

Comprehensive Annual Financial Report

of the

**Somerset Hills School District
County of Somerset
County of Somerset, New Jersey
For the Fiscal Year Ended June 30, 2015**

Prepared by

**The Somerset Hills Board of Education
Business Office**

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INTRODUCTORY SECTION



Somerset Hills Board of Education

25 Olcott Ave., Bernardsville, NJ 07924
Phone: 908 204-1930 Fax: 908-953-0699

Frances Wood Ed.D., Superintendent
Nancy Lee Hunter, Business Administrator/Board Secretary

December 3, 2015

Honorable President and
Members of the Board of Education
Somerset Hills School District
25 Olcott Avenue
Bernardsville, New Jersey 07924

Dear Board Members:

The comprehensive annual financial report of the Somerset Hills 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 Somerset Hills Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds 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 officials. The financial section includes the management discussion and analysis, the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The district is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Somerset Hills School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by Statement No. 14. All funds of the District are included in this report. The Somerset Hills Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include programs for regular, vocational and special education for handicapped students. The District completed the 2014-2015 fiscal year with an enrollment of 2074 students, which is 22 students more than the previous year's enrollment. The following table details the changes in student enrollment over the last eleven years:

Fiscal Years	Student Enrollment	Percent Change
2014-2015	2,074	1.1%
2013-2014	2,052	.4%
2012-2013	2,044	-.4%
2011-2012	2,052	-.3%
2010-2011	2,059	-.9%
2009-2010	2,078	-2.3%
2008-2009	2,128	2.5%
2007-2008	2,076	2.8%
2006-2007	2,020	.1%
2005-2006	2,002	3.4%
2004-2005	1,936	2.6%

2. ECONOMIC CONDITION AND OUTLOOK:

The Boroughs of Bernardsville, Far Hills and Peapack-Gladstone, the municipalities that comprise the Somerset Hills School District, are experiencing minimal residential development which has contributed to a near flat enrollment over the past several years.

3. MAJOR INITIATIVES:

The Somerset Hills School District has a tradition of academic excellence. Student performance on the HSPA and NJASK exceeded state averages and in many categories exceeded comparative DFG averages. We maintain alignment with the new Common Core Standards and updated NJ Core Curriculum Content Standards. Curriculum articulation and the implementation of new courses occurred in a variety of areas including science, math, social studies, and technology/computers.

Bernards High School seniors scored far above the New Jersey and National Scholastic-Aptitude Test (SAT) scores in 2014-2015.

SAT Test	Bernards HS	New Jersey	National
Verbal/Reading	575	501	497
Verbal/Writing	570	502	487
Math	584	523	513

The class of 2015 also received many other honors. Two students were National Merit Scholarship Recipients. Two students were named as National Merit Finalists and thirteen students were recognized as National Merit Commended Students. Seventy-two seniors qualified for the President's Award for Educational Excellence. Twenty-eight students were named AP Scholars. Forty-seven students qualified for the AP Scholar with Distinction Award, 15 qualified for the AP Scholar with Honor Award and 23 qualified for AP National Scholar. One student was awarded an AP International Diploma. In addition Bernardsville Middle School was the only middle school to enter a team into the NJ

Science League high school competition. This team finished first in the state, and one student ranked number one in the individual competitions.

Bernards High School ranked 15th in New Jersey high schools by *New Jersey Monthly* magazine and continues to be among the top high schools in the nation in *Newsweek*.

Since 1996, SHSD student learning experiences have been enriched and enhanced by programs and projects funded by the Somerset Hills Education Foundation (SHEF). During the 2014-2015 school year, the Foundation awarded more than \$15,000 for individual classroom project grants that enhance classroom learning. In addition, checks totaling more than \$48,000 were presented by SHEF to the district for two major initiatives and three special projects. SHEF funded 1100 classroom library books for Bedwell Elementary School and Bernardsville Middle School classrooms that support the work of the Columbia University's Teachers College Reading and Writing Project. SHEF provided funds to purchase 96 Chromebooks on 4 rechargeable carts for all three district schools. SHEF also helped to fund the Intergenerational Prom, the Wall of Honor, and calculators for special services students at Bernards High School. The SHEF Summer Enrichment Academy, offering enrichment courses for SHSD students in music, the arts, math, science and college preparation, recently concluded its second successful year of operation. Since 1996, SHEF has provided close to \$1,000,000 in grants, major initiatives, and special projects to the Somerset Hills School District.

The district supports teachers through an in-district Professional Development Institute, three professional development days throughout the year, and regularly scheduled horizontal and vertical articulation sessions. The format ranges from discussions to workshops to collaborative learning. Articulation sessions cover topics ranging from addressing unique student needs, content knowledge, pedagogy, and technology applications. The New Teacher Institute and Mentoring program orients new teachers to district goals and further supports their professional development. The district stays connected to universities through a partnership with Teachers College Columbia University in reading/writing workshops. Many teachers attend workshops at Teachers College as well as other local universities throughout the year.

To address the whole child, our schools provide a wide variety of co-curricular and athletic activities at every level. Music, art, theater, sports, forensics, science and math teams are among some of the programs that have all garnered championship awards. The music departments at both Bernardsville Middle School and Bernards High School consistently win top competitive awards and are invited to perform in national programs. Bedwell Elementary continually receives recognition for its character education program. This year, Bedwell received the Promising Practice in Character Education from the Character Education Partnership. Additionally, K-12 students contribute to the greater community through various service learning initiatives.

The district has implemented several energy-savings initiatives. Schools for Energy Efficiency® (SEE) is a comprehensive program for K-12 schools to save energy and money by changing behavior throughout the district. SEE provides a systemized plan, educational awareness materials, training, and utility tracking for immediate and sustainable savings. Bedwell Elementary School and Bernards High School have been

recognized as U.S. Department of Education Green Ribbon Schools. The selected schools are honored for their exemplary efforts to reduce environmental impact and utility costs, promote better health, and ensure effective environmental education, including civics and green career pathways.

The district has also completed a comprehensive energy audit that was funded by a grant of \$67,485 from New Jersey's Clean Energy Program. Following the audit, the district engaged in an Energy Savings Improvement Plan (ESIP) with Ameresco, an energy services company. Under this program, the district installed \$3.2 million worth of energy improvements at no cost to the taxpayer and a guaranteed cash flow to the district of \$31,946 per year for 15 years. These improvements are funded by grants, energy rebates and energy savings. These two programs combined have saved the district \$735,000 through June 30, 2015.

In September 2013, the district completed a major solar project, through a shared service agreement with the Somerset County Improvement Authority, whereby photovoltaic panels were installed at Bedwell Elementary School and Bernards High School. The solar project allows the district to purchase its electricity at significantly reduced rates.

The Somerset Hills School District remains focused on meeting the needs of all students through the delivery of a world-class educational program that reflects a "whole-child" commitment to the development of each student.

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

5. BUDGETARY CONTROLS:

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

Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2015.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the 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 banking institution in New Jersey. The law requires governmental units to deposit public funds in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT:

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

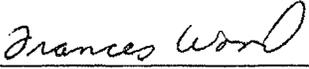
9. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Suplee, Clooney & Company was selected as the Board's audit firm. 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 Amendments of 1996 and the related OMB Circular A-133 and New Jersey OMB's Circular Letter 04-04. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Somerset Hills 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 significant assistance of our Business Office staff.

Respectfully submitted by,



Frances Wood, Ed.D
Superintendent



Nancy Lee Hunter
Business Administrator/Board Secretary

**BOARD OF EDUCATION
OF THE
SOMERSET HILLS SCHOOL DISTRICT**

**ROSTER OF OFFICIALS
JUNE 30, 2015**

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

BERNARDSVILLE

DONNA COONS, PRESIDENT 2016

ROBERT BAKER 2016

SANDY SOOY 2017

GREG DiGIOACCHINO 2016

NANCY PALAZZOLO 2017

LAURIANN SWADBA 2015

PEAPACK/GLADSTONE

LOUIS PALMA 2017

DEBORAH HAWKINS, VICE PRESIDENT 2015

FAR HILLS

SUE PETRILLI 2016

BEDMINSTER

JULIE GOETZ 2015

OTHER OFFICIALS

FRANNIE WOOD SUPERINTENDENT

**NANCY LEE HUNTER BUSINESS ADMINISTRATOR/
BOARD SECRETARY**

THOMAS VENANZI TREASURER

DERLYS M. GUITIERREZ, ESQ. ATTORNEY

**SOMERSET HILLS BOARD OF EDUCATION
CONSULTANTS AND ADVISORS**

Architect

**Fletcher Thompson Architecture Engineering, LLC
27 Schoolhouse Road
Somerset, New Jersey 08873-1212**

Auditor

**Suplee, Clooney and Company
308 East Broad Street
Westfield, New Jersey 07090-2122**

Board Attorney

**Derlys M. Guitierrez, Esquire
Adams Stern Gutierrez & Lattiboudere, LLC
744 Broad Street
Suite 1600
Newark, New Jersey 07102**

