GASB 68		(944,186)				(944,186)
To record Cancellation of Capital Projects Fund State Aid receivable realized as revenue in prior years		(105,412)				(105,412)
Total Net Position	\$ 2,448,870	\$ 2,081,254	\$ 47,869	\$ 44,901	\$ 2,496,739	\$ 2,126,155

The School District as a Whole (Cont'd)

The District's combined net position was \$2,496,738.84 on June 30, 2015. This was a decrease of \$370,583.45 from the June 30, 2014 net position, restated.

The net position of the business type activities increased by \$2,968.18.

The following schedule provides an illustration of the impact of the School District's Net Position for the implementation of GASB 68.

<u>BOROUGH OF SOMERDALE SCHOOL DISTRICT</u>				
<u>STATEMENT OF NET POSITION - EFFECT OF PENSION RELATED ITEMS</u>				
	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Change</u>	<u>% Change</u>
Deferred Outflows Related to Pensions	\$ 72,677.00		\$ 72,677.00	100.00%
Less: Net Pension Liability	(858,254.00)	\$ (944,186.00)	(85,932.00)	9.10%
Less: Deferred Inflows Related to Pensions	(108,663.00)		(108,663.00)	-100.00%
	<u>\$ (894,240.00)</u>	<u>\$ (944,186.00)</u>	<u>\$ (121,918.00)</u>	<u>12.91%</u>

The School District as a Whole (Cont'd)

The following schedule shows changes in net position for fiscal year 2015 and 2014.

BOROUGH OF SOMERDALE SCHOOL DISTRICT'S CHANGES IN NET POSITION						
	Governmental Activities		Business-Type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 31,510	\$ 26,494	\$ 75,675	\$ 69,503	\$ 107,185	\$ 95,998
Operating Grants and Contributions	1,186,121	391,990	117,621	119,522	1,303,742	511,512
Property Taxes	4,291,793	4,018,380			4,291,793	4,018,380
Grants and Contributions not Restricted to Specific Programs	3,788,542	3,608,210			3,788,542	3,608,210
Other	17,553	14,086	75	75	17,628	14,161
Total Revenues	9,315,519	8,059,160	193,372	189,100	9,508,890	8,248,260
Expenses:						
Instruction	3,915,053	3,548,715			3,915,053	3,548,715
Support Services	5,032,851	4,401,000			5,032,851	4,401,000
Food Service			190,403	188,293	190,403	188,293
Total Expenses	8,947,904	7,949,715	190,403	188,293	9,138,307	8,138,008
Increase (Decrease) in Net Position before Transfers	367,615	109,445	2,968	807	370,583	110,252
Transfers	-	-	-	-	-	-
Increase (Decrease) in Net Position	367,615	109,445	2,968	807	370,583	110,252
Net Position, July 1	2,081,254	3,021,408	44,901	44,094	2,126,155	3,065,502
Net Position, June 30, Prior to Restatement	2,448,870	3,130,853	47,869	44,901	2,496,739	3,175,754
Restatement:						
To Record the School District's Net Pension Liability and Pension Related Deferred Outflows of Resources per GASB 68		(944,186)				(944,186)
To record Cancellation of Capital Projects Fund State Aid receivable realized as revenue in prior years		(105,412)				(105,412)
Net Position, June 30	\$ 2,448,870	\$ 2,081,254	\$ 47,869	\$ 44,901	\$ 2,496,739	\$ 2,126,155

Governmental Activities

Property taxes and federal and state aid made up 99.47% of revenues for governmental activities for the School District for fiscal year 2015. Federal, state and local grants accounted for 53.40% of revenue.

The total net cost of all programs and services for 2015 and 2014 was \$7,730,273.16 and \$7,531,231.09, respectively. Instruction comprises 45.13% of District net cost of services for 2015.

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT NET COSTS OF GOVERNMENTAL ACTIVITIES					
<u>Governmental Activities</u>	<u>Source</u>	<u>2015</u>		<u>2014</u>	
		<u>Total Costs of Services</u>	<u>Net Costs of Services</u>	<u>Total Costs of Services</u>	<u>Net Costs of Services</u>
Instruction:					
Regular	A-2	\$ 3,040,668	\$ 2,614,667	\$ 2,760,188	\$ 2,405,866
Special Education	A-2	453,149	453,149	464,744	464,744
Other Special Instruction	A-2	421,236	421,236	323,783	323,783
Support Services:					
Tuition	A-2	25,119	25,119	190,260	190,260
Student and Instruction Related Services	A-2	685,787	647,197	578,008	553,584
School Administrative Services	A-2	645,560	645,560	666,082	666,082
Plant Operations and Maintenance	A-2	766,836	766,836	789,503	789,503
Pupil Transportation	A-2	61,648	61,648	94,839	94,839
Unallocated Benefits	A-2	2,795,785	2,057,906	2,012,121	1,989,706
Transfer to Charter School	A-2			11,151	11,151
Assessment for Debt Service on SDA Funding	A-2	6,081	6,081	6,081	6,081
Interest on Long-term Debt	A-2	46,035	30,874	52,956	35,632
Total Governmental Activities		\$ 8,947,904	\$ 7,730,273	\$ 7,949,715	\$ 7,531,231

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Tuition expenses include the cost to the School District to send pupils living within the District to private schools and/or schools outside the District area.

Student and instruction related services include the activities designed to assess and improve the well being of students and to supplement the teaching process.

School Administrative and General and Business Administrative services include expenses associated with establishing and administering policy for the School District and include board of education services and executive administration services.

Governmental Activities (Cont'd)

Plant operation and maintenance of plant activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school activities.

Unallocated benefits include the cost of benefits for the School District staff for social security, retirement contributions, workers' compensation, health benefits and other employee benefits.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the school district.

The School District's Funds

The School District's funds are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$8,582,265.25 and expenditures were \$8,622,133.96.

General Fund Budgeting Highlights

The School District's budget is prepared in accordance with New Jersey Law. The most significant budgeted fund is the General Fund.

During the course of the 2015 fiscal year, the School District modified its General Fund budget numerous times. The net change in the total budget modification resulted from the rollover of previous year's encumbrances.

Capital Assets

At the end of fiscal year 2015, the School District had \$4,315,244.84 invested in land, buildings, furniture, equipment and vehicles. The following schedule shows a summary of the fiscal 2015 balances.

BOROUGH OF SOMERDALE SCHOOL DISTRICT'S CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)							
	Governmental Activities		Business-Type Activities		Total		
	2015	2014	2015	2014	2015	2014	
Land	\$ 38,163	\$ 38,163			\$ 38,163	\$ 38,163	
Building and Improvements	3,990,431	3,938,238			3,990,431	3,938,238	
Equipment	265,818	201,928	\$ 20,832	\$ 25,123	286,651	227,051	
Total	\$ 4,294,413	\$ 4,178,329	\$ 20,832	\$ 25,123	\$ 4,315,245	\$ 4,203,452	

Debt Administration

As of June 30, 2015, the School District had \$2,367,035.61 of outstanding debt.

Borough of Somerdale School District Long-term Debt Schedule				
Governmental Activity	Balance June 30, 2015	(Restated) Balance June 30, 2014	Increase/ Decrease	% Change
General Serial Bonds	\$ 1,020,000.00	\$ 1,280,000.00	\$(260,000.00)	(20.31%)
Net Pension Liability	858,254.00	944,186.00	(85,932.00)	(9.10%)
Obligations under Capital Lease	155,931.50	-	155,931.50	100.00%
Compensated Absences	332,850.11	329,203.76	3,646.35	1.11%
Total	\$ 2,367,035.61	\$ 2,553,389.76	\$(186,354.15)	71.70%

Economic Factors and Next Year's Budget

The Borough of Somerdale School District is in good financial condition presently. While the District does not foresee significant growth, future finances are not without challenges in an era of uncertain State funding.

Contacting the School District's Financial Management

This financial report is designed to provide citizen groups, taxpayers, parents, students, other local officials and investors and creditors with a general overview of the School District's finances and to show its accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Ms. Melissa Engelhardt, School Business Administrator/Board Secretary, at Somerdale Park School Administration Office, 301 Grace Street, Somerdale, NJ 08083 or email at MEngelhardt@somerdale-park.org.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Statement of Net Position

June 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 503,139.68	\$ 14,524.08	\$ 517,663.76
Receivables, net	4,342.42	5,369.38	9,711.80
Intergovernmental Receivables	93,674.26		93,674.26
Prepaid Expenses	21,130.02		21,130.02
Inventory		7,142.81	7,142.81
Capital Assets, net (Note 6)	4,294,412.53	20,832.91	4,315,245.44
Total Assets	4,916,698.91	47,869.18	4,964,568.09
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 9)	72,677.00	-	72,677.00
LIABILITIES:			
Accounts Payable	58,366.44		58,366.44
Accrued Interest Payable	6,441.20		6,441.20
Noncurrent Liabilities:			
Due within One Year	317,803.01		317,803.01
Due beyond One Year	2,049,232.60		2,049,232.60
Total Liabilities	2,431,843.25	-	2,431,843.25
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 9)	108,663.00	-	108,663.00
NET POSITION:			
Net Investment in Capital Assets	3,451,331.14	20,832.91	3,472,164.05
Restricted for:			
Debt Service	1.31		1.31
Unrestricted (Deficit)	(1,002,462.79)	27,036.27	(975,426.52)
Total Net Position	\$ 2,448,869.66	\$ 47,869.18	\$ 2,496,738.84

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Statement of Activities
 For the Fiscal Year Ended June 30, 2015

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	\$ 3,040,667.98	\$ 31,509.88	\$ 394,491.00		\$ (2,614,667.10)	\$	\$ (2,614,667.10)
Special Education	453,149.27				(453,149.27)		(453,149.27)
Other Special Instruction	421,236.19				(421,236.19)		(421,236.19)
Support Services:							
Tuition	25,119.09				(25,119.09)		(25,119.09)
Student and Instruction Related Services	685,786.94		38,590.00		(647,196.94)		(647,196.94)
School Administrative Services	645,560.14				(645,560.14)		(645,560.14)
Plant Operations and Maintenance	766,835.63				(766,835.63)		(766,835.63)
Pupil Transportation	61,648.33				(61,648.33)		(61,648.33)
Unallocated Benefits	2,795,784.88		737,879.00		(2,057,905.88)		(2,057,905.88)
Interest on Long-Term Debt	46,034.53		15,160.94		(30,873.59)		(30,873.59)
Assessment for Debt Service on SDA Funding	6,081.00				(6,081.00)		(6,081.00)
Total Governmental Activities	8,947,903.98	31,509.88	1,186,120.94	\$ -	(7,730,273.16)	\$ -	(7,730,273.16)
Business-Type Activities:							
Food Service	190,403.36	75,674.88	117,621.24			2,892.76	2,892.76
Total Business-Type Activities	190,403.36	75,674.88	117,621.24	-	-	2,892.76	2,892.76
Total Primary Government	\$ 9,138,307.34	\$ 107,184.76	\$ 1,303,742.18	\$ -	(7,730,273.16)	2,892.76	(7,727,380.40)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, net					4,291,793.00		4,291,793.00
Federal and State Aid not Restricted					3,788,542.37		3,788,542.37
Miscellaneous Income					17,553.06	75.42	17,628.48
Total General Revenues					8,097,888.43	75.42	8,097,963.85
Change in Net Position					367,615.27	2,968.18	370,583.45
Net Position -- July 1 (Restated)					2,081,254.39	44,901.00	2,126,155.39
Net Position -- June 30					\$ 2,448,869.66	\$ 47,869.18	\$ 2,496,738.84

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

FUND FINANCIAL STATEMENTS

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Governmental Funds
 Balance Sheet
 June 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 503,138.37			\$ 1.31	\$ 503,139.68
Receivables, net:					
Interfunds Receivable:					
Special Revenue Fund	83,752.45				83,752.45
Payroll Agency Fund	4,342.42				4,342.42
Receivables from Other Governments	8,163.06	\$ 85,511.20			93,674.26
Prepaid Expenses	21,130.02				21,130.02
Total Assets	\$ 620,526.32	\$ 85,511.20	\$ -	\$ 1.31	\$ 706,038.83
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Interfund Payable		\$ 83,752.45			\$ 83,752.45
Accounts Payable	\$ 10,918.69	1,758.75			12,677.44
Total Liabilities	10,918.69	85,511.20	\$ -	\$ -	96,429.89
Fund Balances:					
Restricted:					
Capital Reserve	207,217.05				207,217.05
Debt Service				1.31	1.31
Excess Surplus - Subsequent Year's Expenditures	261,417.00				
Assigned:					
Other Purposes	63,618.55				63,618.55
Unassigned	77,355.03				77,355.03
Total Fund Balances	609,607.63	-	-	1.31	348,191.94
Total Liabilities and Fund Balances	\$ 620,526.32	\$ 85,511.20	\$ -	\$ 1.31	

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 \$7,180,967.29 and the accumulated depreciation is \$2,886,554.76.	4,294,412.53
Accrued interest payable is not due and payable in the current period and therefore is not reported as liabilities in the funds.	(6,441.20)
Net Pension Liability	(858,254.00)
Accounts payable related to the April 1, 2016 required PERS pension contribution that is not to be liquidated with current financial resources	(45,689.00)
Deferred Outflows of Resources - Related to Pensions	72,677.00
Deferred Inflows of Resources - Related to Pensions	(108,663.00)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(1,508,781.61)</u>
Net position of governmental activities.	<u>\$ 2,187,452.66</u>

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources	\$ 4,082,973.00			\$ 208,820.00	\$ 4,291,793.00
Tuition Charges	31,509.88				31,509.88
Miscellaneous	17,553.06				17,553.06
State Sources	\$ 3,705,216.31	\$ 119,532.00		98,487.00	3,923,235.31
Federal Sources	318,174.00	318,174.00			318,174.00
Total Revenues	7,837,252.25	437,706.00	\$ -	307,307.00	8,582,265.25
EXPENDITURES:					
Current:					
Regular Instruction	2,623,478.25	394,491.00			3,017,969.25
Special Education Instruction	453,149.27				453,149.27
Other Special Instruction	421,236.19				421,236.19
Undistributed Expenditures:					
Tuition	25,119.09				25,119.09
Student and Instruction Related Services	647,196.94				685,786.94
School Administrative Services	636,844.65	38,590.00			636,844.65
Plant Operations and Maintenance	638,110.87				638,110.87
Pupil Transportation	61,648.33				61,648.33
Unallocated Benefits	1,383,711.42	4,625.00			1,388,336.42
Reimbursed TPAF and Social Security	674,805.11				674,805.11
Debt Service:					
Interest				47,306.26	47,306.26
Redemption of Principal	6,081.00			260,000.00	260,000.00
Assessment for Debt Service on SDA Funding	305,740.58				6,081.00
Capital Outlay					305,740.58
Total Expenditures	7,877,121.70	437,706.00	-	307,306.26	8,622,133.96
Excess (Deficiency) of Revenues over Expenditures	(39,869.45)	-	-	0.74	(39,868.71)

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
OTHER FINANCING SOURCES (USES):					
Transfers	\$ 82,217.05		\$ (82,217.05)		\$ 185,449.50
Capital Leases (Non-Budgeted)	185,449.50				
Total Other Financing Sources and Uses	267,666.55	\$ -	\$ (82,217.05)	\$ -	185,449.50
Net Change in Fund Balances	227,797.10	-	(82,217.05)	0.74	145,580.79
Fund Balance -- July 1	381,810.53	-	82,217.05	0.57	464,028.15
Fund Balance -- June 30	\$ 609,607.63	\$ -	\$ -	\$ 1.31	\$ 609,608.94