Bond Counsel

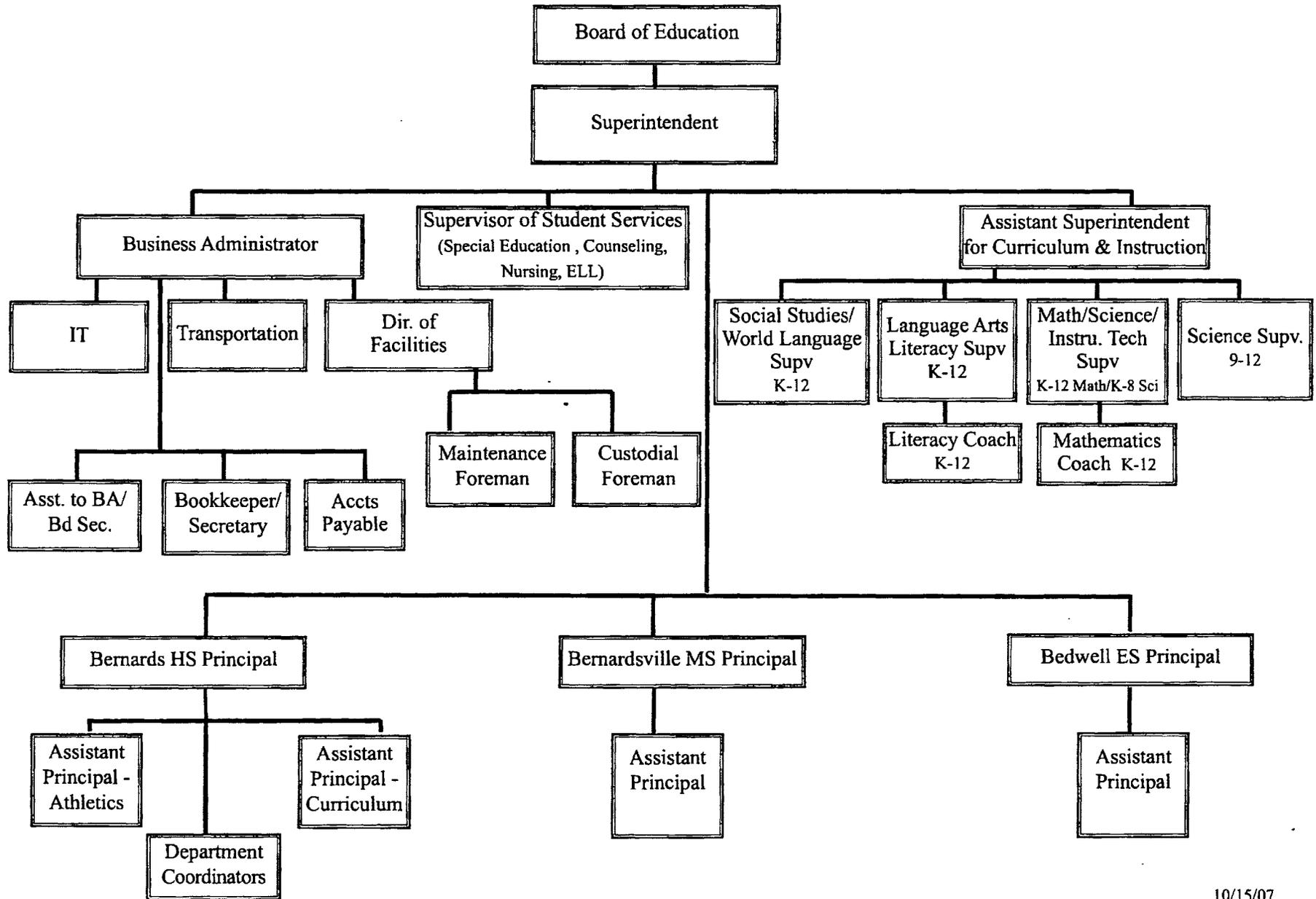
**Wilentz Goldman & Spitzer
90 Woodbridge Center Drive
Suite 900, Box 10
Woodbridge, New Jersey 07095-0958**

Official Depository

**Peapack/Gladstone Bank
158 Rt. 206 North
PO Box 178
Gladstone, NJ 07934**

THE SOMERSET HILLS SCHOOL DISTRICT

ORGANIZATIONAL CHART



6

FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Somerset Hills School District
County of Somerset
Bernardsville, New Jersey 07924

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 Somerset Hills School District, County of Somerset, New Jersey as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, the provisions of U.S. Office of Management and Budget (OMB) *Circular A-133* "Audits of States, Local Governments and Non-Profit Organizations" and State of New Jersey *OMB Circular 04-04* "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

SUPLEE, CLOONEY & COMPANY

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 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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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 Somerset Hills School District, County of Somerset, New Jersey as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 6 to the basic financial statements, in 2015, the District adopted Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement 68). Our opinions are 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 and budgetary comparison information in Exhibit C-1 through C-3 and the pension schedules in Exhibit L-1 through L-4 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.

SUPLEE, CLOONEY & COMPANY

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Somerset Hills School District's basic financial statements. The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organization," New Jersey's OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organization," New Jersey's OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and by the State of New Jersey, Department of Education, Division of Finance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information, such as the introductory and statistical sections, has 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 3, 2015 on our consideration of the Somerset Hills 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 Somerset Hills School District's internal control over financial reporting and compliance.

December 3, 2015


CERTIFIED PUBLIC ACCOUNTANTS

PUBLIC SCHOOL ACCOUNTANT NO. 93

REQUIRED SUPPLEMENTARY INFORMATION – Part I

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

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

The discussion and analysis of The Somerset Hills School District's (SHSD) financial performance provides an overall review of the 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 District's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- Total net position increased \$1,748,383.48, which represents an 8.0 percent increase from 2014.
- General revenues accounted for \$32,566,490.97 in revenue or 69 percent of all revenues. Program specific revenues in the form of charges for services, operating and capital grants and contributions accounted for \$14,493,537.75 or 31 percent of total revenues of \$47,060,028.72.
- The School District had \$45,311,645.24 in expenses; only \$14,493,537.75 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily local property tax levy) of \$32,566,490.97 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$38,654,112.22 in revenues and, \$38,538,305.24 in expenditures and transfers. The General Fund's fund balance increased by \$115,806.98 compared to 2014.

Using this Comprehensive Annual Financial Report (CAFR)

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

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements reflect how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of SHSD, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting reflects all of the current year's revenues and expenses regardless of when cash is received or paid.

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED (CONTINUED)

These two statements report the School District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the 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 property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED (CONTINUED)

The School District as a Whole

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

Table 1 provides a summary of the School District's net position for 2015 with comparative data for 2014.

Table 1
Net Position

Assets	2015	2014
Current and Other Assets	\$5,166,125.44	\$5,257,916.25
Capital Assets	<u>61,367,685.02</u>	<u>61,885,525.80</u>
Total Assets	<u>66,533,810.46</u>	<u>67,143,442.05</u>
 Deferred Outflow of Resources		
Pension Related	<u>867,528.00</u>	<u> </u>
 Liabilities		
Long-Term Liabilities	40,536,914.96	34,224,639.76
Other Liabilities	<u>1,066,559.92</u>	<u>675,414.10</u>
Total Liabilities	<u>41,603,474.88</u>	<u>34,900,053.86</u>
 Deferred Inflow of Resources		
Gain on Refunding of Long-Term Debt	1,416,085.40	1,516,892.49
Pension Related	<u>516,100.00</u>	<u> </u>
Total Deferred Inflow of Resources	<u>1,932,185.40</u>	<u>1,516,892.49</u>
 Net Position		
Net Investment in Capital Assets	30,938,263.66	29,212,783.64
Restricted	1,366,346.98	610,272.96
Unrestricted (deficit)	<u>(8,438,932.46)</u>	<u>903,439.10</u>
Total Net Position	<u>\$23,865,678.18</u>	<u>\$30,726,495.70</u>

The District's combined net position was \$23,865,678.18 on June 30, 2015. The Net Assets for June 30, 2014 have not been restated to reflect the District's Net Pension Liability required by the implementation of GASB 68. The District's investment in capital assets is shown net of any related debt used to acquire those assets.

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED (CONTINUED)

Table 2 shows changes in net position for fiscal year 2015 with comparative data for 2014.

Table 2
Changes in Net Position

Revenues	2015	2014
Program Revenues:		
Charges for Services	\$5,465,238.53	\$4,876,914.89
Operating Grants and Contributions	9,017,854.22	5,089,495.36
Capital Grants and Contributions	10,445.00	726.40
General Revenues:		
Property Taxes	32,209,921.00	31,327,450.00
Grants and Entitlements	292,977.65	196,160.00
Other	<u>63,592.32</u>	<u>226,516.97</u>
 Total Revenues	 <u>47,060,028.72</u>	 <u>41,717,263.62</u>
 Program Expenses		
Instruction	25,273,619.84	20,738,503.14
Support Services:		
Tuition	1,400,904.85	1,378,171.26
Pupils and Instructional Staff	6,098,451.70	5,901,334.20
General and School Administration	3,837,894.35	3,525,915.18
Plant Operations and Maintenance	3,103,470.65	3,139,646.69
Pupil Transportation	2,038,265.46	2,129,382.93
Business Type Activities	650,409.20	648,818.00
Interest on Long Term Debt	1,099,099.88	1,484,329.31
Unallocated Depreciation and Amortization	<u>1,809,529.31</u>	<u>1,820,151.83</u>
 Total Expenses	 <u>45,311,645.24</u>	 <u>40,766,252.54</u>
 Change in Net Position	 <u><u>\$1,748,383.48</u></u>	 <u><u>\$951,011.08</u></u>

Also, as previously noted, the information for FY2014 has not been restated to reflect the effect of the District's implementation of GASB 68 and the related pension liability. Both revenues and expenses increased mainly as a result of the district recognizing a larger on-behalf TPAF contribution as a revenue and as an expense based upon the State's Actuarial report

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED (CONTINUED)

Governmental Activities

The nature of funding public education primarily through local property taxes in New Jersey creates the legal requirement to annually seek the approval of the registered voters from all three of the constituent municipalities for the School District operating budget. Local property taxes made up 75 percent of revenues for governmental activities for the SHSD for fiscal year 2015. The District's total governmental revenues were \$42,881,292.62 for the year ended June 30, 2015. Federal, state, local grants and aid accounted for another 13 percent of revenue. Program specific revenues in the form of charges for services accounted for 11 percent of total revenue. Other miscellaneous revenues accounted for less than 1 percent of total revenue.

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- Overall business-type expenditures exceeded revenues by \$31,814.10.
- Charges for services represent \$466,385.96 of revenue. This represents amounts paid by individuals for various program services.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and donated commodities was \$151,988.59.

Governmental Activities

The Statement of Activities shows the cost of program services and the changes for services and grants offsetting those services. Table 3 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.

Table 3

	<u>Total Cost of Services 2015</u>	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2015</u>	<u>Net Cost of Services 2014</u>
Instruction	\$25,273,619.84	\$20,738,503.14	\$13,169,696.72	\$12,363,930.53
Support Services:				
Tuition	1,400,904.85	2,607,100.16	1,400,904.85	2,607,100.16
Pupils and Instructional Staff	6,098,451.70	4,672,405.30	5,086,191.48	4,210,199.73
General and School Administration	3,837,894.35	3,525,915.18	3,363,564.49	3,289,278.64
Plant Operation and Maintenance	3,103,470.65	3,139,646.69	3,103,470.65	3,139,646.69
Pupil Transportation	2,038,265.46	2,129,382.93	1,753,611.46	1,828,518.93
Business Type Activities	650,409.20	648,818.00	32,038.65	55,960.07
Interest and Fiscal Charges	1,099,099.88	1,484,329.31	1,099,099.88	1,484,329.31
Unallocated	1,809,529.31	1,820,151.83	1,809,529.31	182,151.83
Total Expenses	<u>\$45,311,645.24</u>	<u>\$40,766,252.54</u>	<u>\$30,818,107.49</u>	<u>\$29,161,115.89</u>

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED (CONTINUED)

Governmental Activities (Continued)

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities include expenses associated with the upkeep of the physical plant, utilities, and property/liability insurance coverage.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by State law.

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

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$42,824,851.97 and expenditures were \$41,953,434.33.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2015, and the amount and percentage of increase and decrease in relation to prior year revenues, excluding the capital projects fund activity.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Inc/(Dec) FY 2014</u>	<u>Percent Inc/(Dec)</u>
Local Sources	\$37,396,880.64	87.33%	\$1,404,710.07	3.90%
State Sources	4,896,480.88	11.43%	505,786.73	11.52%
Federal Sources	531,490.45	1.24%	(73,155.97)	-12.10%
Total	<u>\$42,824,851.97</u>	<u>100.00%</u>	<u>\$1,837,340.83</u>	<u>4.48%</u>

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED (CONTINUED)

The School District's Funds (Continued)

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

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Inc/(Dec) FY 2014</u>	<u>Percent Inc/(Dec)</u>
Current:				
Instruction	\$16,221,537.23	38.67%	\$ 673,133.02	4.33%
Support Services	22,041,671.46	52.54%	322,495.10	1.48%
Capital Outlay	429,694.14	1.02%	(436,254.28)	-50.38%
Debt Service	3,260,531.50	7.77%	5,577.50	0.17%
Total	\$41,953,434.33	100.00%	\$ 564,951.34	1.35%

General Fund Budgeting Highlights

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

The 2014/2015 general fund tax levy of \$28,969,733 increased by 2.9% over the 2013/2014 tax levy of \$28,163,596. The School District is no longer required to hold a public vote on the school budget, provided that the tax levy is within the 2% cap. District financial objectives to improve operational performance were met. State legislation mandates that the District operate with an unreserved fund balance equal to 2% of budgeted expenditures. This required the District to designate \$1,315,913 in fund balance for tax levy reduction.

During the year the District appropriately transferred funds to prevent over expenditures in specific line items. The transfers represented a re-allocation of the budget due primarily to a delayed settlement of the contract with the Somerset Hills Education Association, which represents approximately 90% of the District's 295 employees. The transfers were also attributable to a reclassification of certain salary expenditure lines. Tuition for out-of-district special education students decreased due to less costly placements and because fewer students were sent to out-of-district placements than originally budgeted. Teaching supplies expense was greater than the amount budgeted due to a reclassification of computers from Capital purchases in Fund 12 to operating supplies in Fund 11. Maintenance expense increased slightly from budget due to completing certain unforeseen projects to improve the health and safety of our facilities.

The State's contribution to the TPAF pension fund is neither a revenue item nor an expenditure item to the District but is required to be reflected in the financial statements.

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED (CONTINUED)

Capital Assets

At the end of the 2015 fiscal year, the School District had \$61,368,771 invested in land, building, machinery, and equipment. Table 4 shows fiscal year 2015 balances compared to 2014.

Table 4
Capital Assets (Net of Depreciation) at June 30,

	<u>2015</u>	<u>2014</u>
Land	1,980,000.00	1,980,000.00
Construction in Progress	680,692.72	311,486.29
Site Improvements	1,736,649.90	1,468,831.08
Building and Building Improvements	56,125,279.82	57,356,792.98
Machinery and Equipment	<u>845,062.58</u>	<u>867,707.17</u>
Total	<u><u>\$61,367,685</u></u>	<u><u>\$61,984,818</u></u>

Overall capital assets decreased \$616,047 from fiscal year 2014 to fiscal year 2015.

Debt Administration

At June 30, 2015, the School District had \$40,536,914.96 of long-term liabilities. Of this amount, \$1,447,304.60 is for compensated absences, \$2,459,421.36 is for capital leases payable, \$8,660,189.00 is pension related and \$27,970,000 is for serial bonds issued for school construction.

Table 5
Serial Bonds Outstanding at June 30,

<u>Series</u>	<u>2015</u>	<u>2014</u>
2003	\$745,000.00	\$1,100,000.00
2008	1,440,000.00	1,770,000.00
2011	7,025,000.00	8,410,000.00
2012	<u>18,760,000.00</u>	<u>18,760,000.00</u>
Total	<u><u>\$27,970,000.00</u></u>	<u><u>\$30,040,000.00</u></u>

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED (CONTINUED)

For the Future

The Somerset Hills School District will be challenged to continue to deliver its premier educational program with reduced state aid and the requirement to keep any tax rate increases to 2% or less due to the state imposed cap. As such, the District has implemented several initiatives to reduce expenses in the areas of transportation, energy and custodial services; expenses which have no direct impact on the educational program.

The District has implemented several energy-saving initiatives. Schools for Energy Efficiency® (SEE) is a comprehensive program for K-12 schools to save energy and money by changing behavior throughout the District. The District has also undertaken a comprehensive energy audit that was funded by a grant of \$67,485 from New Jersey's Clean Energy Program. Following the audit, the District engaged in an Energy Savings Improvement Plan (ESIP) with a national energy services company. Under this program, the District has installed \$3.2 million worth of energy improvements at no cost to the taxpayer and a guaranteed cash flow to the district of \$31,946 per year for 15 years. The improvements are funded by grant funding and energy savings. These two energy programs combined have saved the District nearly \$735,000 in energy from December 1, 2009 to June 30, 2015.

In September 2013, the district completed a major solar project, through a shared service agreement with the Somerset County Improvement Authority, whereby photovoltaic panels were installed at Bedwell Elementary School and Bernards High School. The solar project allows the district to purchase its electricity at significantly reduced rates.