BOROUGH OF SOMERDALE 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, 2015

Total Net Change in Fund Balances - Governmental Funds	\$ 145,580.79
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
<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 capital outlays exceeded depreciation in the period.</p>	
Total Capital Outlay per Exhibit B-2	\$ 305,740.58
Depreciation Expense	<u>(189,656.98)</u>
	116,083.60
<p>Repayment of capital leases 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.</p>	
	29,518.00
<p>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.</p>	
	260,000.00
<p>Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.</p>	
Capital Lease Proceeds	(185,449.50)
<p>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 accrued interest is an addition in the reconciliation. (+)</p>	
	1,271.73
<p>Governmental funds report school district pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the school district's pension contribution in the current period.</p>	
	4,257.00
<p>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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>	
	<u>(3,646.35)</u>
Change in Net Position of Governmental Activities	<u>\$ 367,615.27</u>

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Proprietary Fund
Statement of Net Position
As of June 30, 2015

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 14,524.08
Accounts Receivable:	
State	179.30
Federal	5,190.08
Inventories	<u>7,142.81</u>
Total Current Assets	<u>27,036.27</u>
Noncurrent Assets:	
Equipment	131,199.90
Less Accumulated Depreciation	<u>(110,366.99)</u>
Total Noncurrent Assets	<u>20,832.91</u>
Total Assets	<u>47,869.18</u>
NET POSITION:	
Net Investment in Capital Assets	20,832.91
Unrestricted	<u>27,036.27</u>
Total Net Position	<u><u>\$ 47,869.18</u></u>

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Proprietary Fund
 Statement of Revenues, Expenditures and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2015

	<u>Food Service</u>
OPERATING REVENUES:	
Local Sources:	
Daily Sales - Reimbursable Programs:	\$ 47,995.68
Daily Sales Non-Reimbursable Programs	<u>27,679.20</u>
Total Operating Revenue	<u>75,674.88</u>
OPERATING EXPENSES:	
Salaries	69,416.69
Management Fee	12,074.58
Food	73,468.38
Supplies	7,535.41
Insurance Fee	2,803.38
Miscellaneous Fee	7,817.66
Repairs and Maintenance	12,996.43
Depreciation	<u>4,290.83</u>
Total Operating Expenses	<u>190,403.36</u>
Operating Loss	<u>(114,728.48)</u>
NONOPERATING REVENUES (EXPENSES):	
State Sources:	
State School Lunch Program	2,224.54
Federal Sources:	
National School Lunch Program	87,075.32
School Breakfast Program	13,457.41
Food Distribution Program	14,863.97
Interest Revenue	<u>75.42</u>
Total Nonoperating Revenues (Expenses)	<u>117,696.66</u>
Change in Net Position	2,968.18
Net Position - July 1	<u>44,901.00</u>
Net Position - June 30	<u><u>\$ 47,869.18</u></u>

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Proprietary Fund
 Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2015

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 75,674.88
Payments to Employees	(69,416.69)
Payments to Suppliers	<u>(119,176.01)</u>
Net Cash Used for Operating Activities	<u>(112,917.82)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
State Sources	2,297.68
Federal Sources	<u>101,142.52</u>
Net Cash Provided by Non-Capital Financing Activities	<u>103,440.20</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Revenue	<u>75.42</u>
Net Cash Provided by Investing Activities	<u>75.42</u>
Net Decrease in Cash and Cash Equivalents	(9,402.20)
Balance -- July 1	<u>23,926.28</u>
Balance -- June 30	<u><u>\$ 14,524.08</u></u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss	\$ (114,728.48)
Adjustments to Reconcile Operating Loss to Cash Used by Operating Activities:	
Depreciation and Net Amortization	4,290.83
Federal Commodities	14,863.97
Change in Assets and Liabilities:	
(Increase)/Decrease in Inventory	(1,544.14)
Increase/(Decrease) in Interfund	<u>(15,800.00)</u>
Total Adjustments	<u>1,810.66</u>
Net Cash Used in Operating Activities	<u><u>\$ (112,917.82)</u></u>

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2015

	Trust Fund	Agency Funds		Totals
		Unemployment Compensation Insurance	Student Activity	Payroll
ASSETS:				
Cash and Cash Equivalents	\$ 28,369.30	\$ 11,142.82	\$ 58,004.77	\$ 97,516.89
LIABILITIES:				
Payroll Deductions Payable			\$ 53,662.35	53,662.35
Interfund Payable:				
General Fund			4,342.42	4,342.42
Payable to Student Groups		\$ 11,142.82		11,142.82
Total Liabilities	-	\$ 11,142.82	\$ 58,004.77	69,147.59
NET POSITION:				
Held in Trust for Unemployment Claims and Other Purposes	28,369.30			28,369.30
Total Net Position	\$ 28,369.30			\$ 28,369.30

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Year Ended June 30, 2015

	Unemployment Compensation <u>Trust</u>
ADDITIONS:	
Payroll Deductions	\$ 24,635.91
Investment Earnings: Interest	<u>40.18</u>
Total Additions	24,676.09
DEDUCTIONS:	
Unemployment Compensation Insurance Claims	<u>9,919.85</u>
Change in Net Position	<u>14,756.24</u>
Net Position -- July 1	<u>13,613.06</u>
Net Position -- June 30	<u><u>\$ 28,369.30</u></u>

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of the Financial Reporting Entity

The School District is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades Pre-K through eight at its school. The School District has an approximate enrollment at June 30, 2015 of 529.

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

Component Units

In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

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

Based upon the application of these criteria, the School District has no component units, and is not a component unit of another governmental agency.

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

The School District reports the following major governmental funds:

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

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

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

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

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

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

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

Proprietary funds are used to account for the School District's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from 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. All items not meeting this definition are reported as non-operating revenues and expenses.

The School District reports the following major proprietary fund:

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

Fiduciary Funds

Fiduciary funds are used to account for assets held by the School District on behalf of outside related organizations or on behalf of other funds within the School District. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The School District maintains the following fiduciary funds:

Agency Funds - Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). The School District retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District maintains the following agency funds; student activity fund and payroll fund.

Private-Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for all other trust arrangements that benefit individuals, private organizations, or other governments. The School District maintains the following private-purpose trust funds:

New Jersey Unemployment Compensation Insurance Trust Fund - Revenues consist of contributions that have been included in the annual budget of the School District, employee payroll withholdings, and interest income. Expenditures represent claims incurred for unemployment.

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

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

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

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

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

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

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

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

Encumbrances

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

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

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

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

Cash, Cash Equivalents and Investments

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

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

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

Inventories

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

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

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

Tuition Receivable

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

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

Prepaid expenses recorded on the government-wide financial statements, governmental fund and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

Short-Term Interfund Receivables / Payables

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the School District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position as accounts receivable.

Capital Assets

Capital assets represent the cumulative amount of capital assets owned by the School District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at fair market value at the time received.

The School District's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

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

The School District does not possess any infrastructure assets.

Deferred Outflows and Deferred Inflows of Resources

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Deferred Outflows and Deferred Inflows of Resources (Cont'd)**

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

Defined Benefit Pension Plans - The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the School District's proportion of expenses and liabilities to the pension as a whole, differences between the School District's pension contribution and its proportionate share of contributions, and the School District's pension contributions subsequent to the pension valuation measurement date.

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2015 and 2014 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Unearned Revenue

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

Accrued Salaries and Wages

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2015, the amounts earned by these employees were disbursed to the employees' own individual accounts.

Compensated Absences

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Accrued Liabilities and Long-Term Obligations**

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

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 Teachers' Pension and Annuity Fund ("TPAF") and Public Employees' Retirement System ("PERS") and additions to/deductions from TPAF's and PERS's fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

Bond Discounts / Premiums

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

Net Position

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

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

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

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

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

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

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

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

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

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

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

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

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

Interfund Activity

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

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

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

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

For the fiscal year ended June 30, 2015, the School District adopted GASB 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. As a result of adopting such Statements, the School District was required to measure and recognize liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their defined benefit pensions. The cumulative effect of adopting GASB Statements No. 68 and No. 71 totaled \$944,186.00, and was recognized as a restatement of the School District's June 30, 2014 net position on the statement of activities (see note 19).

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Statement will become effective for the School District in fiscal year 2016. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The Statement will become effective for the School District in fiscal year 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the School District in fiscal year 2018. Management has not yet determined the impact of this Statement on the financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued Accounting Pronouncements (Cont'd)**

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The Statement will become effective for the School District in fiscal year 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the notes to the financial statements.

Note 2: CASH AND CASH EQUIVALENTS

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

As of June 30, 2015, the School District's bank balances of \$872,816.95 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	<u>\$ 872,816.95</u>
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Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District by inclusion of \$125,000.00 on June 11, 2015 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

Note 3: CAPITAL RESERVE ACCOUNT (CONT'D)

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Transfer approved by Resolution	\$ 125,000.00
Transfer from Capital Projects Fund Balance	<u>82,217.05</u>
Ending Balance, June 30, 2015	<u><u>\$ 207,217.05</u></u>

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2015 consisted of intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds.

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

<u>Description</u>	<u>Governmental Funds</u>		<u>Proprietary Funds</u>		<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	
Intergovernmental	\$ 8,163.06	\$ 85,511.20	\$ 93,674.26	\$ 5,369.38	\$ 99,043.64
Fiduciary Funds	<u>4,342.42</u>		<u>4,342.42</u>		<u>4,342.42</u>
	<u><u>\$ 12,505.48</u></u>	<u><u>\$ 85,511.20</u></u>	<u><u>\$ 98,016.68</u></u>	<u><u>\$ 5,369.38</u></u>	<u><u>\$ 103,386.06</u></u>

Note 5: INVENTORY

Inventory recorded at June 30, 2015 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$ 5,969.37
Supplies	<u>1,173.44</u>
	<u><u>\$ 7,142.81</u></u>

Note 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015 is as follows:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 38,163.00			\$ 38,163.00
Total Capital Assets, not being Depreciated	38,163.00	\$ -	\$ -	38,163.00
Capital Assets, being Depreciated:				
Land Improvements	54,490.00			54,490.00
Buildings and Improvements	6,201,475.24	193,849.50		6,395,324.74
Equipment	581,098.47	111,891.08		692,989.55
Total Capital Assets, being Depreciated	6,837,063.71	305,740.58	-	7,142,804.29
Total Capital Assets, Cost	6,875,226.71	305,740.58	-	7,180,967.29
Less Accumulated Depreciation for:				
Land Improvements	54,490.00			54,490.00
Buildings and Improvements	2,263,237.13	141,656.46		2,404,893.59
Equipment	379,170.65	48,000.52		427,171.17
Total Accumulated Depreciation	2,696,897.78	189,656.98	-	2,886,554.76
Total Capital Assets, being Depreciated, Net	4,140,165.93	116,083.60	-	4,256,249.53
Governmental Activities Capital Assets, Net	<u>\$ 4,178,328.93</u>	<u>\$ 116,083.60</u>	<u>\$ -</u>	<u>\$ 4,294,412.53</u>
	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Business-Type Activities:				
Capital Assets, being Depreciated:				
Equipment	\$ 131,199.30			\$ 131,199.30
Less Accumulated Depreciation for:				
Equipment	106,076.16	\$ 4,290.83		110,366.99
Total Capital Assets, being Depreciated, Net	25,123.14	(4,290.83)	\$ -	20,832.31
Business-Type Activities Capital Assets, Net	<u>\$ 25,123.14</u>	<u>\$ (4,290.83)</u>	<u>\$ -</u>	<u>\$ 20,832.31</u>

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

Governmental Activities:	
Instruction	\$ 22,698.73
General and Business Administrative Services	8,715.49
Plant Operations and Maintenance	158,242.76
Total Depreciation Expense - Governmental Activities	<u>\$ 189,656.98</u>
Business-Type Activities:	
Food Service	<u>\$ 4,290.83</u>

Note 7: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2015, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance July 1, 2014 (Restated)</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>	<u>Due within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 1,280,000.00		\$ 260,000.00	\$ 1,020,000.00	\$ 255,000.00
Other Liabilities:					
Compensated Absences	329,203.76	\$ 3,646.35		332,850.11	33,285.01
Obligations under Capital Lease		185,449.50	29,518.00	155,931.50	29,518.00
Net Pension Liability	944,186.00		85,932.00	858,254.00	
Total Other Liabilities	<u>1,273,389.76</u>	<u>189,095.85</u>	<u>115,450.00</u>	<u>1,347,035.61</u>	<u>62,803.01</u>
Governmental Activity Long-Term Liabilities	<u>\$ 2,553,389.76</u>	<u>\$ 189,095.85</u>	<u>\$ 375,450.00</u>	<u>\$ 2,367,035.61</u>	<u>\$ 317,803.01</u>

Bonds payable are generally liquidated by the debt service fund, while compensated absences, obligations under capital lease and net pension liability are liquidated by the general fund.

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

On February 1, 1999, the School District issued \$4,288,000.00 general obligation bonds at an interest rate of 4.7% for various construction and renovation projects. In May 2009, the District refunded the remaining 1999 bonds by issuing Series 2009 refunding bonds totaling \$2,565,000.00. The final maturity of these bonds is May 1, 2019. The bonds will be paid from property taxes.

Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 255,000.00	\$ 39,506.26	\$ 294,506.26
2017	260,000.00	31,537.50	291,537.50
2018	260,000.00	21,137.50	281,137.50
2019	245,000.00	10,412.50	255,412.50
Total	<u>\$ 1,020,000.00</u>	<u>\$ 102,593.76</u>	<u>\$ 1,122,593.76</u>

Bonds Authorized but not Issued - As of June 30, 2015, the School District had no authorizations to issue additional bonded debt.

Obligations under Capital Lease - The School District is leasing lighting equipment totaling \$185,449.50 under capital leases. This capital lease's term is for seven years. Capital leases are depreciated in a manner consistent with the School District's depreciation policy for owned assets.

Note 7: LONG-TERM LIABILITIES (Cont'd)

Obligations under Capital Lease (Cont'd) - The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2015.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 23,648.17	\$ 5,869.83	\$ 29,518.00
2017	24,538.38	4,979.62	29,518.00
2018	25,462.09	4,055.91	29,518.00
2019	26,420.57	3,097.43	29,518.00
2020	27,415.14	2,102.86	29,518.00
2021	28,447.15	1,070.85	29,518.00
	<u>\$ 155,931.50</u>	<u>\$ 21,176.50</u>	<u>\$ 177,108.00</u>

Compensated Absences - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 14 for a description of the School District's policy.

Net Pension Liability - For details on the net pension liability, refer to note 9. The School District's annual required contribution to the Public Employees' Retirement System are budgeted and paid from the general fund on an annual basis.

Note 8: OPERATING LEASES

At June 30, 2015, the School District had operating lease agreements in effect for copy machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 21,696.96
2017	21,696.96
2018	17,628.00
2019	17,628.00
2020	17,628.00
	<u>\$ 96,277.92</u>

Rental payments under operating leases for the fiscal year ended June 30, 2015 were \$22,012.86.

Note 9: PENSION PLANS

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, several School District employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

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>

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

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

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

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are 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 a certain enrollment tier but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for certain enrollment tiers, but who earn salary of at least \$5,000.00 annually.

Note 9: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Vesting and Benefits Provided**

Teachers' Pension and Annuity Fund - The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

Tier Definition

- 1 Members enrolled before July 1, 2007
- 2 Members eligible for enrollment on or after July 1, 2007 and before November 2, 2008
- 3 Members eligible for enrollment on or after November 2, 2008 and on or before May 21, 2010
- 4 Members eligible for enrollment after May 21, 2010 and before June 28, 2011
- 5 Members eligible for enrollment on or after June 28, 2011

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

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 8 to 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

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

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

Note 9: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Vesting and Benefits Provided (Cont'd)**

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and 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.