As a result of the above activities as well as several other "Green" initiatives, the U.S. Department of Education honored Bernards High School in 2012 and Bedwell Elementary School in 2013 as National Green Ribbon Schools.

Enrollment increased by 22 students in 2014/2015, reversing a declining trend due to an increase in high school students from our sending district, Bedminster. Over the next several years, we anticipate continued slight growth from Bedminster.

The District has also continued to implement initiatives as a result of its Strategic Plan. Through a groundswell of community and staff member efforts, this plan brought new ideas in re-conceptualizing teaching and learning, expanding students' understanding of the global community and their role within it, and expanding staff support. It also was aimed at positioning and structuring the district to achieve optimal effectiveness for our students in the buildings and athletic facilities, and allocating resources to accomplish our mission and objectives through, among other things, grants and energy management. These initiatives will continue to be reviewed and modified over the next several years

Contacting the School District's Financial Management Office

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information contact Nancy Lee Hunter, Business Administrator/Board Secretary, Somerset Hills School District, 25 Olcott Avenue, Bernardsville, NJ 07924. Please visit our website at www.shsd.org.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2015

DISTRICT-WIDE FINANCIAL STATEMENTS

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

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash and cash equivalents	\$ 3,355,628.05	\$ 187,326.62	\$ 3,542,954.67
Receivables, net	804,929.03	7,947.12	812,876.15
Inventory		6,612.48	6,612.48
Internal receivable	210,988.15		210,988.15
Restricted assets:			
Restricted cash and cash equivalents	592,693.99		592,693.99
Capital assets, net			
Non-depreciable	2,660,692.72		2,660,692.72
Depreciable - net	58,663,866.14	43,126.16	58,706,992.30
Total assets	<u>66,288,798.08</u>	<u>245,012.38</u>	<u>66,533,810.46</u>
DEFERRED OUTFLOW OF RESOURCES:			
Pension Related	867,528.00		867,528.00
	<u>867,528.00</u>		<u>867,528.00</u>
LIABILITIES:			
Accounts payable	440,549.89	28,414.14	468,964.03
Payable to other governments	24,317.00		24,317.00
Internal payable		170,945.80	170,945.80
Unearned revenue	63,137.48	819.61	63,957.09
Accrued interest payable	338,376.00		338,376.00
Noncurrent liabilities:			
Due within one year	2,422,551.65		2,422,551.65
Due beyond one year:			
Bonds Payable	25,830,000.00		25,830,000.00
Compensated Absences Payable	1,447,304.60		1,447,304.60
Capital Leases Payable	2,176,869.71		2,176,869.71
Net Pension Liability	8,660,189.00		8,660,189.00
Total liabilities	<u>41,403,295.33</u>	<u>200,179.55</u>	<u>41,603,474.88</u>
DEFERRED INFLOW OF RESOURCES:			
Pension Related	516,100.00		516,100.00
Gain on Refunding of Long-Term Debt	1,416,085.40		1,416,085.40
Total Deferred Inflow of Resources	<u>1,932,185.40</u>		<u>1,932,185.40</u>
NET POSITION:			
Net investment in capital assets	30,895,137.50	43,126.16	30,938,263.66
Restricted for:			
Capital projects	580,722.27		580,722.27
Debt service (deficit)	(282,194.20)		(282,194.20)
Other purposes	1,067,818.91		1,067,818.91
Unrestricted (deficit)	<u>(8,440,639.13)</u>	<u>1,706.67</u>	<u>(8,438,932.46)</u>
Total Net Position	<u>\$ 23,820,845.35</u>	<u>\$ 44,832.83</u>	<u>\$ 23,865,678.18</u>

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

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2015

Functions/Programs	Expenses	Indirect Expense Allocation	Programs Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	\$ 15,004,381.49	\$ 4,333,100.49	\$ 4,908,964.57	\$ 4,755,697.39	\$	\$ (9,672,820.02)		\$ (9,672,820.02)
Special	2,771,539.66	806,254.51		1,920,010.35	10,445.00	(1,647,338.82)		(1,647,338.82)
Other instruction	1,855,954.86	502,388.83		508,805.81		(1,849,537.88)		(1,849,537.88)
Support services:								
Tuition	1,400,904.85					(1,400,904.85)		(1,400,904.85)
Student and instruction related services	4,712,099.30	1,386,352.40		1,012,260.22		(5,086,191.48)		(5,086,191.48)
General administrative services	665,647.41	171,081.02		82,272.27		(754,456.16)		(754,456.16)
School administrative services	1,609,533.83	505,115.32		392,057.59		(1,722,591.56)		(1,722,591.56)
Central services and info technology	631,654.65	254,862.12				(886,516.77)		(886,516.77)
Plant operations and maintenance	2,551,940.90	551,529.75				(3,103,470.65)		(3,103,470.65)
Pupil transportation	1,899,686.85	138,578.61	89,888.00	194,766.00		(1,753,611.46)		(1,753,611.46)
Unallocated Benefits	8,588,715.62	(8,588,715.62)						
Interest on long-term debt	1,099,099.88					(1,099,099.88)		(1,099,099.88)
Unallocated depreciation and amortization	1,870,076.74	(60,547.43)				(1,809,529.31)		(1,809,529.31)
Total governmental activities	<u>44,661,236.04</u>		<u>4,998,852.57</u>	<u>8,865,869.63</u>	<u>10,445.00</u>	<u>(30,786,068.84)</u>		<u>(30,786,068.84)</u>
Business-type activities								
Food service	650,409.20		466,385.96	151,984.59			(32,038.65)	(32,038.65)
Total business-type activities	<u>650,409.20</u>		<u>466,385.96</u>	<u>151,984.59</u>			<u>(32,038.65)</u>	<u>(32,038.65)</u>
Total primary government	<u>\$ 45,311,645.24</u>		<u>5,465,238.53</u>	<u>\$ 9,017,854.22</u>	<u>\$ 10,445.00</u>	<u>\$ (30,786,068.84)</u>	<u>\$ (32,038.65)</u>	<u>\$ (30,818,107.49)</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes, net						\$ 28,969,733.00	\$	\$ 28,969,733.00
Taxes levied for debt service						3,240,188.00		3,240,188.00
Federal and state aid not restricted						160,012.00		160,012.00
Federal and state aid restricted						132,965.65		132,965.65
Miscellaneous income						63,367.77	224.55	63,592.32
Total general revenues and transfers						<u>32,566,266.42</u>	<u>224.55</u>	<u>32,566,490.97</u>
Change in net position						1,780,197.58	(31,814.10)	1,748,383.48
Net position beginning (as restated)						22,040,647.77	76,646.93	22,117,294.70
Net position ending						<u>\$ 23,820,845.35</u>	<u>\$ 44,832.83</u>	<u>\$ 23,865,678.18</u>

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

MAJOR FUND FINANCIAL STATEMENTS

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

SOMERSET HILLS SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents	\$ 2,318,390.94	\$ 24,532.49	\$ 914,185.80	\$ 98,078.50	\$ 3,355,187.73
Cash, maintenance reserve	135,000.00				135,000.00
Cash, capital reserve	457,693.99				457,693.99
Other receivables		51,775.28			51,775.28
Receivables from other governments	496,909.55	199,803.55	56,440.65		753,153.75
Due from other funds	830,493.21				830,493.21
Total assets	\$ 4,238,487.69	\$ 276,111.32	\$ 970,626.45	\$ 98,078.50	\$ 5,583,303.96
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 39,112.91	\$ 1,392.98			\$ 40,505.89
Payable to state government		24,317.00			24,317.00
Due to other funds		187,704.18	389,904.18	41,896.70	619,505.06
Unearned Revenue		62,697.16			62,697.16
Total liabilities	39,112.91	276,111.32	389,904.18	41,896.70	747,025.11
Fund balances:					
Restricted:					
Capital reserve account	607,693.99				607,693.99
Maintenance reserve account	135,000.00				135,000.00
Excess surplus	1,320,448.30				1,320,448.30
Excess surplus - designated for subsequent years expenditures	929,462.86				929,462.86
Capital projects fund					
Committed - Encumbrances			580,722.27		580,722.27
Assigned:					
Designated for subsequent years expenditures	92,650.14				92,650.14
Encumbrances	325,124.92				325,124.92
Unassigned	788,994.57			56,181.80	845,176.37
Total fund balances	4,199,374.78		580,722.27	56,181.80	4,836,278.85
Total liabilities and fund balances	\$ 4,238,487.69	\$ 276,111.32	\$ 970,626.45	\$ 98,078.50	

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

SOMERSET HILLS SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

Total Fund Balances (Brought Forward)		\$4,836,278.85
Amounts Reported for Governmental Activities in the Statement of Net Assets (A-1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of Assets	\$82,412,165.30	
Accumulated Depreciation	<u>(21,087,606.44)</u>	
		61,324,558.86
Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Net Pension Liability	(8,660,189.00)	
Compensated Absences	(1,447,304.60)	
Bonds Payable	(27,970,000.00)	
Unamortized of Refunding Bond Premium	<u>(1,416,085.40)</u>	
Capital Leases	<u>(2,459,421.36)</u>	
		(41,953,000.36)
Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.		
Pensions:		
Deferred Outflows		
Pension Related	467,484.00	
Employer Contribution related to pensions	<u>400,044.00</u>	
Pension expense		867,528.00
Deferred Inflows:		
Pension Related		(516,100.00)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.		
Accounts Payable - Pension Related	(400,044.00)	
Accrued Interest Payable	<u>(338,376.00)</u>	
		<u>(738,420.00)</u>
Net Position of Governmental Activities		<u>\$23,820,845.35</u>

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

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
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:					
Local tax levy	\$ 28,969,733.00	\$	\$	\$ 3,240,188.00	\$ 32,209,921.00
Tuition	4,908,964.57				4,908,964.57
Transportation fees from individuals	89,888.00				89,888.00
Miscellaneous	63,367.77	124,739.30			188,107.07
Total - local sources	34,031,953.34	124,739.30		3,240,188.00	37,396,880.64
State sources	4,622,158.88	197,797.00	56,440.65	76,525.00	4,952,921.53
Federal sources		531,490.45			531,490.45
Total revenues	38,654,112.22	854,026.75	56,440.65	3,316,713.00	42,881,292.62
EXPENDITURES:					
Current expense:					
Regular instruction	11,836,290.59	359,196.30			12,195,486.89
Special instruction	2,119,059.16	377,194.00			2,496,253.16
Other Instruction	1,529,797.18				1,529,797.18
Support services:					
Tuition	1,400,904.85				1,400,904.85
Student and instruction related services	4,222,999.34	107,191.45			4,330,190.79
General administration	628,415.62				628,415.62
School administration	1,419,874.65				1,419,874.65
Central services and technology	733,502.90				733,502.90
Plant operations and maintenance	2,958,283.18				2,958,283.18
Pupil transportation	1,977,190.85				1,977,190.85
Unallocated Benefits	8,593,308.62				8,593,308.62
Debt service:					
Principal				2,070,000.00	2,070,000.00
Interest				1,190,531.50	1,190,531.50
Capital outlay	419,249.14	10,445.00	919,458.15		1,349,152.29
Total expenditures	37,838,876.08	854,026.75	919,458.15	3,260,531.50	42,872,892.48
Excess (deficiency) of revenues over (under) expenditures	815,236.14		(863,017.50)	56,181.50	8,400.14
Other financing sources (uses):					
Transfers in (out)	(699,429.16)		699,429.16		
Total other financing sources (uses)	(699,429.16)		699,429.16		
Net change in fund balances	115,806.98		(163,588.34)	56,181.50	8,400.14
Fund balances, July 1, 2014	4,083,567.80		744,310.61	0.30	4,827,878.71
Fund balances, June 30, 2015	\$ 4,199,374.78	\$ -0-	\$ 580,722.27	\$ 56,181.80	\$ 4,836,278.85

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

SOMERSET HILLS 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 (from B-2)	\$	8,400.14
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period</p>		
Capital outlays		1,349,152.29
Less: Capital outlays not capitalized		(89,846.00)
Depreciation expense		(1,870,076.74)
<p>Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
Payment of bond principal		2,070,000.00
Payment of capital lease principal		273,320.80
<p>Proceeds from debt issues are a financing source in governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.</p>		
Original Issue Premium on Refunding Bonds		318,374.39
Deferred Amount on Refunding Bond Payments to Escrow Agent		(217,567.30)
<p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest decrease is an addition in the reconciliation.</p>		
		33,451.00
<p>District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.</p>		
District pension contributions	381,319.00	
Less: Pension expense	(480,923.00)	
		(99,604.00)
<p>In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		<u>4,593.00</u>
Change in net position of governmental activities	\$	<u><u>1,780,197.58</u></u>

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

OTHER FUNDS

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS (MAJOR)</u>
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 187,326.62
Accounts receivable:	
State	326.80
Federal	7,620.32
Inventories	<u>6,612.48</u>
Total current assets	<u>201,886.22</u>
Noncurrent assets:	
Furniture, machinery and equipment	299,458.62
Less accumulated depreciation	<u>(256,332.46)</u>
Total noncurrent assets	<u>43,126.16</u>
Total assets	<u>\$ 245,012.38</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	\$ 28,414.14
Interfund payable	170,945.80
Unearned Revenue	<u>819.61</u>
Total current liabilities	<u>200,179.55</u>
Total liabilities	<u>200,179.55</u>
NET POSITION:	
Net investment in capital assets	43,126.16
Unrestricted	<u>1,706.67</u>
Total net position	<u>\$ 44,832.83</u>

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

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS (MAJOR)</u>
OPERATING REVENUES:	
Charges for services:	
Daily sales	\$ <u>466,385.96</u>
Total operating revenues	<u>466,385.96</u>
OPERATING EXPENSES:	
Cost of sales	297,732.23
Salaries	187,772.23
Employee benefits	48,769.23
Other purchase service	12,067.00
Supplies and materials	91,028.64
Depreciation	<u>13,039.87</u>
Total operating expenses	<u>650,409.20</u>
Operating (loss)	<u>(184,023.24)</u>
NON-OPERATING REVENUES (EXPENSES):	
State sources	
State school lunch program	5,024.51
Federal sources	
National school lunch program	114,159.40
Interest earned	224.55
National food distribution commodities	<u>32,800.68</u>
Total non-operating revenues	<u>152,209.14</u>
Net income (loss)	(31,814.10)
Change in net position	(31,814.10)
Total net position - beginning	<u>76,646.93</u>
Total net position - ending	<u>\$ <u>44,832.83</u></u>

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

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

		<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS (MAJOR)</u>
Cash flows from operating activities:		
Receipts from customers	\$	466,385.96
Payments to employees		(187,772.23)
Payments for employee benefits		(48,769.23)
Payments to suppliers		(338,349.61)
		<u>(108,505.11)</u>
Net cash provided by (used for) operating activities)		<u>(108,505.11)</u>
Cash flows from noncapital financing activities:		
State sources		5,306.53
Federal sources		113,168.78
Transfers from/(to) other funds		23,889.65
		<u>142,364.96</u>
Net cash provided by noncapital financing activities:		<u>142,364.96</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets		(5,969.54)
		<u>(5,969.54)</u>
Net cash provided by (used for) capital and related financing activities		<u>(5,969.54)</u>
Cash flows from investing activities:		
Interest earned		224.55
		<u>224.55</u>
Net cash provided by investing activities		<u>224.55</u>
Net decrease in cash and cash equivalents		28,114.86
Cash and cash equivalents, July 1, 2014		<u>159,211.76</u>
Cash and cash equivalents, June 30, 2015	\$	<u><u>187,326.62</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating (loss)	\$	(184,023.24)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation		13,039.87
Federal commodities		32,863.61
Change in assets and liabilities:		
Increase (decrease) in Unearned Revenue		(62.93)
(Increase) decrease in inventories		1,550.65
Increase (decrease) in accounts payable		28,126.93
		<u>75,518.13</u>
Net cash provided by (used for) operating activities	\$	<u><u>(108,505.11)</u></u>

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

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>STATE UNEMPLOYMENT COMPENSATION TRUST FUND</u>	<u>PRIVATE PURPOSE AWARD FUND</u>	<u>AGENCY FUNDS</u>
ASSETS:			
Cash and cash equivalents	\$ 60,293.33	\$ 153,179.13	\$ 472,094.27
Total Assets	<u>60,293.33</u>	<u>153,179.13</u>	<u>472,094.27</u>
LIABILITIES:			
Interfund payable			40,042.35
Payroll deductions and withholdings			148,002.23
Due to student groups			<u>284,049.69</u>
Total Liabilities			<u>\$ 472,094.27</u>
NET POSITION:			
Held in trust for unemployment claims	60,293.33		
Held in trust for scholarships		<u>153,179.13</u>	
Total Net Position	<u>\$ 60,293.33</u>	<u>\$ 153,179.13</u>	

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

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>PRIVATE PURPOSE AWARD FUND SCHOLARSHIP FUND</u>	<u>STATE UNEMPLOYMEN COMPENSATION TRUST FUND</u>
ADDITIONS:		
Contributions:		
Other	\$ 922.68	\$ 31,640.88
Total contributions	<u>922.68</u>	<u>31,640.88</u>
Investment earnings:		
Interest	154.92	65.22
Net investment earnings	<u>154.92</u>	<u>65.22</u>
Total additions	<u>1,077.60</u>	<u>31,706.10</u>
DEDUCTIONS:		
Awards granted	9,104.00	
Unemployment claims		46,181.20
Total deductions	<u>9,104.00</u>	<u>46,181.20</u>
Change in net position	<u>(8,026.40)</u>	<u>(14,475.10)</u>
Net position beginning of year	<u>161,205.53</u>	<u>74,768.43</u>
Net position end of year	<u>\$ 153,179.13</u>	<u>\$ 60,293.33</u>

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Somerset Hills School District (the "District") have been prepared in conformity 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 more significant of the District's accounting policies are described below:

Reporting Entity

The School District is a Type II District located in Somerset County, New Jersey. The School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Somerset Hills School District is governed by a ten member board, including nine individuals elected to three year terms from the Boroughs of Bernardsville, Peapack & Gladstone and Far Hills, along with one appointed member from the Bedminster Board of Education. The Board is the primary governing authority of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

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

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

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

The operations of the District include one elementary school, one intermediate school and a High School. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting

The District's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Basis of Presentation

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

The statement of net position presents the financial condition of the governmental and business-type activities of the District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds

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

As required by the New Jersey Statement Department of Education, the District includes budgeted capital outlay in this fund. U.S. Generally Accepted Accounting Principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes, and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to the current expense by Board resolution; in certain instances approval by the County Superintendent of Schools may also be required.