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount.

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

The School District's contractually required contribution rate for the fiscal year ended June 30, 2015 was 4.05% of the School District's covered-employee payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2015 because of the 100.00% special funding situation with the State of New Jersey.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

Note 9: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)****Public Employees' Retirement System (Cont'd)**

The School Districts' contractually required contribution rate for the fiscal year ended June 30, 2015 was 13.74% of the School District's covered-employee payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were \$45,689.00 for the fiscal year ended June 30, 2015. Employee contributions were \$24,284.41 for the fiscal year ended June 30, 2015.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District's contribution amounts for each pay period, 3% of the employees' base salary, are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal year ended June 30, 2015, employee contributions totaled \$2,406.40, and the School District recognized pension expense of \$1,312.60. There were no forfeitures during the fiscal year.

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

Teachers' Pension and Annuity Fund - At June 30, 2015, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the School District. The State's proportionate share of net pension liability, attributable to the School District is as follows:

School District's Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	<u>16,709,222.00</u>
	<u>\$ 16,709,222.00</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2014. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2015, the School District proportion was 0.00% due to the 100% special funding situation of the State of New Jersey. For the fiscal year ended June 30, 2015, the School District recognized \$899,113.00 in revenue and expense, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions.

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Public Employees' Retirement System - At June 30, 2015, the School District reported a liability of \$858,254.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2014. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the School District's proportion was .0045840200% which was a decrease of .0003562599% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the School District recognized \$33,552.00, in the government-wide financial statements, of pension expense for PERS.

At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	26,988.00	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	51,147.00
Changes in Proportion and Differences Between School District Contributions and Proportionate Share of Contributions	-	57,516.00
School District Contributions Subsequent to the Measurement Date	45,689.00	-
	<u>\$ 72,677.00</u>	<u>\$ 108,663.00</u>

Deferred outflows of resources related to pensions totaling \$45,689.00 will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2016.

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System (Cont'd)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	PERS
2015	\$ (7,825.77)
2016	(7,825.77)
2017	(7,825.77)
2018	(7,825.77)
2019	4,961.05
Thereafter	<u>2,182.86</u>
	<u>\$ (24,159.16)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation	2.50%	3.01%
Salary Increases:		
2012-2021	Varies Based on Experience	2.15% - 4.40% Based on Age
Thereafter	Varies Based on Experience	3.15% - 5.40% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2009 - June 30, 2012	July 1, 2008 - June 30, 2011

For TPAF, mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements were based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

Note 9: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

For PERS, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of returns for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>TPAF</u>		<u>PERS</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%	6.00%	0.80%
Core Fixed Income	-	2.19%	-	-
Core Bonds	1.00%	1.38%	1.00%	2.49%
Short-Term Bonds	-	1.00%	-	-
Intermediate-Term Bonds	11.20%	2.60%	11.20%	2.26%
Long-Term Bonds	-	3.23%	-	-
Mortgages	2.50%	2.84%	2.50%	2.17%
High Yield Bonds	5.50%	4.15%	5.50%	4.82%
Non-US Fixed Income	-	1.41%	-	-
Inflation-Indexed Bonds	2.50%	1.30%	2.50%	3.51%
Broad US Equities	25.90%	5.88%	25.90%	8.22%
Large Cap US Equities	-	5.62%	-	-
Mid Cap US Equities	-	6.39%	-	-
Small Cap US Equities	-	7.39%	-	-
Developed Foreign Equities	12.70%	6.05%	12.70%	8.12%
Emerging Market Equities	6.50%	8.90%	6.50%	9.91%
Private Equity	8.25%	9.15%	8.25%	13.02%
Hedge Funds / Absolute Return	12.25%	3.85%	12.25%	4.92%
Real Estate (Property)	3.20%	4.43%	3.20%	5.80%
Real Estate (REITS)	-	5.58%	-	-
Commodities	2.50%	3.60%	2.50%	5.35%
Long Credit Bonds	-	3.74%	-	-
	<u>100.00%</u>		<u>100.00%</u>	

Note 9: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

Discount Rate - The discount rate used to measure the total pension liability was 4.68% and 4.95% for TPAF as of June 30, 2014 and 2013, respectively, and 5.39% and 5.55% for PERS as of June 30, 2014 and 2013, respectively. For TPAF and PERS, these single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on 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. The projection of cash flows used to determine the discount rates for TPAF and PERS 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 the average of the last five years. 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 through 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

Teachers' Pension and Annuity Fund (TPAF) - As indicated above, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the net pension liability as of June 30, 2014 attributable to the School District is \$0 and the State's net pension liability attributable to the School District using a discount rate of 4.68%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	<u>TPAF</u>		
	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability	<u>20,096,804.86</u>	<u>16,709,222.00</u>	<u>13,891,639.23</u>
	<u>\$ 20,096,804.86</u>	<u>\$ 16,709,222.00</u>	<u>\$ 13,891,639.23</u>

Note 9: PENSION PLANS (CONT'D)**Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate (Cont'd)**

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2014 calculated using a discount rate of 5.39% for PERS, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
School District's Proportionate Share of the Net Pension Liability	<u>\$ 1,079,712.65</u>	<u>\$ 858,253.92</u>	<u>\$ 672,284.94</u>

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

Note 10: STATE POST-RETIREMENT MEDICAL BENEFITS

P.L. 1987, c.384 of P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving postemployment medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in fiscal year 2014.

Note 11: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2015, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs and post-retirement medical costs were \$165,859.00 and \$263,300.00, respectively.

Note 12: RISK MANAGEMENT

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

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

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

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>School</u> <u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Income</u>	<u>Claims</u> <u>Incurred</u>	<u>Ending</u> <u>Balance</u>
2015	\$ -	\$ 24,635.91	\$ 40.18	\$ 9,919.85	\$ 28,369.30
2014	-	13,959.08	17.62	6,318.21	13,613.06
2013	-	43,946.50	36.55	42,015.41	5,954.57

There have been no settlements that exceed the School District's coverage for fiscal years ended June 30, 2015, 2014, and 2013.

Joint Insurance Pool - The School District is a member of the New Jersey School Boards Association Insurance Group. The Group provides its members with the following coverage:

- Workers' Compensation and Employer's Liability
- Liability other than Motor Vehicles
- Property Damage other than Motor Vehicles
- Motor Vehicles Liability
- School Board Legal Liability
- Boiler & Machinery
- Umbrella Liability
- Crime Bonds
- Student Accident

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

The Group publishes its own financial report for the fiscal year ended June 30, 2015, which can be obtained from:

New Jersey School Boards Association Insurance Group
450 Veterans Drive
Burlington, New Jersey 08016

Note 13: DEFERRED COMPENSATION

The School District offers its employees a choice of three deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. 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:

The Equitable
 Thomas Seely Agency
 Lincoln Investment Planning

Note 14: COMPENSATED ABSENCES

The School District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (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.

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2015, the liability for compensated absences reported on the government-wide statement of net position and on the proprietary fund statement of net position was \$332,850.11.

Note 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2015 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 88,094.87	
Special Revenue		\$ 83,752.45
Fiduciary		4,342.42
	<u>\$ 88,094.87</u>	<u>\$ 88,094.87</u>

Note 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONT'D)

Districts are not permitted to have a cash deficit in the Special Revenue Fund; as a result an interfund was created to comply with this requirement. The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2016, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

	<u>Transfer In:</u>
	General Fund
<u>Transfer Out:</u>	
Capital Projects Fund	<u>\$ 82,217.05</u>

The amount transferred from the Capital Projects Fund to the General Fund represents unspent project funds that were transferred to the District's Capital Reserve.

Note 16: CONTINGENCIES

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

Litigation - The School District is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the School District, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 17: CONCENTRATIONS

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

Note 18: FUND BALANCES**RESTRICTED**

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

General Fund

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2015 is \$261,417.00.

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

For Capital Reserve Account - As of June 30, 2015, the balance in the capital reserve account is \$207,217.05. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

Debt Service Fund - As of June 30, 2015, \$1.31 of general fund balance was restricted.

ASSIGNED

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

General Fund

Other Purposes - As of June 30, 2015, the School District had \$63,618.55 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

UNASSIGNED

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's General Fund unassigned fund balance as of June 30, 2015 was \$77,355.03.

Note 19: RESTATEMENT OF NET POSITION

As indicated in note 1 to the financial statements, the School District adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, for the fiscal year ended June 30, 2015. As a result of implementing these two Statements, a restatement of unrestricted net position on the government wide statement of activities was required to record the School District's proportionate share of its net pension liability. In addition, the District determined that it was not going to complete a capital project that was partially funded by the State. As a result, a corresponding state aid receivable that was realized as revenue in a prior year was canceled. The cumulative effect on the financial statements as reported for June 30, 2014 is as follows:

	<u>Governmental Activities</u>
Beginning Net Position as Previously Reported at June 30, 2014	\$ 3,130,852.59
Prior Period Adjustment - Implementation of GASB 68:	
Net Pension Liability (Measurement Date) (1)	(944,186.00)
Deferred Outflows - School District's contributions made subsequent to the measurement date, paid on April 1, 2015.	37,790.00
Accounts Payable - School District's contributions recorded by pension plan as accounts receivable at June 30, 2014	<u>(37,790.00)</u>
	2,186,666.59
Prior Period Adjustment-Capital Projects Fund	
Cancellation of State Aid receivable realized as revenue in prior years	<u>(105,412.20)</u>
Net Position Restated, July 1, 2014	<u><u>\$ 2,081,254.39</u></u>
(1) Represents the District's proportionate share of the Public Employees' Retirement System (PERS) June 30, 2013 Net Pension Liability.	
	<u>Capital Projects Fund</u>
Beginning Fund Balance as Previously Reported at June 30, 2014	\$ 187,629.25
Prior Period Adjustment:	
Cancellation of State Aid receivable realized as revenue in prior years	<u>(105,412.20)</u>
Fund Balance Restated, July 1, 2014	<u><u>\$ 82,217.05</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund

For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 4,082,973.00		\$ 4,082,973.00	\$ 4,082,973.00	\$ 31,509.88
Tuition	6,000.00		6,000.00	17,553.06	11,553.06
Unrestricted Miscellaneous Revenues					
Total - Local Sources	4,088,973.00	\$ -	4,088,973.00	4,132,035.94	43,062.94
State Sources:					
Equalization Aid	2,435,595.00		2,435,595.00	2,435,595.00	
Categorical Transportation Aid	4,821.00		4,821.00	4,821.00	
Categorical Special Education Aid	251,943.00		251,943.00	251,943.00	
Categorical Security Aid	25,758.00		25,758.00	25,758.00	
School Choice Aid	272,550.00		272,550.00	272,550.00	
Under Adequacy Aid	36,799.00		36,799.00	36,799.00	
Extraordinary Aid	20,000.00		20,000.00		(20,000.00)
Per Pupil Growth Aid	5,540.00		5,540.00	5,540.00	
PARCC Readiness Aid	5,540.00		5,540.00	5,540.00	
On-behalf TPAF Pension Contributions:					
Normal Cost (non-budgeted)				165,859.00	165,859.00
Post Retirement Costs (non budgeted)				263,300.00	263,300.00
Reimbursed TPAF Social Security Contributions (non-budgeted)				245,646.11	245,646.11
Total - State Sources	3,058,546.00	-	3,058,546.00	3,713,351.11	654,805.11
Total Revenues	7,147,519.00	-	7,147,519.00	7,845,387.05	697,868.05

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
GENERAL CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 199,695.00	\$ 4,508.20	\$ 204,203.20	\$ 204,203.20	
Grades 1 - 5	1,106,939.00	(15,217.56)	1,091,721.44	1,091,721.44	
Grades 6 - 8	773,508.00	(2,406.89)	771,101.11	770,551.11	\$ 550.00
General Supplies	35,175.00	5,106.74	40,281.74	36,056.74	4,225.00
Textbooks	99,549.00	(8,680.32)	90,868.68	90,868.68	
Regular Programs - Home Instruction:					
Salaries of Teachers	3,240.00	1,085.65	4,325.65	4,325.65	
Purchased Services - Homebound		1,026.20	1,026.20	1,026.20	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	39,780.00	(37,440.00)	2,340.00	2,340.00	
Subs for Aides	5,850.00	(4,010.04)	1,839.96	1,839.96	
Purchased Professional Education Services	7,798.00	56,593.82	64,391.82	64,391.82	
Other Purchased Services	2,850.00	6,383.60	9,233.60	8,940.40	293.20
Rentals	24,696.00	(2,683.14)	22,012.86	22,012.86	
General Supplies	95,633.00	230,259.79	325,892.79	324,992.19	900.60
Textbooks	825.00	(825.00)			
Miscellaneous Expenditures	508.00	(300.00)	208.00	208.00	
Total Regular Programs	2,396,046.00	233,401.05	2,629,447.05	2,623,478.25	5,968.80
Special Education:					
Multiple Disabilities:					
Salaries of Teachers	66,617.00	255.08	66,872.08	66,872.08	
Total - Multiple Disabilities	66,617.00	255.08	66,872.08	66,872.08	-

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule
General Fund

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Resource Room/Center:					
Salaries of Teachers	\$ 299,062.00	\$ (4,186.30)	\$ 294,875.70	\$ 294,875.70	
Other Salaries for Instruction	64,292.00	(44,318.99)	19,973.01	19,973.01	
Purchased Professional - Educational Services		39,989.99	39,989.99	39,989.99	
General Supplies	3,700.00	(177.82)	3,522.18	3,522.18	
Miscellaneous Expenditures		23.81	23.81	23.81	
Total - Resource Room/Center	367,054.00	(8,669.31)	358,384.69	358,384.69	\$ -
Home Instruction					
Salaries of Teachers	19,440.00	(14,855.00)	4,585.00	4,357.50	227.50
Purchased Professional Education Services		23,535.00	23,535.00	23,535.00	
Total - Home Instruction	19,440.00	8,680.00	28,120.00	27,892.50	227.50
Total - Special Education	453,111.00	265.77	453,376.77	453,149.27	227.50
Basic Skills/Remedial:					
Salaries of Teachers	82,899.00	(2,109.06)	80,789.94	80,789.94	
Other Salaries for Instruction	38,932.00	(38,932.00)			
Purchased Professional Education Services		50,416.70	50,416.70	50,416.70	
General Supplies	1,250.00	454.08	1,704.08	1,692.16	11.92
Total - Basic Skills/Remedial	123,081.00	9,829.72	132,910.72	132,898.80	11.92
Bilingual Education:					
Salaries of Teachers	157,301.00	587.06	157,888.06	157,338.06	550.00
Other Salaries for Instruction	18,572.00	(10,775.09)	7,796.91	7,796.91	
Purchased Professional & Educational Services		10,678.45	10,678.45	10,678.45	
General Supplies	2,298.00	1,315.67	3,613.67	3,535.67	78.00
Textbooks	4,900.00	(1,902.55)	2,997.45	2,997.45	
Total - Bilingual Education	183,071.00	(96.46)	182,974.54	182,346.54	628.00

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule
General Fund

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Extra-Curricular Activities:					
Salaries	\$ 31,550.00	\$ (2,100.00)	\$ 29,450.00	\$ 22,103.79	\$ 7,346.21
Purchased Professional & Educational Services		6,814.62	6,814.62	3,960.37	2,854.25
Rentals		1,717.15	1,717.15	1,717.15	
Purchased Services	3,800.00	5,935.90	9,735.90	7,852.77	1,883.13
Supplies and Materials	5,000.00	544.91	5,544.91	5,112.60	432.31
Total - School Sponsored Athletics	40,350.00	12,912.58	53,262.58	40,746.68	12,515.90
School Sponsored Athletics:					
Salaries	12,250.00	2,375.00	14,625.00	14,625.00	
Purchased Services	6,479.00	(1,027.16)	5,451.84	4,846.19	605.65
Supplies and Materials	7,300.00	(3,712.21)	3,587.79	3,587.79	
Total - School Sponsored Athletics	26,029.00	(2,364.37)	23,664.63	23,058.98	605.65
Summer School - Instruction					
Salaries	11,100.00	8,272.50	19,372.50	19,372.50	
Other Salaries for Instruction	10,560.00	(9,763.75)	796.25	796.25	
Purchased Services	6,999.00	(6,999.00)			
General Supplies	610.00	(610.00)			
Total Summer School - Instruction	29,269.00	(9,100.25)	20,168.75	20,168.75	-
Summer School - Support Services					
Salaries	13,404.00	(152.30)	13,251.70	13,251.70	
Purchased Professional & Technical Services	7,150.00	(3,615.54)	3,534.46	3,534.46	
Purchased Services	6,095.00	(864.72)	5,230.28	5,230.28	
Total - Summer School - Support Services	26,649.00	(4,632.56)	22,016.44	22,016.44	-
Total - Summer School	55,918.00	(13,732.81)	42,185.19	42,185.19	-
Total - Instruction	3,277,606.00	240,215.48	3,517,821.48	3,497,863.71	19,957.77

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule
General Fund

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures (Cont'd):					
Instruction:					
Tuition to Other LEAs within the State - Regular		\$ 24,687.65	\$ 24,687.65	\$ 24,687.65	
Tuition to CSSD & Regional Day Schools	\$ 36,500.00	(36,500.00)			
Tuition to Private Schools for the Disabled Within the State	79,038.00	(78,606.56)	431.44	431.44	
Total - Instruction	115,538.00	(90,418.91)	25,119.09	25,119.09	\$ -
Attendance and Social Work services:					
Salaries	18,084.00	124.84	18,208.84	18,208.84	
Purchased Professional and Educational Services	9,000.00	117.54	9,117.54	9,117.54	
Supplies and Materials	250.00	(250.00)			
Total Attendance and Social Work Services	27,334.00	(7.62)	27,326.38	27,326.38	-
Health Services:					
Salaries	68,251.00	2,363.06	70,614.06	70,614.06	
Purchased Professional and Educational Services	3,275.00	2,758.97	6,033.97	5,795.73	238.24
Other Purchased Services	950.00	(130.00)	820.00	648.84	171.16
Supplies and Materials	2,900.00	(1,124.77)	1,775.23	1,775.23	
Other Objects	110.00	67.50	177.50	177.50	
Total - Health Services	75,486.00	3,934.76	79,420.76	79,011.36	409.40
Other Support Services-Students-Related Services:					
Salaries	65,044.00	2,037.96	67,081.96	67,081.96	
Purchased Professional - Education Services	58,875.00	(8,826.79)	50,048.21	45,210.00	4,838.21
Supplies and Materials	1,350.00	(389.96)	960.04	960.04	
Total - Other Support Services-Students-Related Services	125,269.00	(7,178.79)	118,090.21	113,252.00	4,838.21
Other Support Services - Students - Extra Services:					
Purchased Professional Education Services	35,280.00	(31,842.15)	3,437.85		3,437.85
Total Other Support Services - Students - Extra Services	35,280.00	(31,842.15)	3,437.85	-	3,437.85

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures (Cont'd):					
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	\$ 54,864.00	\$ (4,931.78)	\$ 49,932.22	\$ 49,932.22	
Purchased Professional Education Services		525.24	525.24	525.24	
Supplies and Materials	740.00	(740.00)			
Total Other Support Services - Students - Regular	55,604.00	(5,146.54)	50,457.46	50,457.46	\$ -
Other Support Services - Students - Child Study Teams:					
Salaries of Other Professional Staff	170,517.00	(1,687.02)	168,829.98	168,829.98	
Salaries of Secretarial and Clerical Assistants	30,000.00		30,000.00	30,000.00	
Purchased Professional - Educational Services	3,050.00	2,802.44	5,852.44	5,852.44	
Supplies and Materials	2,075.00	2,833.18	4,908.18	3,705.93	1,202.25
Total Other Support Services - Students - Special Services	205,642.00	3,948.60	209,590.60	208,388.35	1,202.25
Improvement Instructional Services:					
Salaries of Supervisors of Instruction	38,237.00		38,237.00	15,999.88	22,237.12
Salaries of Secretarial and Clerical Assistants	13,483.00	92.90	13,575.90	13,575.90	
Other Purchased Services	2,490.00	(1,393.45)	1,096.55	120.00	976.55
Supplies and Materials	520.00	2,888.26	3,408.26	3,408.26	
Other Objects	250.00	(50.00)	200.00	200.00	
Total Improvement Instructional Services	54,980.00	1,537.71	56,517.71	33,304.04	23,213.67
Educational Media Services/School Library:					
Salaries	84,132.00	(614.02)	83,517.98	83,517.98	
Purchased Professional - Educational Services		1,417.94	1,417.94	1,417.94	
Purchased Professional and Technical Services	875.00	851.87	1,726.87	1,726.87	
Supplies and Materials	71,179.00	(27,879.53)	43,299.47	43,299.47	
Total Educational Media Services/School Library	156,186.00	(26,223.74)	129,962.26	129,962.26	-

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures (Cont'd):					
Instructional Staff Training Services:					
Other Purchased Services	\$ 4,988.00	\$ 4,407.09	\$ 9,395.09	\$ 5,495.09	\$ 3,900.00
Total Instructional Staff Training Services	4,988.00	4,407.09	9,395.09	5,495.09	3,900.00
Support Services General Administration:					
Salaries	184,026.00	339.74	184,365.74	184,365.74	
Legal Services	19,040.00	3,185.23	22,225.23	21,771.38	453.85
Audit Fees	30,250.00	(5,600.00)	24,650.00	24,650.00	
Architectural/Engineering Services	14,900.00	9,575.00	24,475.00	675.00	23,800.00
Other Purchased Professional Services	150.00	926.90	1,076.90		1,076.90
Purchased Technical Services	8,590.00	(2,075.29)	6,514.71	6,514.71	
Communications/Telephone	26,375.00	(6,853.56)	19,521.44	19,510.08	11.36
Misc. Other Purchased Services	24,450.00	(8,701.16)	15,748.84	15,748.84	
General Supplies	1,600.00	1,194.36	2,794.36	2,794.36	
Miscellaneous Expenditures	780.00	(120.85)	659.15	39.13	620.02
BOE Membership Dues and Fees	6,150.00	720.40	6,870.40	6,870.40	
Total Support Services General Administration	316,311.00	(7,409.23)	308,901.77	282,939.64	25,962.13
Support Services School Administration:					
Salaries of Principals/Assistant Principals	27,000.00	(2,999.92)	24,000.08	24,000.08	
Salaries of Secretarial and Clerical Assistants	29,971.00	207.20	30,178.20	30,178.20	
Purchased Professional and Technical Services		3,295.00	3,295.00	3,295.00	
Other Purchased Services	2,900.00	(146.38)	2,753.62	2,746.14	7.48
Supplies and Materials	1,600.00	4,095.63	5,695.63	3,207.61	2,488.02
Other Objects	390.00	(255.00)	135.00	135.00	
Total Support Services School Administration	61,861.00	4,196.53	66,057.53	63,562.03	2,495.50

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule
General Fund

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures (Cont'd):					
Central Services					
Salaries	\$ 133,581.00	\$ 309.12	\$ 133,890.12	\$ 133,890.12	\$ 1,428.79
Purchased Professional Services	15,520.00	6,730.43	22,250.43	20,821.64	
Misc. Purchased Services	2,675.00	3,161.91	5,836.91	5,836.91	
Supplies and Materials	500.00	3,239.09	3,739.09	3,655.49	83.60
Miscellaneous Expenditures	2,290.00	300.00	2,590.00	2,340.00	250.00
Total Central Services	154,566.00	13,740.55	168,306.55	166,544.16	1,762.39
Administrative Information Technology					
Salaries	45,900.00	8,099.92	53,999.92	53,999.92	
Purchased Professional Services	6,884.00	6,884.00	6,884.00	6,884.00	
Purchased Technical Services	50,206.00	(6,239.94)	43,966.06	43,082.41	883.65
Supplies and Materials	33,571.00	(8,175.06)	25,395.94	19,832.49	5,563.45
Total Administrative Information Technology	129,677.00	568.92	130,245.92	123,798.82	6,447.10
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	50,200.00	510.00	50,710.00	38,223.28	12,486.72
General Supplies	42,900.00	(7,989.17)	34,910.83	20,230.87	14,679.96
Total - Required Maintenance for School Facilities	93,100.00	(7,479.17)	85,620.83	58,454.15	27,166.68
Custodial Services					
Purchased Professional and Technical Services	281,715.00	17,499.00	299,214.00	299,214.00	
Cleaning, Repair & Maintenance Services	18,545.00	(908.00)	17,637.00	17,186.59	450.41
Lease Purchase Payments - Energy Savings Improvement Program		21,500.00	21,500.00	21,500.00	
Other Purchased Property Services	12,200.00	(2,591.97)	9,608.03	11,743.89	456.11
Insurance	33,000.00		30,408.03	30,408.03	
General Supplies	29,161.00	30,056.42	59,217.42	59,217.42	
Energy (Heat & Electricity)	143,558.00	4,200.00	147,758.00	136,728.81	11,029.19
Total - Operations & Maintenance of Plant	518,179.00	69,755.45	587,934.45	575,998.74	11,935.71

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures (Cont'd):					
Care and Upkeep of Grounds					
Cleaning, Repair & Maintenance Services					
Total - Care and Upkeep of Grounds	\$ -	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ -
Security					
Purchased Professional and Technical Services					
General Supplies					
Total - Security	-	1,657.98	1,657.98	1,657.98	-
Student Transportation Services:					
Management Fee - Transportation Programs	3,895.00		3,895.00	993.61	2,901.39
Contracted Services - Aid in Lieu of Payment for Non-Public School	1,768.00		1,768.00		1,768.00
Contracted Services - Aid in Lieu of Payment for Charter School	884.00		884.00		884.00
Contracted Services (Other than between Home & School) - Vendors	16,365.00	(6,423.80)	9,941.20	7,160.50	2,780.70
Contracted Services (Special Ed. Students) - Joint Agreements		548.80	548.80	548.80	
Contracted Services (Special Ed. Students) - Vendors	6,855.00	26,218.24	33,073.24	33,073.24	
Contracted Services (Special Ed. Students) - ESC's & CTSA's	75,900.00	(51,040.00)	24,860.00	19,872.18	4,987.82
Total Student Transportation Services	105,667.00	(30,696.76)	74,970.24	61,648.33	13,321.91
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	71,820.00		71,820.00	46,222.46	25,597.54
Other Retirement Contributions - PERS	53,754.00		53,754.00	37,790.00	15,964.00
Other Retirement Contributions - Regular	9,325.00	(1,785.00)	7,540.00	1,754.55	5,785.45
Unemployment Compensation	50,275.00	(6,275.00)	44,000.00	18,000.00	26,000.00
Workers Compensation	42,525.00	(5,297.46)	37,227.54	37,227.54	
Health Benefits	1,412,203.00	(111,106.76)	1,301,096.24	1,226,036.89	75,059.35
Tuition Reimbursement	15,000.00		15,000.00	13,302.00	1,698.00
Other Employee Benefits	3,435.00	(57.02)	3,377.98	3,377.98	
Total Unallocated Benefits - Employee Benefits	1,658,337.00	(124,521.24)	1,533,815.76	1,383,711.42	150,104.34

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures (Cont'd):					
On-Behalf T.P.A.F. Normal Contributions (non-budgeted)			\$	\$ 165,859.00	\$ (165,859.00)
On-Behalf T.P.A.F. Post Retirement Medical Contributions (non-budgeted)				263,300.00	(263,300.00)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				245,646.11	(245,646.11)
Total On-behalf Contributions	\$ -	\$ -	\$ -	674,805.11	(674,805.11)
Total Undistributed Expenses	3,894,005.00	(225,176.56)	3,668,828.44	4,067,436.41	(398,607.97)
Total Expenditures - Current Expense	7,171,611.00	15,038.92	7,186,649.92	7,565,300.12	(378,650.20)
CAPITAL OUTLAY					
Undistributed Expenditures:					
Support Services - Instructional Staff - Equipment	49,997.00	(25,621.20)	24,375.80	24,375.80	
Administrative Information Technology - Equipment	33,833.00	33,522.28	67,355.28	67,355.28	
Required Maintenance for School Facilities - Equipment	17,500.00	2,660.00	20,160.00	20,160.00	
Total Equipment	101,330.00	10,561.08	111,891.08	111,891.08	-
Facilities Acquisition and Construction Services:					
Construction Services	21,500.00	(13,100.00)	8,400.00	8,400.00	
Other Objects	6,081.00	-	6,081.00	6,081.00	
Total Facilities Acquisition and Construction Services	27,581.00	(13,100.00)	14,481.00	14,481.00	-
Assets Acquired Under Capital Leases (non-budgeted)					
Undistributed Expenditures:					
General Administration				185,449.50	(185,449.50)
Assets Acquired Under Capital Leases (non-budgeted)				185,449.50	(185,449.50)
Total Capital Outlay	128,911.00	(2,538.92)	126,372.08	311,821.58	(185,449.50)

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Transfer of Funds to Charter Schools	\$ 12,500.00	\$ (12,500.00)	\$ -	\$ -	\$ -
Total Expenditures	<u>7,313,022.00</u>	<u>-</u>	<u>7,313,022.00</u>	<u>7,877,121.70</u>	<u>(564,099.70)</u>
Calculation of Deficiency of Revenues Under Expenditures:					
Excess (Deficiency) of Revenues Over (Under) Expenditures	(165,503.00)	-	(165,503.00)	(31,734.65)	133,768.35
Other Financing Sources (Uses):					
Transfer from Capital Projects Fund				82,217.05	82,217.05
Capital Leases (non-budgeted)				185,449.50	185,449.50
Total Other Financing Sources (Uses)	-	-	-	267,666.55	267,666.55
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(165,503.00)	-	(165,503.00)	235,931.90	401,434.90
Fund Balances, July 1	676,919.53	-	676,919.53	676,919.53	-
Fund Balances, June 30	<u>\$ 511,416.53</u>	<u>\$ -</u>	<u>\$ 511,416.53</u>	<u>\$ 912,851.43</u>	<u>\$ 401,434.90</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Capital Reserve			\$ 207,217.05		
For Excess Surplus (2014-15)			130,598.83		
For Excess Surplus (2013-14) - Designated for Subsequent Year's Expenditures			261,417.00		
Assigned Fund Balance:				\$ 599,232.88	
Year-End Encumbrances				63,618.55	
Unassigned Fund Balance				<u>250,000.00</u>	
Reconciliation to Governmental Funds Statements (GAAP):				912,851.43	
Last State Aid Payment not Recognized on GAAP Basis				<u>(303,243.80)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 609,607.63</u>	