Special Revenue Fund The special revenue fund is used to account for the proceeds of specific revenue sources from State and Federal Government (other than those for major capital projects, debt service or proprietary funds) and local appropriations that are restricted or committed to expenditures for specified purposes.

Capital Projects Funds The capital projects fund is used to account for and report all financial resources that are restricted, committed or assigned to expenditures for capital outlays including the acquisition or construction of major capital facilities or other capital assets.

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.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds

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

Fiduciary Funds

Agency Funds The agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District. The agency funds included are as follows:

Payroll and Student Activities Funds These are agency funds used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Private Purpose Trust Funds These trust funds are used to account for assets donated by individuals that will provide for the payment of awards and other purposes.

Unemployment Insurance Trust Funds An expendable trust fund used to account for unemployment compensation claims as they arise.

Basis of Accounting-Measurement Focus

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

District-Wide, Proprietary, and Fiduciary Fund Financial Statements

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting-Measurement Focus (Continued)

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from the issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Account Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the April school Board election to the date of the November general election thereby eliminating the vote in the annual base budget. Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval. 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:23. All budget amendments and transfers must be approved by School Board resolution. The over-expenditures related to on-behalf payments in the general fund are due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures. Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles (GAAP) with the exception of the legally mandated (NJSA 18A:22-44.2) revenue recognition of deferred State Aid payments for budgetary purposes only and the accounting treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

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

Encumbrance Accounting

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

Open encumbrances in the special revenue and capital project funds for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

Interfunds

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

Inventories and Prepaid Expenses

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

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

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

Compensated Absences

The 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.

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

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

For the district-wide statements, the current portion is the amount estimated to be used in the following year. For the governmental funds in the fund financial statements, a liability is reported only for to the extent of the amount actually due at year end as a result of employee resignations/retirements. Compensated absences are a reconciling item between the fund level and district-wide presentations.

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

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

Net Position

GASB 63 provides guidance for reporting net position in the statement of financial position and related disclosures. In compliance with GASB 63, the Statement of Net Position has been renamed the Statement of Net Position. Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Restrictions

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

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

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

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

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

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

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

The general fund is the only fund that will report a negative unassigned fund balance. For all other governmental funds the amount of a residual deficit would be classified as unassigned.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues - Exchange and Non-Exchange Transactions

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

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

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the District, these revenues are sales in the Enterprise Funds. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Indirect Expenses

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

Extraordinary and Special Items

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

Management Estimates

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions (continued)

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

Deferred Outflows/Inflows of Resources

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

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The District considers petty cash, change funds, cash in banks, deposits in the New Jersey Cash Management Fund and short term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at fair value.

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. Each depository participating in the GUDPA system must pledge collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds. No collateral is required for amounts covered by FDIC insurance. The collateral which may be pledged to support these deposits includes obligations of the State and federal governments, insured securities and other collateral approved by the Department. When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2015, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank of \$6,450,167.53, \$250,000.00 was covered by Federal Depository Insurance and \$6,200,167.53 was covered under the provisions of NJGUDPA.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

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

Deposits (Continued)

As of June 30, 2015, cash and cash equivalents of the District consisted of the following:

Fund Type:	<u>Bank Balance</u>	Reconciling Items:		<u>Reconciled Balance</u>
		<u>Additions</u>	<u>Deletions</u>	
Governmental	\$5,243,994.38	\$38,335.59	\$1,334,448.25	\$3,947,881.72
Proprietary	220,634.71	\$5,027.50	38,335.59	187,326.62
Fiduciary	985,538.44		299,971.71	685,566.73
	<u>\$6,450,167.53</u>	<u>\$43,363.09</u>	<u>\$1,672,756.55</u>	<u>\$4,820,775.07</u>

Investments

The types of investments which may be purchased by the District are strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a1 et seq., and operated in accordance with 17 C.F.R. § 270.2a7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:2037. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

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

Investments (Continued)

5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 C. 17:1941); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

At June 30, 2015, the District had no outstanding investments that were not considered "cash equivalents".

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 3: CAPITAL ASSETS

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

	Beginning <u>Balance</u>	<u>Additions</u>	Ending <u>Balance</u>
Governmental Activities:			
Capital assets not being depreciated:			
Land	\$1,980,000.00		\$1,980,000.00
Construction in progress	311,486.29	\$369,206.43	680,692.72
Total Capital Assets not being depreciated	<u>2,291,486.29</u>	<u>369,206.43</u>	<u>2,660,692.72</u>
Site Improvements	3,252,170.16	419,334.92	3,671,505.08
Buildings & Building Improvements	73,668,783.81	348,022.64	74,016,806.45
Machinery & Equipment	<u>1,940,418.75</u>	<u>122,742.30</u>	<u>2,063,161.05</u>
Totals at historical cost	<u>78,861,372.72</u>	<u>890,099.86</u>	<u>79,751,472.58</u>
Gross Assets (Memo only)	<u>81,152,859.01</u>	<u>1,259,306.29</u>	<u>82,412,165.30</u>
Less: Accumulated Depreciation			
Site Improvements	(1,783,339.08)	(151,516.10)	(1,934,855.18)
Buildings & Building Improvements	(16,311,990.83)	(1,579,535.80)	(17,891,526.63)
Machinery & Equipment	<u>(1,122,199.79)</u>	<u>(139,024.84)</u>	<u>(1,261,224.63)</u>
Total Depreciation	<u>(19,217,529.70)</u>	<u>(1,870,076.74)</u>	<u>(21,087,606.44)</u>
Total capital assets being depreciated, net of depreciation	<u>59,643,843.02</u>	<u>(979,976.88)</u>	<u>58,663,866.14</u>
Total Governmental Fund Activities	<u>\$61,935,329.31</u>	<u>(\$610,770.45)</u>	<u>\$61,324,558.86</u>
Proprietary Activities:			
Machinery & Equipment	<u>\$293,489.08</u>	<u>\$5,969.54</u>	<u>\$299,458.62</u>
Totals at historical cost	<u>293,489.08</u>	<u>5,969.54</u>	<u>299,458.62</u>
Less: Accumulated Depreciation			
Machinery & Equipment	<u>(243,292.59)</u>	<u>(13,039.87)</u>	<u>(256,332.46)</u>
Total Depreciation	<u>(243,292.59)</u>	<u>(13,039.87)</u>	<u>(256,332.46)</u>
Total Proprietary Fund Activities	<u>\$50,196.49</u>	<u>(\$7,070.33)</u>	<u>\$43,126.16</u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 3: CAPITAL ASSETS (CONTINUED)

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

Support Services:

Student & Instruction Related Services	\$27,778.39
General Administrative Services	27,647.51
School Administrative Services	1,341.51
Central Services/Technology	1,239.20
Plant Operations and Maintenance	2,540.82
Direct Expense of Various Functions	<u>1,809,529.31</u>
	<u><u>\$1,870,076.74</u></u>

NOTE 4: LONG-TERM LIABILITIES

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

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of transactions that affect long-term liabilities for the year ended June 30, 2015:

	Balance, <u>June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2015</u>	Due Within <u>One Year</u>
Bonds Payable	\$30,040,000.00		(\$2,070,000.00)	\$27,970,000.00	\$2,140,000.00
Compensated Absence	1,451,897.60		(4,593.00)	1,447,304.60	
Net Pension Liability	8,609,201.00	\$50,988.00		8,660,189.00	
Capital Leases Payable	<u>2,732,742.16</u>		<u>(273,320.80)</u>	<u>2,459,421.36</u>	<u>282,551.65</u>
Total	<u>\$42,833,840.76</u>	<u>\$50,988.00</u>	<u>(\$2,347,913.80)</u>	<u>\$40,536,914.96</u>	<u>\$2,422,551.65</u>