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Adjustments/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
State Sources:					
Preschool Education Aid	\$ 119,532.00		\$ 119,532.00	\$ 119,532.00	\$ -
Total - State Sources	119,532.00	\$ -	119,532.00	119,532.00	\$ -
Federal Sources:					
Title I	124,678.00		124,678.00	124,678.00	
Title IIA	12,536.00		12,536.00	12,536.00	
Title III	8,179.00	(8,179.00)			
I.D.E.A. - Part B Basic	106,900.00	69,250.00	176,150.00	176,150.00	-
I.D.E.A. - Part B Preschool	2,997.00	1,813.00	4,810.00	4,810.00	
Total - Federal Sources	255,290.00	62,884.00	318,174.00	318,174.00	-
Total Revenues	\$ 374,822.00	\$ 62,884.00	\$ 437,706.00	\$ 437,706.00	\$ -
EXPENDITURES:					
Instruction:					
Salaries	\$ 282,823.00	\$ (62,088.82)	\$ 220,734.18	\$ 220,734.18	\$ -
Other Salaries for Instruction	1,080.00	(1,080.00)			
Purchased Professional - Technical Services	51,381.00	80,147.32	131,528.32	131,528.32	
Other Purchased Services		27,679.00	27,679.00	27,679.00	
General Supplies	15,326.00	(776.50)	14,549.50	14,549.50	
Total Instruction	350,610.00	43,881.00	394,491.00	394,491.00	\$ -
Support Services:					
Personal Services - Employee Benefits	5,176.00	(551.00)	4,625.00	4,625.00	
Purchased Professional - Technical Services	11,221.00	(1,550.00)	9,671.00	9,671.00	
Other Purchased Services		19,883.00	19,883.00	19,883.00	
Supplies and Materials	7,815.00	1,221.00	9,036.00	9,036.00	
Total Support Services	24,212.00	19,003.00	43,215.00	43,215.00	-
Total Expenditures	374,822.00	62,884.00	437,706.00	437,706.00	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

REQUIRED SUPPLEMENTARY INFORMATION
PART III

**ACCOUNTING AND REPORTING FOR PENSIONS
(GASBS NO. 68) SCHEDULES**

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System (PERS)
 Last Two Fiscal Years

	<u>Measurement Date Ending June 30,</u>	
	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.0045840200%	0.0049402799%
School District's Proportionate Share of the Net Pension Liability	\$ 858,254.00	\$ 944,186.00
School District's Covered-Employee Payroll	\$ 359,047.00	\$ 334,041.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	239.04%	282.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Contributions
 Public Employees' Retirement System (PERS)
 Last Two Fiscal Years

	<u>Fiscal Year Ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 45,689.00	\$ 37,790.00
Contributions in Relation to the Contractually Required Contribution	<u>(45,689.00)</u>	<u>(37,790.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
School District's Covered-Employee Payroll	\$ 332,560.00	\$ 359,047.00
Contributions as a Percentage of School District's Covered-Employee Payroll	13.74%	10.53%

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 Teachers' Pension and Annuity Fund (TPAF)
 Last Two Fiscal Years

	<u>Measurement Date Ending June 30,</u>	
	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the School District	<u>16,709,222.00</u>	<u>15,292,518.00</u>
	<u>\$ 16,709,222.00</u>	<u>\$ 15,292,518.00</u>
School District's Covered-Employee Payroll	\$ 3,023,442.00	\$ 2,973,970.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	0%	0%
State's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	552.66%	514.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Required Supplementary Information
Schedule of School District's Contributions
Teachers' Pension and Annuity Fund (TPAF)
Last 10 Fiscal Years

This schedule is not applicable.

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

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Notes to Required Supplementary Information - Part III
For the Fiscal Year Ended June 30, 2015

Public Employees Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 5.5% as of June 30, 2013, to 5.39% as of June 30, 2014, in accordance with Paragraph 44 of GASB Statement No. 67.

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 4.95% as of June 30, 2013, to 4.68% as of June 30, 2014, in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2015

	<u>N.C.L.B.</u>				
	<u>Title I</u>	<u>Title IIA</u>	<u>I. D. E. A. -- Basic</u>	<u>Part B Preschool</u>	<u>Preschool Education Aid</u>
REVENUES:					
Federal Sources	\$ 318,174.00	\$ 124,678.00	\$ 176,150.00	\$ 4,810.00	\$ 119,532.00
State Sources	119,532.00				
Total Revenues	<u>\$ 437,706.00</u>	<u>\$ 124,678.00</u>	<u>\$ 176,150.00</u>	<u>\$ 4,810.00</u>	<u>\$ 119,532.00</u>
EXPENDITURES:					
Instruction:					
Salaries	\$ 220,734.18	\$ 47,744.77	\$ 51,794.91	\$ 1,662.50	\$ 119,532.00
Purchased Professional - Technical Services	131,528.32	65,250.23	66,278.09		
Other Purchased Services	27,679.00		26,731.00	948.00	
General Supplies	14,549.50	6,484.00	5,866.00	2,199.50	
Total Instruction	<u>394,491.00</u>	<u>119,479.00</u>	<u>150,670.00</u>	<u>4,810.00</u>	<u>119,532.00</u>
Support Services:					
Personal Services - Employee Benefits	4,625.00	1,699.00	2,926.00		
Purchased Professional - Technical Services	9,671.00	3,500.00	2,671.00		
Other Purchased Services	19,883.00		19,883.00		
Supplies and Materials	9,036.00	9,036.00			
Total Support Services	<u>43,215.00</u>	<u>5,199.00</u>	<u>25,480.00</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 437,706.00</u>	<u>\$ 124,678.00</u>	<u>\$ 176,150.00</u>	<u>\$ 4,810.00</u>	<u>\$ 119,532.00</u>

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Special Revenue Fund
 Schedule of Preschool Education Aid
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2015

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	<u>\$ 119,532.00</u>	<u>\$ 119,532.00</u>	<u>\$ -</u>
Total Expenditures	<u><u>\$ 119,532.00</u></u>	<u><u>\$ 119,532.00</u></u>	<u><u>\$ -</u></u>

Calculation of Budget and Carryover

Total Revised 2014-2015 Preschool Expansion Aid Allocation	\$ 119,532.00
Add: Actual Preschool Education Aid Carryover (June 30, 2014)	-
Add: Budgeted Transfer from the General Fund 2014-15	<u>-</u>
Total Preschool Education Aid Funds Available for 2014-2015 Budget	119,532.00
Less: 2014-2015 Budgeted Preschool Education Aid (Including prior year budget carryover)	<u>119,532.00</u>
Available and Unbudgeted Preschool Education Aid as of June 30, 2015	-
Add: June 30, 2015 Unexpended Preschool Education Aid	<u>-</u>
2014-2015 Carryover - Preschool Education Aid/Preschool	<u><u>\$ -</u></u>
2014-2015 Preschool Education Aid Carryover Budgeted in 2015-2016	<u><u>\$ -</u></u>

CAPITAL PROJECTS FUND

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 Summary Statement of Project Expenditures
 For the Fiscal Year Ended June 30, 2015

<u>Project Title</u>	Appropriation (Restated)	<u>Expenditures to Date</u>		Total Expenditures	Unexpended Balance June 30, 2015
		<u>Prior Years</u>	<u>Current Year</u>		
Storm Water and Mechanical System Improvements	\$ 210,274.80	\$ 128,057.75	\$ 82,217.05	\$ 210,274.80	\$ -
Restricted for Subsequent Year's Expenditures				\$ -	\$ -

BOROUGH OF SOMERDALE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2015

Revenues and Other Financing Sources

State Sources

Transfer from Capital Outlay

Total Revenues

\$ -

Expenditures and Other Financing Uses

Transfer to Capital Reserve

82,217.05

Total Expenditures

82,217.05

Excess (Deficiency) of Revenues Over (Under) Expenditures

(82,217.05)

Fund Balance -- July 1 (Restated)

82,217.05

Fund Balance -- June 30

\$ -

BOROUGH OF SOMERDALE SCHOOL DISTRICT
CAPITAL PROJECTS FUND

Statement of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
Storm Water and Mechanical System Improvements
For the Fiscal Year Ended June 30, 2015

	<u>Prior Years</u> <u>(Restated)</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenues and Other Financing Sources				
State Sources	\$ 70,274.80		\$ 70,274.80	\$ 70,274.80
Transfer from Capital Outlay	140,000.00		140,000.00	140,000.00
Total Revenues	210,274.80	\$ -	210,274.80	210,274.80
Expenditures and Other Financing Uses				
Construction Services	128,057.75		128,057.75	210,274.80
Transfer to Capital Reserve		82,217.05	82,217.05	
Total Expenditures and Other Financing Uses	128,057.75	82,217.05	210,274.80	210,274.80
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 82,217.05</u>	<u>\$ (82,217.05)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	4790-020-10-1001
Grant Date	07/26/10
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 210,274.80
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 210,274.80
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100.00%
Original Target Completion Date	06/30/12
Revised Target Completion Date	06/30/15

PROPRIETARY FUNDS

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Proprietary Fund
Statement of Net Position
As of June 30, 2015

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 14,524.08
Accounts Receivable:	
State	179.30
Federal	5,190.08
Inventories	<u>7,142.81</u>
Total Current Assets	<u>27,036.27</u>
Noncurrent Assets:	
Equipment	131,199.90
Less Accumulated Depreciation	<u>(110,366.99)</u>
Total Noncurrent Assets	<u>20,832.91</u>
Total Assets	<u>47,869.18</u>
 NET POSITION:	
Net Investment in Capital Assets	20,832.91
Unrestricted	<u>27,036.27</u>
Total Net Position	<u>\$ 47,869.18</u>

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Proprietary Fund
 Statement of Revenues, Expenditures and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2015

	<u>Food Service</u>
OPERATING REVENUES:	
Local Sources:	
Daily Sales - Reimbursable Programs:	\$ 47,995.68
Daily Sales Non-Reimbursable Programs	<u>27,679.20</u>
Total Operating Revenue	<u>75,674.88</u>
OPERATING EXPENSES:	
Salaries	69,416.69
Management Fee	12,074.58
Food	73,468.38
Supplies	7,535.41
Insurance Fee	2,803.38
Miscellaneous Fee	7,817.66
Repairs and Maintenance	12,996.43
Depreciation	<u>4,290.83</u>
Total Operating Expenses	<u>190,403.36</u>
Operating Loss	<u>(114,728.48)</u>
NONOPERATING REVENUES (EXPENSES):	
State Sources:	
State School Lunch Program	2,224.54
Federal Sources:	
National School Lunch Program	87,075.32
School Breakfast Program	13,457.41
Food Distribution Program	14,863.97
Interest Revenue	<u>75.42</u>
Total Nonoperating Revenues (Expenses)	<u>117,696.66</u>
Change in Net Position	2,968.18
Net Position -- July 1	<u>44,901.00</u>
Net Position -- June 30	<u><u>\$ 47,869.18</u></u>

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Proprietary Fund
 Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2015

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 75,674.88
Payments to Employees	(69,416.69)
Payments to Suppliers	<u>(119,176.01)</u>
Net Cash Used for Operating Activities	<u>(112,917.82)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
State Sources	2,297.68
Federal Sources	<u>101,142.52</u>
Net Cash Provided by Non-Capital Financing Activities	<u>103,440.20</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Revenue	<u>75.42</u>
Net Cash Provided by Investing Activities	<u>75.42</u>
Net Decrease in Cash and Cash Equivalents	(9,402.20)
Balance -- July 1	<u>23,926.28</u>
Balance -- June 30	<u><u>\$ 14,524.08</u></u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss	\$ (114,728.48)
Adjustments to Reconcile Operating Loss to Cash Used by Operating Activities:	
Depreciation and Net Amortization	4,290.83
Federal Commodities	14,863.97
Change in Assets and Liabilities:	
(Increase)/Decrease in Inventory	(1,544.14)
Increase/(Decrease) in Interfund	<u>(15,800.00)</u>
Total Adjustments	<u>1,810.66</u>
Net Cash Used in Operating Activities	<u><u>\$ (112,917.82)</u></u>

FIDUCIARY FUNDS

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2015

	Trust Fund	Agency Funds		Totals
		Unemployment Compensation Insurance	Student Activity	Payroll
ASSETS:				
Cash and Cash Equivalents	\$ 28,369.30	\$ 11,142.82	\$ 58,004.77	\$ 97,516.89
LIABILITIES:				
Payroll Deductions Payable			\$ 53,662.35	\$ 53,662.35
Interfund Payable:				
General Fund			4,342.42	4,342.42
Payable to Student Groups		\$ 11,142.82		11,142.82
Total Liabilities	-	\$ 11,142.82	\$ 58,004.77	69,147.59
NET POSITION:				
Held in Trust for Unemployment Claims and Other Purposes	28,369.30			28,369.30
Total Net Position	\$ 28,369.30			\$ 28,369.30

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2015

	Unemployment Compensation <u>Trust</u>
ADDITIONS:	
Contributions:	
Payroll Deductions	\$ 24,635.91
Investment Earnings:	
Interest	<u>40.18</u>
Total Additions	24,676.09
DEDUCTIONS:	
Unemployment Compensation Insurance Claims	<u>9,919.85</u>
Change in Net Position	<u>14,756.24</u>
Net Position -- July 1	<u>13,613.06</u>
Net Position -- June 30	<u><u>\$ 28,369.30</u></u>

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Fiduciary Funds
 Student Activity Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2015

	<u>Balance</u> <u>June 30, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
ELEMENTARY SCHOOLS:				
Park School	\$ 14,061.92	\$ 45,642.31	\$ 48,561.41	\$ 11,142.82
Total Student Activity	\$ 14,061.92	\$ 45,642.31	\$ 48,561.41	\$ 11,142.82

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Fiduciary Funds
 Payroll Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2015

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS:				
Cash and Cash Equivalents	\$ 51,331.08	\$ 4,509,115.63	\$ 4,502,441.94	\$ 58,004.77
Total Assets	<u>\$ 51,331.08</u>	<u>\$ 4,509,115.63</u>	<u>\$ 4,502,441.94</u>	<u>\$ 58,004.77</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 46,995.91	\$ 1,916,552.67	\$ 1,909,886.23	\$ 53,662.35
Interfund Accounts Payable	4,335.17	220.86	213.61	4,342.42
Net Payroll	<u> </u>	<u>2,592,342.10</u>	<u>2,592,342.10</u>	<u> </u>
Total Liabilities	<u>\$ 51,331.08</u>	<u>\$ 4,509,115.63</u>	<u>\$ 4,502,441.94</u>	<u>\$ 58,004.77</u>

LONG-TERM DEBT

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Debt Service Fund
 Statement of Serial Bonds
 For the Fiscal Year Ended June 30, 2015

	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2014	Decreased	Balance June 30, 2015
			Date	Amount				
Refunding Bonds	05/01/09	\$ 2,565,000.00	5/1/2016	\$ 255,000.00	3.125%			
			5/1/2017	260,000.00	4.000%			
			5/1/2018	260,000.00	4.125%			
			5/1/2019	245,000.00	4.250%			
				<u>\$ 1,020,000.00</u>		<u>\$ 1,280,000.00</u>	<u>\$ 260,000.00</u>	<u>\$ 1,020,000.00</u>

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Long-Term Debt
 Schedule of Obligations Under Capital Leases
 For the Fiscal Year Ended June 30, 2015

<u>Purpose</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Lease</u>		<u>Interest Rate</u>	<u>Balance June 30, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2015</u>
			<u>Principal</u>	<u>Interest</u>					
LED Lighting Project	10/22/2014	7 Years	\$ 185,449.50	\$ 21,176.50	N/A		\$ 185,449.50	\$ 29,518.00	\$ 155,931.50
						\$ -	\$ 185,449.50	\$ 29,518.00	\$ 155,931.50

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Debt Service Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 208,820.00		\$ 208,820.00	\$ 208,820.00	
State Sources:					
Debt Service Aid Type II	98,487.00		98,487.00	98,487.00	
Total Revenues	<u>307,307.00</u>	<u>\$ -</u>	<u>307,307.00</u>	<u>307,307.00</u>	<u>\$ -</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	47,307.00		47,307.00	47,306.26	
Redemption of Principal	260,000.00		260,000.00	260,000.00	
Total Regular Debt Service	<u>307,307.00</u>	<u>-</u>	<u>307,307.00</u>	<u>307,306.26</u>	<u>-</u>
Total Expenditures	<u>307,307.00</u>	<u>-</u>	<u>307,307.00</u>	<u>307,306.26</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	0.74	-
Fund Balance, July 1	0.57	-	0.57	0.57	-
Fund Balance, June 30	<u>\$ 0.57</u>	<u>\$ -</u>	<u>\$ 0.57</u>	<u>\$ 1.31</u>	<u>\$ -</u>

STATISTICAL SECTION

Financial Trends Information

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Net Position/Assets by Component
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2015**	2014	2013*	2012	2011	2010	2009	2008	2007	2006
Governmental Activities:										
Net Investment in Capital Assets	\$ 3,451,331	\$ 2,898,329	\$ 2,758,361	\$ 2,608,524	\$ 2,501,625	\$ 2,154,681	\$ 1,706,888	\$ 1,434,483	\$ 1,372,271	\$ 984,372
Restricted	1	187,630	187,630	200,631	209,065	44,405	683,970	223,042	72,561	454,068
Unrestricted (Deficit)	(1,002,463)	44,894	75,417	336,240	76,095	53,895	(314,633)	49,024	(2,874)	(376,139)
Total Governmental Activities Net Position/Assets	\$ 2,448,869	\$ 3,130,853	\$ 3,021,408	\$ 3,145,394	\$ 2,786,785	\$ 2,252,981	\$ 2,076,225	\$ 1,706,549	\$ 1,441,958	\$ 1,062,301
Business-type Activities:										
Net Investment in Capital Assets	\$ 20,833	\$ 25,124	\$ 29,700	\$ 34,383	\$ 17,471	\$ 18,296	\$ 21,491	\$ 24,956	\$ 36,089	\$ 44,924
Unrestricted	27,036	19,777	14,394	30,866	55,614	44,108	34,322	24,944	22,136	14,172
Total Business-type Activities Net Position/Assets	\$ 47,869	\$ 44,901	\$ 44,094	\$ 65,250	\$ 73,085	\$ 62,403	\$ 55,813	\$ 49,900	\$ 58,225	\$ 59,096
District-wide:										
Net Investment in Capital Assets	\$ 3,472,164	\$ 2,923,453	\$ 2,788,060	\$ 2,642,908	\$ 2,519,096	\$ 2,172,977	\$ 1,728,379	\$ 1,459,438	\$ 1,408,360	\$ 1,029,295
Restricted	1	187,630	187,630	200,631	209,065	44,405	683,970	223,042	72,561	454,068
Unrestricted	(975,427)	64,671	89,811	367,106	131,709	98,003	(280,311)	73,968	19,262	(361,967)
Total District-wide Net Position/Assets	\$ 2,496,739	\$ 3,175,754	\$ 3,065,502	\$ 3,210,644	\$ 2,859,870	\$ 2,315,385	\$ 2,132,038	\$ 1,756,449	\$ 1,500,183	\$ 1,121,397

* District Implemented GASB 63

** District Implemented GASB 68

Source: District Records

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Changes in Net Position/Assets
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2015 **	2014	2013 *	2012	2011	2010	2009	2008	2007	2006
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 3,040,668	\$ 2,760,188	\$ 2,650,533	\$ 2,306,668	\$ 2,149,380	\$ 2,209,026	\$ 2,241,449	\$ 2,295,007	\$ 1,994,651	\$ 1,912,740
Special Education	453,149	464,744	513,003	502,045	415,538	487,014	481,132	463,536	526,519	531,891
Other Special Education	421,236	323,783	226,942	196,081	176,665	275,320	187,645	168,637	160,341	206,993
Support Services:										
Tuition	25,119	190,260	241,507	244,599	226,463	184,951	155,780	112,073	167,643	132,464
Student and Instruction Related Services	685,787	578,008	570,240	604,264	551,433	637,934	577,274	546,438	590,373	606,411
School Administrative Services	645,560	666,082	574,870	534,681	567,406	600,605	576,114	553,164	754,612	644,950
Plant Operations and Maintenance	766,836	789,503	680,511	729,049	666,386	615,571	643,094	633,182	593,941	456,077
Pupil Transportation	61,648	94,839	144,554	114,664	121,974	107,197	59,105	55,240	74,509	63,558
Unallocated Benefits	2,795,785	2,012,121	1,962,229	1,667,680	1,735,064	1,640,923	1,205,973	1,181,331	972,932	940,011
Reimbursed TPAF and Social Security			64,571	74,622	80,617	96,642	407,239	628,191	594,409	401,233
Interest on Long-Term Debt	46,034.53	52,956.29		6,266	6,266		130,801	140,906	150,541	159,471
Unallocated Amortization of Deferred Costs				2,162		38,154	(130,402)	114,649	(20,389)	87,473
Capital Outlay	6,081		33,791							
Assessment for Debt Service on SDA Funding							527			
Transfer to Charter Schools										
Special Schools										
Unallocated Depreciation										
Total Governmental Activities Expenses	8,947,904	7,949,715	7,675,931	6,999,628	6,716,480	6,911,244	6,553,525	6,904,804	6,575,617	6,258,231
Business-type Activities:										
Food Service	190,403	188,293	213,581	200,505	173,067	173,510	174,997	164,872	150,305	147,175
Total Business-type Activities Expense	190,403	188,293	213,581	200,505	173,067	173,510	174,997	164,872	150,305	147,175
Total District Expenses	\$ 9,138,307	\$ 8,138,008	\$ 7,889,512	\$ 7,200,133	\$ 6,889,547	\$ 7,084,754	\$ 6,728,522	\$ 7,069,676	\$ 6,725,922	\$ 6,405,406

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Changes in Net Position/Assets
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2015 **	2014	2013 *	2012	2011	2010	2009	2008	2007	2006
Program Revenues:										
Governmental Activities:										
Charges for Services	\$ 31,510	\$ 26,494	\$ 1,228	\$ 23,938	\$	\$ 1,730	\$ 47,696	\$ 73,843	\$ 108,563	\$ 45,489
Operating Grants and Contributions	1,186,121	391,990	462,181	453,754	501,239	439,430	886,940	1,580,720	1,560,748	1,468,855
Capital Grants and Contributions					175,687	213,326				116,130
Total Governmental Activities Program Revenues	1,217,631	418,484	463,409	477,692	676,926	654,486	934,637	1,654,563	1,669,311	1,630,474
Business-type activities:										
Charges for services										
Food Service	75,675	69,503	68,413	77,968	86,805	77,949	89,946	81,218	77,911	83,387
Operating Grants and Contributions	117,621	119,522	123,711	113,900	96,712	95,217	83,556	72,438	63,884	58,797
Total Business-type Activities Program Revenues	193,296	189,025	192,124	191,868	183,517	173,166	173,503	153,656	141,795	142,184
Total District Program Revenues	\$ 1,410,927	\$ 607,509	\$ 655,533	\$ 669,561	\$ 860,443	\$ 827,652	\$ 1,108,139	\$ 1,808,218	\$ 1,811,106	\$ 1,772,657
Net (Expense)/Revenue:										
Governmental Activities	\$ (7,730,273)	\$ (7,531,231)	\$ (7,212,522)	\$ (6,521,936)	\$ (6,039,555)	\$ (6,256,768)	\$ (5,618,889)	\$ (5,250,241)	\$ (4,906,306)	\$ (4,627,757)
Business-type Activities	2,893	732	(21,457)	(8,636)	10,451	(344)	(1,494)	(11,216)	(8,510)	(4,992)
Total District-wide Net Expense	\$ (7,727,380)	\$ (7,530,499)	\$ (7,233,979)	\$ (6,530,572)	\$ (6,029,104)	\$ (6,257,102)	\$ (5,620,383)	\$ (5,261,457)	\$ (4,914,816)	\$ (4,632,749)

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Changes in Net Position/Assets
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2015 **	2014	2013 *	2012	2011	2010	2009	2008	2007	2006
General Revenues and Other Changes in Net Position/Assets:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 4,291,793	\$ 4,018,380	\$ 3,655,665	\$ 3,586,334	\$ 3,544,500	\$ 3,513,395	\$ 3,398,238	\$ 3,413,375	\$ 3,397,503	\$ 3,152,656
Federal and State Aid not restricted	3,788,542	3,608,210	3,454,859	3,275,871	2,974,093	2,929,141	2,495,910	2,073,279	1,881,844	1,882,393
Federal and State Aid restricted	17,553	14,086	21,873	18,340	54,766	20,485	108,530	32,449	36,012	65,651
Miscellaneous Income							(7,000)			
Loss on Bond Refunding						(10,223)				
Cancellation of Federal Grant Receivable						(12,504)		(84)	(23,145)	
Loss on Disposal of Assets						(6,780)	(7,113)	(4,187)	(6,250)	(4,324)
Transfers										
Total Governmental Activities	8,097,888	7,640,676	7,132,398	6,880,545	6,573,358	6,433,514	5,988,565	5,514,831	5,285,964	5,096,376
Business-type Activities:										
Miscellaneous Income	75	75	301	801	143	155	294	974	1,389	765
Loss on Disposal of Assets								(2,271)		
Cancellation of Prior Year Payables					88					
Transfers						6,780	7,113	4,187	6,250	4,324
Total Business-type Activities	75	75	301	801	231	6,935	7,407	2,891	7,639	5,089
Total District-wide	\$ 8,097,964	\$ 7,640,751	\$ 7,132,699	\$ 6,881,346	\$ 6,573,589	\$ 6,440,449	\$ 5,995,972	\$ 5,517,722	\$ 5,293,603	\$ 5,101,465
Change in Net Position/Assets:										
Governmental Activities	\$ 367,615	\$ 109,445	\$ (80,124)	\$ 358,609	\$ 533,804	\$ 176,756	\$ 369,676	\$ 264,590	\$ 379,658	\$ 468,618
Business-type Activities	2,968	807	(21,156)	(7,835)	10,682	6,591	5,913	(8,326)	(871)	97
Total District	\$ 370,583	\$ 110,252	\$ (101,280)	\$ 350,774	\$ 544,485	\$ 183,347	\$ 375,589	\$ 256,265	\$ 378,787	\$ 468,716

* District Implemented GASB 63
 ** District Implemented GASB 68

Source: District Records

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Fund Balances, Governmental Funds
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund:										
Restricted:										
Excess Surplus	\$ 207,217			\$ 94,605	\$ 347,943		\$ 100,001	\$ 100,001	\$ 1	\$ 1
Capital Reserve										
Assigned:										
Other Purposes	63,619		\$ 79,404	178,874	4,195	\$ 340	1,190	23,082	10,160	19,280
Subsequent Year's Expenditures	261,417	\$ 165,503	110,482	314,378	100,000					
Unassigned (Deficit)	77,355	216,308	148,357	15,668	8,657	368,737	595,710	505,276	446,491	355,441
Total General Fund	\$ 609,608	\$ 381,811	\$ 338,243	\$ 603,526	\$ 460,795	\$ 369,077	\$ 696,901	\$ 628,359	\$ 456,652	\$ 374,722
All Other Governmental Funds:										
Restricted:										
Capital Projects Fund		\$ 187,629	\$ 187,629	\$ 200,629	\$ 200,629	\$ 35,970				\$ 249,074
Restricted - Debt Service Fund	\$ 1	1	1	1	8,436	8,435			(20,570)	40
Unassigned (Deficit) - Special Revenue Fund								\$ (1,205)	(20,570)	(20,570)
Total All Other Governmental Funds	\$ 1	\$ 187,630	\$ 187,630	\$ 200,631	\$ 209,065	\$ 44,405	\$ -	\$ (1,205)	\$ (20,570)	\$ 228,544

Source: District Records

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Tax Levy	\$ 4,291,793	\$ 4,018,380	\$ 3,655,665	\$ 3,586,334	\$ 3,544,500	\$ 3,513,395	\$ 3,398,238	\$ 3,413,375	\$ 3,397,503	\$ 3,152,666
Tuition Charges	31,510	26,494	1,228	23,938	1,730	47,696	73,843	108,563	45,489	65,651
Miscellaneous	17,553	14,086	21,873	18,340	54,766	20,485	45,343	32,449	36,012	3,208,918
State Sources	3,923,235	3,725,992	3,598,744	3,359,141	3,298,141	2,846,693	3,150,824	3,424,770	3,225,585	258,459
Federal Sources	318,174	274,208	318,297	370,484	352,878	735,204	232,026	229,228	217,007	6,731,174
Total Revenue	8,582,265	8,059,160	7,595,807	7,358,238	7,250,284	7,117,506	6,874,128	7,173,666	6,984,669	6,731,174
Expenditures:										
Instruction	3,017,969	2,739,563	2,636,680	2,298,940	2,119,390	2,179,036	2,211,459	2,271,307	2,071,324	1,988,675
Regular Instruction	453,149	464,744	513,003	502,045	415,538	487,014	481,132	463,536	526,519	531,891
Special Education Instruction	421,236	323,783	226,942	196,081	176,665	275,320	187,645	168,637	160,341	206,993
Other Special Instruction	25,119	190,260	241,507	244,599	226,463	184,951	155,780	112,073	167,643	132,464
Tuition	685,787	578,008	570,240	604,264	551,433	637,934	576,552	536,521	587,161	599,778
Student and Instruction Related Services	636,845	662,407	571,327	530,816	562,876	588,895	566,799	549,046	751,212	642,523
School Administrative Services	638,111	635,514	527,274	576,810	530,736	488,202	511,531	539,868	531,892	492,060
Plant Operations and Maintenance	1,388,336	1,351,879	1,324,738	1,263,481	1,292,410	1,274,152	1,161,370	1,149,804	979,786	915,139
Pupil Transportation	674,805	585,050	639,903	520,053	411,130	416,239	182,532	420,603	391,740	200,984
Unallocated Benefits	305,741	64,339	13,181	16,847	19,288	11,640	17,794	12,452	15,535	90,068
On-Behalf TPAF Pension Contributions	313,387	314,057	321,619	331,181	346,481	333,357	355,801	355,906	329,732	349,471
Reimbursed TPAF Social Security Contributions	11,151								355,541	8,965
Special Schools	8,622,134	8,015,593	7,874,091	7,223,941	6,993,906	7,383,923	6,796,061	6,979,612	7,145,604	6,422,808
Capital Outlay	(39,869)	43,567	(278,283)	134,297	256,378	(266,417)	78,067	194,053	(160,935)	308,366
Debt Service	185,450					(10,223)				
Transfer to Charter Schools						(6,780)	(7,113)	(4,187)	(6,250)	(4,324)
Total Expenditures	8,622,134	8,015,593	7,874,091	7,223,941	6,993,906	7,383,923	6,796,061	6,979,612	7,145,604	6,422,808
Excess (Deficiency) of Revenues Over (Under) Expenditures	(39,869)	43,567	(278,283)	134,297	256,378	(266,417)	78,067	194,053	(160,935)	308,366
Other Financing Sources (Uses):										
Capital Leases (Non-Budgeted)	185,450					(10,223)				
Accounts Receivable/Payable Canceled Transfers Out						(6,780)	(7,113)	(4,187)	(6,250)	(4,324)
Total Other Financing Sources (Uses)	185,450	-	-	-	-	(10,223)	(7,113)	(4,187)	(6,250)	(4,324)
Net Change in Fund Balances	\$ 145,581	\$ 43,567	\$ (278,283)	\$ 134,297	\$ 256,378	\$ (283,419)	\$ 70,953	\$ 189,866	\$ (167,185)	\$ 304,042
Debt Service as a Percentage of Noncapital Expenditures	3.8%	3.9%	4.2%	4.6%	5.1%	4.8%	5.3%	5.2%	5.2%	5.5%