Debt Capacity

Under New Jersey Statutes the District may incur debt in an amount not to exceed 4% of the averaged equalized valuation basis of real property. For the fiscal year ended June 30, 2015, the District borrowing capacity under N.J.S. 18A:24-19 is as follows:

<u>Year</u>	<u>Equalized Valuation of Real Property</u>
2014	\$3,522,931,757
2013	3,498,436,250
2012	<u>3,600,112,821</u>
	<u>\$10,621,480,828</u>
Average equalized valuation	<u>\$3,540,493,609</u>
School borrowing margin (4% of \$3,540,493,609)	\$141,619,744
Net school debt as of June 30, 2015	<u>27,970,000</u>
School borrowing power available	<u>\$113,649,744</u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Debt Service Requirements:

The annual requirements to amortize all debt outstanding as of June 30, 2015, including interest payments on issued debt, are as follows:

Fiscal Year <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	2,140,000.00	1,121,755.25	3,261,755.25
2017	2,210,000.00	1,049,737.75	3,259,737.75
2018	1,965,000.00	969,479.75	2,934,479.75
2019	2,345,000.00	892,418.75	3,237,418.75
2020	2,045,000.00	807,000.00	2,852,000.00
2021-2025	11,115,000.00	2,970,200.00	14,085,200.00
2026-2029	<u>6,150,000.00</u>	<u>279,400.00</u>	<u>6,429,400.00</u>
	<u>\$27,970,000.00</u>	<u>\$8,089,991.50</u>	<u>\$36,059,991.50</u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

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

<u>Issue</u>	<u>Amount Outstanding June 30, 2015</u>
\$3,500,000.00 in Refunding Bonds dated December 1, 2003, due in remaining annual installments ranging between \$365,000.00 and \$380,000 beginning August 15, 2011 and ending August 15, 2016 with interest of 4.50%	745,000.00
\$3,305,000.00 in 2008 Refunding Bonds due in remaining annual installments ranging between \$345,000.00 and \$375,000.00 beginning August 15, 2011 and ending August 15, 2018 with interest at 3.53%	1,440,000.00
\$9,875,000.00 in 2011 Refunding Bonds due in remaining annual installments ranging between \$550,000.00 and \$1,970,000.00 beginning March 15, 2013 and ending March 15, 2029 with interest at 3.0% to 4.0%	7,025,000.00
\$19,205,000.00 in 2012 Refunding Bonds due in remaining annual installments ranging between \$1,110,000.00 and \$2,700,000.00 beginning March 15, 2013 and ending March 15, 2029 with interest at 2.0% to 5.0%	<u>18,760,000.00</u>
	<u>\$27,970,000.00</u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Capital Leases Payable

The District is leasing vehicles, copiers, energy improvements and maintenance equipment totaling \$3,460,954.95 under capital leases. This capital leases are for up to fifteen years. The following is a schedule of the future minimum lease payments under the capital lease and the present value of the net minimum lease payments at June 30, 2015:

Fiscal Year Ended	<u>Amount</u>
<u>June 30,</u>	
2016	322,113.19
2017	287,829.35
2018	245,384.88
2019	228,899.40
2020	236,003.40
2021-2025	1,315,267.09
2026	<u>36,358.48</u>
Total Minimum Lease Payments	2,671,855.79
Less: Amount Representing Interest	<u>(212,434.43)</u>
 Present Value of Lease Payments	 <u><u>\$2,459,421.36</u></u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 5: PENSION PLANS

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

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

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

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 5: PENSION PLANS (CONTINUED)

Significant Legislation

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

Pension Plan Design Changes

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

Funding Changes

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

COLA Suspension

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

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

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 5: PENSION PLANS (CONTINUED)

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

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

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

Three Year Trend Information for PERS

Year Ended <u>June 30,</u>	Annual Pension Cost <u>(APC)</u>	Percentage of <u>APC Contributed</u>	Net Pension <u>Obligation</u>
2015	\$381,319.00	100.00%	\$381,319.00
2014	342,591.15	100.00%	342,591.15
2013	396,554.00	100.00%	396,554.00

During the fiscal years ended June 30, 2015, 2014 and 2013, the State of New Jersey contributed \$839,936.00, \$647,237.00 and \$1,037,096.00 respectively to the TPAF pension system on behalf of the District.

Also, in accordance with N.J.S.A. 18A:66-66 during the years ended June 30, 2015, 2014 and 2013, the State of New Jersey reimbursed the District \$1,130,641.88, \$1,131,203.70 and \$1,128,083.68 respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB 68 reflect the District's liabilities at June 30, 2015.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS)

At June 30, 2015, the District reported a liability of \$8,660,189.00 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 that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2014, the District's proportion was 0.0462549334 percent, which was an increase of 0.0012088550 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$480,923.00. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Changes of assumptions		\$ 272,323.00
Net difference between projected and actual earnings on pension plan investments	\$ 516,100.00	
Changes in proportion and differences between District contributions and proportionate share of contributions		195,161.00
District contributions subsequent to the measurement date		<u>400,044.00</u>
	<u>\$ 516,100.00</u>	<u>\$ 867,528.00</u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

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

Public Employees Retirement System (PERS) (Continued)

The \$400,044.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30</u>	<u>Amount</u>
2016	(\$78,965.71)
2017	(\$78,965.71)
2018	(\$78,965.71)
2019	\$50,059.34
Thereafter	\$22,026.11

Additional Information

Collective balances at June 30, 2014 and 2013 are as follows

	<u>12/31/2014</u>	<u>12/31/2013</u>
Collective deferred outflows of resources	\$1,452,705,538	Not Available
Collective deferred inflows of resources	2,146,719,012	Not Available
Collective net pension liability	38,849,838,953	38,410,610,030
District's Proportion	0.0462549334%	0.0450460784%

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which rolled forward to June 30, 2014. The total pension liability for the July 1, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.01 Percent
Salary Increases	
2012-2021	2.15-4.40 Percent (based on age)
Thereafter	3.15-5.40 Percent (based on age)
Investment Rate of Return	7.90 Percent

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Mortality Rates

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Long-Term Rate of Return

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 Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bond	1.00%	2.49%
Intermediate Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Markets	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Returns	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
	<u>100.00%</u>	

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. 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 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2014 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2014		
	1% Decrease <u>4.39%</u>	At Current Discount Rate <u>5.39%</u>	1% Increase <u>6.39%</u>
District's proportionate share of the pension liability	10,894,812.00	8,660,189.00	6,783,674.00

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

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

Public Employees Retirement System (PERS) (Continued)

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

Teachers Pensions and Annuity Fund (TPAF)

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

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2015 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	<u>\$81,771,552</u>
	<u><u>\$81,771,552</u></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 June 30, 2013. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2014, the proportion of the TPAF net pension liability associated with the District was .1529963162%.

For the year ended June 30, 2015, the District recognized on-behalf pension expense and revenue of \$4,400,077 for contributions provided by the State.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

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

Teachers Pensions and Annuity Fund (TPAF) (continued)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.90%

Mortality rates

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements 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. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return

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 Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

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

Teachers Pensions and Annuity Fund (TPAF) (continued)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate- Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%
	<u>100.00%</u>	

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

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

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 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. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability,

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

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

NOTE 7: OTHER POST-RETIREMENT BENEFITS

For eligible retired employees, the School District participates in the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 *et seq.*, to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 7: OTHER POST-RETIREMENT BENEFITS (CONTINUED)

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

P.L. 1987, c. 384 and 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 post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2014 there were 103,432 retirees eligible for post-retirement 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 retired 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.

The State will set the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2015, 2014 and 2013 were \$1,333,399.00, \$1,061,225.00 and \$1,190,066.00, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 8: LITIGATION

The District's counsel advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the School District and which might materially affect the District's financial position, except as described below.

The District is involved in litigation regarding its school facilities construction project. The District is involved in suits and countersuits involving its general contractor and sub-contractors. Each of these various parties has alleged damages due to design, construction, delays, etc. The District's construction counsel has advised that the amount of recovery, if any which the District may receive and the amount of damages, if any for which the District may be liable, cannot presently be estimated.

NOTE 9: CONTINGENCIES

The District receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2014-2015 fiscal year were subject to the U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04 which mandates that grant revenues and expenditures be audited in conjunction with the District's annual audit if expenditures for federal or state programs exceed \$500,000.00. Findings and questioned costs, if any, relative to federal and state financial assistance programs are discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. The District's management does not believe any such audit would result in material amounts of disallowed costs.

NOTE 10: RISK MANAGEMENT

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

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 10: RISK MANAGEMENT (Continued)

New Jersey Unemployment Compensation Insurance The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's fiduciary trust fund for the current and previous two years:

<u>Year Ended</u> <u>June 30,</u>	<u>Employer</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2015	\$65.22	\$31,640.88	\$46,181.20	\$60,293.33
2014	70.76	31,179.06	39,164.09	74,768.43
2013	98.79	28,748.97	45,131.76	82,682.70

NOTE 11: COMPENSATED ABSENCES

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

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 11: COMPENSATED ABSENCES (CONTINUED)

The liability for vested compensated absences of the governmental fund types are recorded in the district - wide statement of net position. As of June 30, 2015, a liability existed for compensated absences for governmental fund-types in the district- wide Statement of Net Position of \$1,447,304.60.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2015 no liability existed for compensated absences in the proprietary funds.