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
 Unaudited

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Interest on Investments	\$ 2,635	\$ 2,612	\$ 7,067	\$ 8,665	\$ 2,978	\$ 2,911	\$ 7,119	\$ 22,192	\$ 29,632	\$ 20,051
Transportation Refund										540
Refund of Prior Year Expenditure	5,234	5,616	7,219	2,494	39,866	9,712			3,142	42,158
E-Rate Revenue	7,763	4,825	7,566	3,072	1,570	257	1,140	1,140	754	1,083
Picture Rebates				632	177		452	814		783
Book Fines		80								
Student Activity Fees				1,445						
Miscellaneous Refunds	1,668	190					2,511	8,303	2,484	
Accounts Payable		762								
Other	253		21	2,032	10,175	7,605	34,121			1,036
	<u>\$ 17,553</u>	<u>\$ 14,086</u>	<u>\$ 21,873</u>	<u>\$ 18,340</u>	<u>\$ 54,765</u>	<u>\$ 20,485</u>	<u>\$ 45,343</u>	<u>\$ 32,449</u>	<u>\$ 36,012</u>	<u>\$ 65,651</u>

Source: District Records

Revenue Capacity Information

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

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

Year Ended Dec. 31	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (1)	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
2015	\$ 7,849,900	\$ 242,242,700	\$ -	\$ 47,337,200	\$ 10,593,000	\$ 10,668,300	\$ 318,691,100	\$ 100	\$ 318,691,200	\$ 39,998,120	\$ 318,691,100	\$ 1.351
2014	7,592,900	238,044,700	-	48,685,600	10,593,900	10,668,300	315,585,400	467,993	316,053,393	40,013,920	315,585,400	1.316
2013	9,882,300	270,815,900	-	55,083,926	12,420,900	11,534,300	359,737,326	488,108	360,205,434	42,741,020	359,737,326	1.065
2012	7,740,700	269,216,800	-	55,460,926	13,320,900	11,734,300	357,473,626	493,524	357,967,150	41,831,020	345,179,630	1.011
2011	11,652,500	268,415,200	-	37,583,526	13,695,100	11,861,200	343,207,526	482,451	343,689,977	41,831,020	346,388,041	1.038
2010	11,202,300	268,689,200	-	38,260,600	13,852,200	12,198,500	344,202,800	618,511	344,821,311	41,860,020	347,597,140	1.024
2009 (3)	11,899,200	268,224,800	-	39,040,800	14,238,200	12,198,500	345,601,500	520,073	346,121,573	40,635,820	330,415,433	0.999
2008	1,852,800	148,046,400	-	27,557,800	8,351,300	6,881,800	192,690,100	267,761	192,957,861	25,266,420	338,803,684	1.765
2007	1,729,600	147,447,900	-	27,490,900	8,351,300	6,881,800	191,901,500	293,365	192,194,865	16,554,400	313,463,600	1.772
2006	1,891,800	146,789,900	-	27,484,200	8,351,300	6,881,800	191,399,000	417,872	191,816,872	16,366,900	264,492,196	1.707

(1) Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

(2) Tax rates are per \$100

(3) Reassessment

Source: Camden County Board of Taxation

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (Rate per \$100 of Assessed Value)
Unaudited

Year Ended Dec. 31	District Direct Rate			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Service	Total Direct School Tax Rate	Somerdale Borough	Regional School	Camden County		
2015	\$ 1.351	N/A	\$ 1.351	\$ 1.090	\$ 0.725	\$ 0.916	\$ 4.082	
2014	1.316	N/A	1.316	1.084	0.642	0.870	3.912	
2013	1.065	N/A	1.065	0.937	0.605	0.769	3.376	
2012	1.011	N/A	1.011	0.905	0.590	0.812	3.318	
2011	1.038	N/A	1.038	0.875	0.621	0.740	3.274	
2010	1.024	N/A	1.024	0.839	0.686	0.662	3.211	
2009 (1)	0.999	N/A	0.999	0.813	0.641	0.618	3.071	
2008	1.765	N/A	1.765	1.442	1.186	1.124	5.517	
2007	1.772	N/A	1.772	1.293	1.235	1.147	5.447	
2006	1.707	N/A	1.707	1.161	1.210	1.118	5.196	

N/A - Information not Available

Source: Municipal Tax Collector

(1) Reassessment

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Principal Property Tax Payers
 Current Year and Ten Years Ago
Unaudited

	2015			2006		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Wal-Mart	\$ 17,573,100	1	5.51%	\$ 2,319,500	3	1.21%
Buchman, Myron & Tanya Toby	3,700,000	2	1.16%	7,000,000	1	3.64%
National Reality Property Owners	3,130,600	3	0.98%	1,330,000	5	0.69%
East Coast Warwick Terrace, LLC	2,029,000	4	0.64%	1,237,500	6	0.64%
Somerdale Equities, LLC	1,924,900	5	0.60%	1,282,500	2	0.67%
JMK Investment Co., Inc.	1,906,100	6	0.60%	1,046,100	4	0.55%
P. Kiejdan Family, LLC	1,624,000	7	0.51%	696,800	8	0.36%
Rite Aid of NJ	1,512,900	8	0.47%	870,000	7	0.45%
WAWA, LLC	1,338,200	9	0.42%	648,700	9	0.34%
600 White Horse Pike, LLC	1,105,000	10	0.35%	501,000	10	0.26%
Chiotes Enterprises						
Total	\$ 35,843,800		11.25%	\$ 16,932,100		8.78%

Source: District CAFR & Municipal Tax Assessor

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Property Tax Levies and Collections
 Last Ten Fiscal Years
Unaudited

<u>Fiscal Year Ended June 30,</u>	<u>School District Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2015	\$ 4,291,793	\$ 4,291,793	100.00%	-
2014	4,018,380	4,018,380	100.00%	-
2013	3,437,121	3,437,121	100.00%	-
2012	3,369,726	3,369,726	100.00%	-
2011	3,544,500	3,544,500	100.00%	-
2010	3,513,395	3,513,395	100.00%	-
2009	3,398,238	3,398,238	100.00%	-
2008	3,413,375	3,413,375	100.00%	-
2007	3,397,503	3,397,503	100.00%	-
2006	3,152,656	3,152,656	100.00%	-

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

Source: District Records

Debt Capacity Information

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

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

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income (2)	Per Capita Personal Income (3)
	General Obligation Bonds (1)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANS)	Capital Leases			
2015	\$ 1,020,000	-	\$ 155,932	-	-	\$ 1,175,932	N/A	N/A
2014	1,280,000	-	-	-	-	1,280,000	N/A	240
2013	1,540,000	-	-	-	-	1,540,000	0.64%	293
2012	1,795,000	-	-	-	-	1,795,000	0.76%	342
2011	2,050,000	-	-	-	-	2,050,000	0.88%	391
2010	2,315,000	-	-	-	-	2,315,000	1.06%	450
2009	2,565,000	-	-	-	-	2,565,000	1.20%	504
2008	2,783,000	-	4,260	-	-	2,787,260	1.30%	547
2007	2,998,000	-	52,300	-	-	3,050,300	1.42%	596
2006	3,203,000	-	204,390	-	-	3,407,390	1.63%	666

N/A - Information not Available

Sources:

- (1) District Records
- (2) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (3) Per capita personal income by municipality-estimated based upon the 2000 Census published by the US Bureau of Economic Analysis

BOROUGH OF SOMERDALE 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 Assessed Valuation Taxable (2)	Per Capita (3)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2015	\$ 1,020,000	-	\$ 1,020,000	0.32%	Unavailable
2014	1,280,000	-	1,280,000	0.40%	240
2013	1,540,000	-	1,540,000	0.43%	293
2012	1,795,000	-	1,795,000	0.50%	342
2011	2,050,000	-	2,050,000	0.60%	391
2010	2,315,000	-	2,315,000	0.67%	450
2009	2,565,000	-	2,565,000	0.74%	504
2008	2,783,000	-	2,783,000	1.44%	547
2007	2,998,000	-	2,998,000	1.56%	586
2006	3,203,000	-	3,203,000	1.67%	626

Sources:

- (1) District Records
- (2) Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
- (3) Per Capita calculation based upon population information provided by the NJ Dept of Labor and Workforce Developme

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2014
Unaudited

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Somerdale Borough</u>	<u>Debt Authorized But Not Issued</u>
Municipal Debt: (1)					
Borough of Somerdale School District	\$ 5,355,620.04	\$ 5,355,620.04			
Borough of Somerdale Sewer Utility	4,736,859.10	4,736,859.10			
Borough of Somerdale	4,463,139.97		\$ 4,463,139.97	\$ 4,463,139.97	
	<u>14,555,619.11</u>	<u>10,092,479.14</u>	<u>4,463,139.97</u>	<u>4,463,139.97</u>	<u>\$ -</u>
Overlapping Debt Apportioned to the Municipality:					
County of Camden: (2)					
General:					
Bonds	39,300,000.00	15,276,822.00	24,023,178.00	214,567.27	\$ 204,000.00
Loan Agreement	222,633,220.00		222,633,220.00	1,988,488.07	
Bonds Issued by Other Public Bodies					
Guaranteed by the County	675,337,694.00	675,337,694.00	(4)		
	<u>937,270,914.00</u>	<u>690,614,516.00</u>	<u>246,656,398.00</u>	<u>2,203,055.34</u>	<u>204,000.00</u>
	<u>\$ 951,826,533.11</u>	<u>\$ 700,706,995.14</u>	<u>\$ 251,119,537.97</u>	<u>\$ 6,666,195.31</u>	<u>\$ 204,000.00</u>

Sources:

- (1) 2014 Annual Debt Statement
 - (2) County's 2014 Audit Report
 - (3) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.
 - (4) Such debt is allocated as a proportion of the Borough's share of the total 2014 Equalized Value, which is 0.89%.
- The source for this computation was the 2014 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Legal Debt Margin Information
 Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2015

Equalized valuation basis (1)	
2014	\$ 327,880,935
2013	323,475,700
2012	328,892,838
[A]	\$ 980,249,473
Average equalized valuation of taxable property	
[A/3]	\$ 326,749,824
Debt limit (3% of average equalization value) (2)	
[B]	\$ 9,802,495 (1)
Total Net Debt Applicable to Limit	
[C]	1,020,000
Legal Debt Margin	
[B-C]	\$ 8,782,495

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt limit	\$ 9,802,494.73	\$ 9,982,741.28	\$ 10,355,388.89	\$ 10,311,008.00	\$ 10,226,325.00	\$ 9,912,463.00	\$ 8,662,458.00	\$ 7,602,173.00	\$ 7,145,200.00	\$ 6,572,450.92
Total net debt applicable to limit (3)	1,020,000.00	1,280,000.00	1,540,000.00	2,050,000.00	2,315,000.00	2,565,000.00	2,783,000.00	2,998,000.00	3,203,000.00	3,393,000.00
Legal debt margin	\$ 8,782,494.73	\$ 8,702,741.28	\$ 8,815,388.89	\$ 8,261,008.00	\$ 7,911,325.00	\$ 7,347,463.00	\$ 5,879,458.00	\$ 4,604,173.00	\$ 3,942,200.00	\$ 3,179,450.92
Total net debt applicable to the limit as a percentage of debt limit	10.41%	12.82%	14.87%	19.88%	22.64%	25.88%	32.13%	39.44%	44.83%	51.62%

Sources:
 (1) Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
 (2) Limit set by NJS A 18A:24-19 for a K through 8 district.
 (3) District Records

Demographic and Economic Information

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

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

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2014	5,339	Unavailable	Unavailable	7.6%
2013	5,253	\$ 239,242,632	\$ 45,544	9.7%
2012	5,241	236,175,183	45,063	10.1%
2011	5,239	231,715,731	44,229	9.9%
2010	5,148	217,400,040	42,230	10.1%
2009	5,093	214,089,348	42,036	9.6%
2008	5,091	214,107,096	42,056	6.1%
2007	5,114	208,640,972	40,798	4.6%
2006	5,120	201,594,880	39,374	4.3%
2005	5,133	190,752,546	37,162	4.7%

Source:

- (1) Population information provided by the NJ Dept of Labor and Workforce Development
- (2) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (3) Per capita personal income by municipality-estimated based upon the 2000 Census published by the US Bureau of Economic Analysis
- (4) Unemployment data provided by the NJ Dept of Labor and Workforce Development

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Principal Non-Governmental Employers
 Current Year and Ten Years Ago
Unaudited

	2014		2005	
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
	<u>Percentage of Total Municipal Employment</u>		<u>Percentage of Total Municipal Employment</u>	

INFORMATION IS NOT AVAILABLE

Operating Information

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

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

Function/Program	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Instruction										
Regular	33.0	33.0	32.0	34.0	30.1	32.6	30.1	32.2	30.8	34.6
Special Education	5.5	5.5	5.0	7.6	7.5	6.5	14.0	7.0	7.0	14.0
Other	7.2	6.4	3.0	6.0	5.6	7.7	8.0	8.4	16.0	5.0
Support Services:										
Student & instruction related services	4.8	19.0	10.0	20.0	12.6	14.0	11.4	12.0	7.0	7.0
School Administrative Services	8.0	8.8	3.0	3.0	3.4	3.4	8.4	8.0	8.0	6.5
Plant Operations and Maintenance	-	-	-	-	-	1.0	1.3	2.0	7.4	6.1
Total	58.5	72.7	53.0	70.6	59.2	65.2	73.1	69.6	76.2	73.2

Source: District Records

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30.	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2015	529	\$ 8,901,869	\$ 16,828	12.60%	45.7	46	-	-	528.8	502.7	-0.63%	95.06%
2014	528	7,890,678	14,944	0.58%	44.9	45	-	-	532.1	524.6	3.39%	98.59%
2013	510	7,577,570	14,858	12.68%	41.6	37	-	-	514.7	505.7	-2.39%	98.25%
2012	525	6,922,844	13,186	1.15%	41.6	42	-	-	527.3	511.2	3.96%	96.94%
2011	509	6,635,863	13,037	-4.71%	37.6	17	-	-	507.2	481.8	6.94%	94.99%
2010	488	6,553,127	13,681	0.82%	40.6	19	-	-	474.3	454.8	-1.01%	96.33%
2009	479	6,649,249	13,570	-1.47%	41	12	-	-	480.9	463.3	3.25%	96.01%
2008	490	6,445,465	13,772	15.47%	44	11	-	-	485.8	466.4	-6.03%	92.73%
2007	468	6,011,287	11,927	6.95%	43	11	-	-	470.5	436.3	-2.98%	94.57%
2006	504	5,631,997	11,152	1.54%	65	8	-	-	500.7	473.5	8.24%	94.32%

Sources: District Records

BOROUGH OF SOMERDALE SCHOOL DISTRICT

School Building Information
 Last Ten Fiscal Years
Unaudited

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<u>District Building</u>										
<u>Elementary</u>										
Somerdale Park School										
Square Feet	82,557	82,557	82,557	82,557	82,557	82,557	82,557	82,557	82,557	82,557
Capacity (students)	485	485	485	485	485	485	485	485	485	485
Enrollment	529	528	510	525	509	504	479	472	472	484
<u>Other</u>										
Administration Building										
Square Feet	1,728	1,728	1,728	1,728	1,728	1,728	1,728	1,728	1,728	1,728

Number of Schools at June 30, 2015

- Elementary = 1
- Middle School = 0
- High School = 0
- Other = 0

Source: District Records

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

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

School Facilities	School # (s)	Fiscal Year Ended June 30,									
		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Somerdale Park School	4790	\$ 58,454	\$ 85,256	\$ 36,748	\$ 40,751	\$ 23,878	\$ 92,826	\$ 100,075	\$ 103,750	\$ 99,984	\$ 111,257
Total School Facilities		\$ 58,454	\$ 85,256	\$ 36,748	\$ 40,751	\$ 23,878	\$ 92,826	\$ 100,075	\$ 103,750	\$ 99,984	\$ 111,257

* 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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Insurance Schedule
June 30, 2015
Unaudited

		<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSBAIG:			
Buildings & Contents	(1) \$	14,840,800	\$ 1,000
Extra Expense - Blanket	(1)	50,000,000	1,000
General Liability	(2)	6,000,000	N/A
General Liability including Student Accident	(3)	6,000,000	N/A
Valuable Papers Blanket		10,000,000	1,000
Electronic Data Processing		150,000	1,000
Money & Securities		10,000	500
Public Employees Dishonesty		25,000	500
Equipment Breakdown		100,000,000	1,000
Environmental Package		1,000,000	Various
Automobile Liability	(3)	6,000,000	N/A
Workers Compensation	(4)	Statutory	-
Accident Policies:			
Student Catastrophic Accident	(1)	500,000	-
Student/Volunteer Accident	(1)	1,000,000	-
School Board Legal Liability			
Legal Liability Policy	(3)	1,000,000	5,000
Equipment Breakdown - NJSBAIG			
Extra Expense		100,000,000	1,000
		10,000,000	-
Bonds			
Board Secretary		200,000	1,000

- (1) Limit each occurrence, No annual aggregate
(2) Limit each occurrence, annual unaggregated
(3) Per claim/ annual aggregate
(4) Each accident

Source: District Records

SINGLE AUDIT SECTION

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND
STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Somerdale School District
Somerdale, New Jersey 08083

Report on Compliance for Each Major State Program

We have audited the Borough of Somerdale School District's, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2015. The School District's major state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133, and State of New Jersey Circular 15-08-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Somerdale School District's, State of New Jersey, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major State Program

In our opinion, the Borough of Somerdale School District, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Borough of Somerdale School District, State of New Jersey, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Expenditures for federal awards were less than the single audit dollar threshold required by OMB Circular A-133 and therefore were not subject to a single audit. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Division of Administration and Finance, Department of Education, State of New Jersey and is not a required part of basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements.

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 OMB Circular A-133 and State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Kirk N. Applegate

Kirk N. Applegate
Certified Public Accountant
Public School Accountant No. 20CS00223300

Voorhees, New Jersey
December 16, 2015

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2015

<u>Federal Grantor/ Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>	
				<u>From</u>	<u>To</u>
Enterprise Fund:					
U.S. Department of Agriculture					
Passed-through State Department of Agriculture:					
Child Nutrition Cluster:					
Non-Cash Assistance (Food Distribution):					
National School Lunch Program	10.550	N/A	\$ 15,297.34	7-1-2014	6-30-2015
National School Lunch Program	10.550	N/A	17,476.64	7-1-2013	6-30-2014
Cash Assistance:					
School Breakfast Program	10.553	N/A	13,457.41	7-1-2014	6-30-2015
School Breakfast Program	10.553	N/A	14,278.04	7-1-2013	6-30-2014
National School Lunch Program	10.555	N/A	87,075.32	7-1-2014	6-30-2015
National School Lunch Program	10.555	N/A	85,326.41	7-1-2013	6-30-2014
Total Enterprise Fund (Child Nutrition Cluster)					
Special Revenue Fund:					
U.S. Department of Education					
Passed-through State Department of Education:					
N.C.L.B.:					
Title I	84.010A	NCLB5560-15	124,678.00	7-1-2014	6-30-2015
Title I	84.010A	NCLB5560-14	103,036.00	7-1-2013	6-30-2014
Total Title I					
Title II - Part A	84.367A	NCLB5560-15	12,536.00	7-1-2014	6-30-2015
Title II - Part A	84.367A	NCLB5560-14	12,137.00	7-1-2013	6-30-2014
Total Title II - Part A					
I.D.E.A. Part B Programs:					
Special Education Cluster:					
Basic	84.027	IDEA-404001	176,445.00	7-1-2014	6-30-2015
Basic	84.027	IDEA-404001	133,625.00	7-1-2013	6-30-2014
Preschool	84.173	IDEA-404001	4,810.00	7-1-2014	6-30-2015
Total I.D.E.A. Part B Special Education Cluster					
Total Special Revenue Fund					
Total Federal Financial Awards					

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

These funds were not audited in accordance with U.S. Circular A-133 since the total of all grant award expenditures was less than \$500,000.00.

<u>Balance at June 30, 2014</u>									
<u>Unearned Revenue/Accounts Receivable</u>	<u>Due to Grantor</u>	<u>Carryover/Walkover Amount</u>	<u>Cash Received</u>	<u>Adjustments</u>	<u>Budgetary Expenditures</u>	<u>Repayment of Prior Years' Balances</u>	<u>Balance at June 30, 2015</u>		
							<u>Accounts Receivable</u>	<u>Unearned Revenue</u>	<u>Due to Grantor</u>
\$ 3,464.32			\$ 15,297.34		\$ 11,399.65			\$ 3,897.69	
					3,464.32				
(1,165.76)			12,842.21		13,457.41		\$ (615.20)		
			1,165.76						
(4,634.11)			82,500.44		87,075.32		(4,574.88)		
			4,634.11						
(2,335.55)	\$ -	\$ -	116,439.86	\$ -	115,396.70	\$ -	(5,190.08)	3,897.69	\$ -
(21,841.00)			120,833.00		124,678.00		(3,845.00)		
			21,841.00						
(21,841.00)	-	-	142,674.00	-	124,678.00	-	(3,845.00)	-	-
(2,385.00)			9,666.00		12,536.00		(2,870.00)		
			2,385.00						
(2,385.00)	-	-	12,051.00	-	12,536.00	-	(2,870.00)	-	-
(30,220.00)			111,506.00		176,150.00		(64,939.00)		295.00
			30,220.00						
(30,220.00)	-	-	144,337.00	-	180,960.00	-	(67,138.00)	-	295.00
(54,446.00)	-	-	299,062.00	-	318,174.00	-	(73,853.00)	-	295.00
\$ (56,781.55)	\$ -	\$ -	\$ 415,501.86	\$ -	\$ 433,570.70	\$ -	\$ (79,043.08)	\$ 3,897.69	\$ 295.00

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2015

<u>State Grantor/ Program Title</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Local Match</u>	<u>Grant Period</u>		<u>Unearned Revenue/ Accounts Receivable</u>	<u>Due to Grantor</u>
				<u>From</u>	<u>To</u>		
						<u>Balance at June 30, 2014</u>	
General Fund:							
New Jersey Department of Education:							
State Aid - Public Cluster							
Equalization Aid	15-495-034-5120-078	\$ 2,435,595.00		7-1-2014	6-30-2015		
Equalization Aid	14-495-034-5120-078	2,435,595.00		7-1-2013	6-30-2014	\$ (244,098.40)	
Special Education Categorical Aid	15-495-034-5120-089	251,943.00		7-1-2014	6-30-2015		
Special Education Categorical Aid	14-495-034-5120-089	251,943.00		7-1-2013	6-30-2014	(25,194.30)	
Security Aid	15-495-034-5120-084	25,758.00		7-1-2014	6-30-2015		
Security Aid	14-495-034-5120-084	25,758.00		7-1-2013	6-30-2014	(2,575.80)	
School Choice Aid	15-495-034-5120-068	272,550.00		7-1-2014	6-30-2015		
School Choice Aid	14-495-034-5120-068	190,785.00		7-1-2013	6-30-2014	(19,078.50)	
Educational Adequacy Aid	15-495-034-5120-083	36,799.00		7-1-2014	6-30-2015		
Educational Adequacy Aid	14-495-034-5120-083	36,799.00		7-1-2013	6-30-2014	(3,679.90)	
Per Pupil Growth Aid	15-495-034-5120-097	5,540.00		7-1-2014	6-30-2015		
PARCC Readiness Aid	15-495-034-5120-098	5,540.00		7-1-2014	6-30-2015		
Total State Aid - Public Cluster						(294,626.90)	\$ -
Transportation Aid							
Categorical Transportation Aid	15-495-034-5120-014	4,821.00		7-1-2014	6-30-2015		
Categorical Transportation Aid	14-495-034-5120-014	4,821.00		7-1-2013	6-30-2014	(482.10)	
Total Transportation Aid						(482.10)	-
Extraordinary Special Education Costs Aid							
Extraordinary Special Education Costs Aid	14-100-034-5120-473	22,096.00		7-1-2013	6-30-2014	(22,096.00)	
Total Extraordinary Special Education Costs Aid						(22,096.00)	-
Reimbursed T.P.A.F. Social Security Aid							
Reimbursed T.P.A.F. Social Security Aid	15-495-034-5095-002	245,646.11		7-1-2014	6-30-2015		
Reimbursed T.P.A.F. Social Security Aid	14-495-034-5095-002	235,939.42		7-1-2013	6-30-2014	(14,780.97)	
Total Reimbursed T.P.A.F. Social Security Aid						(14,780.97)	-
Total General Fund						(331,985.97)	-
Special Revenue Fund:							
New Jersey Department of Education:							
Preschool Education Aid	15-495-034-5120-086	119,532.00		7-1-2014	6-30-2015		
Preschool Education Aid	14-495-034-5120-086	99,610.00		7-1-2013	6-30-2014	(9,961.00)	
Total Preschool Education Aid						(9,961.00)	-
Total Special Revenue Fund						(9,961.00)	-
Capital Projects Fund:							
New Jersey Department of Education:							
Education Facilities & Construction Grant	4790-020-10-1001	315,687.00	\$ 140,000.00	8-30-2010	open	187,629.25	
Debt Service Fund:							
New Jersey Department of Education:							
Debt Service Aid Type II	15-495-034-5120-075	98,487.00		7-1-2014	6-30-2015	-	-
Enterprise Fund:							
New Jersey Department of Agriculture:							
State School Lunch Program	15-100-034-5120-122	2,224.54		7-1-2014	6-30-2015		
State School Lunch Program	14-100-034-5120-122	2,284.39		7-1-2013	6-30-2014	(252.44)	
Total Enterprise Fund						(252.44)	-
Total State Financial Assistance subject to Major Program Determination for State Single Audit						(154,570.16)	-
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:							
General Fund (Non-Cash Assistance):							
New Jersey Department of the Treasury:							
On-behalf T.P.A.F. Pension Contributions - Normal Cost	495-034-5094-006 / 007		132,258.00	7-1-2014	6-30-2015		
On-behalf T.P.A.F. Pension Contributions - Post-Retireme	495-034-5094-001		216,853.00	7-1-2014	6-30-2015		
Total General Fund (Non-Cash Assistance)						-	-
Total State Financial Assistance						\$ (154,570.16)	\$ -

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

Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2015			Memo	
				Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2015	Cumulative Total Expenditures
	\$ 2,192,646.30	\$ 2,435,595.00		\$ (242,948.70)			\$ (242,948.70)	\$ 2,435,595.00
	244,098.40							
	226,748.70	251,943.00		(25,194.30)			(25,194.30)	251,943.00
	25,194.30							
	23,182.20	25,758.00		(2,575.80)			(2,575.80)	25,758.00
	2,575.80							
	245,295.00	272,550.00		(27,255.00)			(27,255.00)	272,550.00
	19,078.50							
	33,119.10	36,799.00		(3,679.90)			(3,679.90)	36,799.00
	3,679.90							
	4,986.00	5,540.00		(554.00)			(554.00)	5,540.00
	4,986.00	5,540.00		(554.00)			(554.00)	5,540.00
\$ -	3,025,590.20	3,033,725.00	\$ -	(302,761.70)	\$ -	\$ -	(302,761.70)	3,033,725.00
	4,338.90	4,821.00		(482.10)			(482.10)	4,821.00
	482.10							
-	4,821.00	4,821.00	-	(482.10)	-	-	(482.10)	4,821.00
	22,096.00							
-	22,096.00	-	-	-	-	-	-	-
	244,079.94	245,646.11		(1,566.17)				245,646.11
	14,780.97							
-	258,860.91	245,646.11	-	(1,566.17)	-	-	-	245,646.11
-	3,311,368.11	3,284,192.11	-	(304,809.97)	-	-	(303,243.80)	3,284,192.11
	107,578.80	119,532.00		(11,953.20)			(11,953.20)	119,532.00
	9,961.00							
-	117,539.80	119,532.00	-	(11,953.20)	-	-	(11,953.20)	119,532.00
-	117,539.80	119,532.00	-	(11,953.20)	-	-	(11,953.20)	119,532.00
		82,217.05	(105,412.20)					
-	98,487.00	98,487.00	-	-	-	-	-	98,487.00
	2,045.24	2,224.54		(179.30)				2,224.54
	252.44							
-	2,297.68	2,224.54	-	(179.30)	-	-	-	2,224.54
-	3,529,692.59	3,586,652.70	(105,412.20)	(316,942.47)	-	-	(315,197.00)	3,504,435.65
	165,859.00	165,859.00						165,859.00
	263,300.00	263,300.00						263,300.00
-	429,159.00	429,159.00	-	-	-	-	-	429,159.00
\$ -	\$ 3,958,851.59	\$ 4,015,811.70	\$ (105,412.20)	\$ (316,942.47)	\$ -	\$ -	\$ (315,197.00)	\$ 3,933,594.65

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2015

Note 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Borough of Somerdale School District (hereafter referred to as the "School District"). The School District is defined in Note 1 to the School District's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

Note 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting, with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

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

The net adjustment to reconcile revenues from the budgetary basis to the GAAP basis is \$8,134.80 for the general fund. There are no adjustments needed to reconcile expenditures from the budgetary basis to the GAAP basis for the special revenue fund. See Exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance (Cont'd)

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

Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General		\$ 3,705,216.31	3,705,216.31
Special Revenue	\$ 318,174.00	119,532.00	437,706.00
Capital Projects			-
Debt Service		98,487.00	98,487.00
Food Service	115,396.70	2,224.54	117,621.24
Total Awards and Financial Assistance	<u>\$ 433,570.70</u>	<u>\$ 3,925,459.85</u>	<u>\$ 4,359,030.55</u>

Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 5: ADJUSTMENTS

The amount reported in the column entitled "adjustments" represents a cancellation of a State Aid receivable, recorded in the capital projects fund, that was realized as revenue in prior years.

Note 6: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2015, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the Federal Food Distribution Program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF members.

Note 7: MAJOR PROGRAMS

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified
Internal control over financial reporting:
Material weakness(es) identified? yes x no
Significant deficiency(ies) identified? yes x none reported
Noncompliance material to financial statements noted? yes x no

Federal Awards

N/A - Not Required

Internal control over major programs:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified? yes none reported
Type of auditor's report issued on compliance for major programs
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? yes no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

Table with 2 columns: CFDA Number(s) and Name of Federal Program or Cluster. Multiple empty rows for data entry.

Dollar threshold used to determine Type A programs \$

Auditee qualified as low-risk auditee? yes no

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Section 2- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

None

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Section 3- Schedule of Federal Award 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 programs, as required by OMB Circular A-133.

Not Applicable

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Section 4- Schedule of 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 State programs, as required by OMB Circular A-133 and State of New Jersey Circular 15-08-OMB.

None

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

This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, OMB Circular A-133 and State of New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

N/A - None

FEDERAL AWARDS

N/A - None

STATE FINANCIAL ASSISTANCE PROGRAMS

N/A - None