For additional descriptive information see Note 1, Summary of Significant Accounting Policies.

NOTE 12: FUND BALANCE APPROPRIATED

General Fund Of the \$4,199,374.78 in General Fund Balance at June 30, 2015, \$325,124.92 has been assigned for encumbrances; \$607,693.99 has been restricted in the Capital Reserve account; \$135,000.00 has been restricted for maintenance and \$2,249,911.16 has been restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7. \$929,462.86 of the total restricted for excess surplus has been appropriated and included as anticipated revenue for the year ended June 30, 2016; \$92,650.14 has been appropriated and included as anticipated revenue for the year ended June 30, 2016; and \$788,994.57 is unassigned.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 13: CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

Calculation of Excess Surplus In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2004,c.73 (S1701), the Restricted Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2015 is \$2,249,911.16 consisting of \$929,462.86 from June 30, 2014 and \$1,320,448.30 from June 30, 2015 as calculated below:

EXCESS SURPLUS CALCULATION

Section 1- 2% Calculation of Excess Surplus

2014-15 General Fund Expenditures per the CAFR (Exhibit C-1)	37,838,876.08
Increased by:	
Transfer from Capital Reserve to Capital Projects Fund	699,429.16
Decreased by:	
On-behalf TPAF Pension & Social Security	3,303,976.88
Adjusted 2014-15 General Fund Expenditures	<u>37,838,876.08</u>
Greater of 2% or \$250,000	704,686.57
Greater of 2% or \$250,000	
Increased by: Allowable Adjustment	<u>162,136.00</u>
Maximum Unassigned Fund Balance	<u>866,822.57</u>
Total Unassigned Fund Balance	<u>2,187,270.87</u>
<u>Section 3</u>	
Restricted Fund Balance- Excess Surplus	<u>1,320,448.30</u>

Based on the above calculation as of June 30, 2015, \$929,462.86 is reported as Reserved Fund Balance-Excess Surplus Designated for Subsequent Year's Expenditure and was required to be appropriated for property tax relief in the 2015-16 budget. \$1,320,448.30 is reported as Reserved Fund Balance-Excess Surplus and is required to be appropriated for property tax relief in the 2016-17 budget.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2015:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$830,493.21	
Special Revenue Fund		\$187,704.18
Capital Projects Fund		389,904.18
Debt Service Fund		41,896.70
Enterprise Funds		170,945.80
Fiduciary Funds		40,042.35
	\$830,493.21	\$830,493.21

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

NOTE 15: CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line item appropriations, or both. A 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 election dates authorized by 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.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 15: CAPITAL RESERVE ACCOUNT (CONTINUED)

The activity of the capital reserve during the year ended June 30, 2015, is as follows:

Balance, July 1, 2014	\$102,789.05
Interest Earnings	1,208.05
Deposits:	
Budgeted	500,000.00
Board Resolution dated 6/25/15	800,000.00
Cancel open balances in Capital Projects Fund	\$58,009.89
Withdrawals:	
Budgeted	<u>854,313.00</u>
Balance, June 30, 2015	<u><u>\$607,693.99</u></u>

NOTE 16: MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by the District in the amount of \$135,000.00 for the accumulation of funds for use as maintenance expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with EFCFA (N.J.S.A. 18A:7G-9). The passage of S1701 also impacts deposits into maintenance reserve. EFCFA requires that upon the district completion of school facilities project, the district must submit a plan for the maintenance of that facility. The activity of the maintenance reserve for the July 1, 2014 to June 30, 2015 year is as follows:

Balance, July 1, 2014 and June 30, 2015	<u><u>\$135,000.00</u></u>
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Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 17: INVENTORY

Inventory in the Food Service Fund at June 30, 2015 consisted of the following:

Food and Supplies	\$6,612.48
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

NOTE 18: COMMITMENTS

The District has active construction projects as of June 30, 2015 relating to the approved referendum projects, which include additions and renovations at various schools. At June 30, 2015, the District's commitments with contractors amounted to \$580,722.27, which is reported as restricted for capital projects on the balance sheet in the capital projects fund.

NOTE 19: SUBSEQUENT EVENTS

The District has evaluated material subsequent events occurring after the financial statement date through December 3, 2015 which is the date the financial statements were available to be issued. The District has determined that there are no material subsequent events needed to be disclosed.

NOTE 20: RESTATEMENT

As stated in Note 6 in FY2015 the District implemented GASB 68. As a result the District's Net Position at June 30, 2014 was restated as follows:

	Governmental <u>Activities</u>
Beginning Net Position 06/30/14	\$ 30,649,848.77
Adjustments:	
Recognition of Net Pension Liability	<u>(8,609,201.00)</u>
Beginning Net Position 06/30/14 (As restated)	\$ <u>22,040,647.77</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2015

	ADOPTED BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES					
Local sources:					
Local tax levy	\$ 28,969,733.00	\$	\$ 28,969,733.00	\$ 28,969,733.00	\$
Tuition	4,426,400.00		4,426,400.00	4,908,964.57	482,564.57
Transportation fees from individuals	100,000.00		100,000.00	89,888.00	(10,112.00)
Interest earned on capital reserve	100.00		100.00	1,208.05	1,108.05
Unrestricted miscellaneous revenues	11,891.00		11,891.00	62,159.72	50,268.72
Total revenues-local sources	33,508,124.00		33,508,124.00	34,031,953.34	523,829.34
State sources:					
Transportation aid	144,370.00		144,370.00	144,370.00	
Special education aid	569,277.00		569,277.00	569,277.00	
Security aid	128,722.00		128,722.00	128,722.00	
Extraordinary aid	282,387.00		282,387.00	394,127.00	111,740.00
Nonpublic school transportation costs				50,396.00	50,396.00
Other state aid	34,741.00		34,741.00	34,741.00	
Reimbursed TPAF social security contributions (non-budgeted)				1,130,641.88	1,130,641.88
On-behalf TPAF post retirement (non-budgeted)				1,333,399.00	1,333,399.00
On-behalf TPAF non-contributory insurance (non-budgeted)				56,374.00	56,374.00
On-behalf TPAF post retirement medical (non-budgeted)				783,562.00	783,562.00
Total - state sources	1,159,497.00		1,159,497.00	4,625,609.88	3,466,112.88
Total revenues	34,667,621.00		34,667,621.00	38,657,563.22	3,989,942.22
EXPENDITURES					
CURRENT EXPENSE:					
Instruction - regular programs:					
Salaries of teachers:					
Kindergarten	575,590.00	22,500.45	598,090.45	585,887.64	12,202.81
Grades 1-5	2,884,364.00	(407,069.10)	2,477,294.90	2,338,013.37	139,281.53
Grades 6-8	2,692,838.00	144,395.13	2,837,233.13	2,804,503.45	32,729.68
Grades 9-12	4,727,746.00	185,064.11	4,912,810.11	4,904,332.59	8,477.52
Regular programs - home instruction:					
Salaries of teachers	32,455.00	55,736.70	88,191.70	88,191.70	
Purchased professional educational services	3,000.00	1,300.00	4,300.00	4,235.48	64.52

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2015

	ADOPTED BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Regular programs - undistributed instruction:					
Other salaries for instruction	\$ 87,827.00	\$ (26,000.00)	\$ 61,827.00	\$ 60,465.14	\$ 1,361.86
Purchased technical services	5,000.00	(1,600.00)	3,400.00		3,400.00
Other purchased services (400-500 series)	137,525.00	5,300.00	142,825.00	119,668.85	23,156.15
General supplies	541,275.00	239,723.00	799,199.17	770,474.82	28,714.35
Textbooks	150,295.00	(8,844.00)	141,451.00	126,000.86	15,450.14
Other objects	44,925.00	(4,530.00)	40,395.00	34,516.69	5,878.31
Total regular programs	11,882,840.00	205,976.29	12,107,007.46	11,836,290.59	270,716.87
Special education - instruction:					
Special education - multiple disabilities:					
Salaries of teachers	215,057.00	(122,905.25)	92,151.75	92,136.00	15.75
Other salaries for instruction	39,002.00	871.19	39,873.19	39,873.19	
General supplies	3,000.00	2,246.00	5,246.00	4,873.97	372.03
Total multiple disabilities	257,059.00	(119,788.06)	137,270.94	136,883.16	387.78
Resource room/resource center:					
Salaries of teachers	1,290,754.00	(40,539.63)	1,250,214.37	1,178,006.25	72,208.12
Other salaries for instruction	273,276.00	261,558.56	534,834.56	516,507.92	18,326.64
Purchased professional-education services		23,065.00	23,065.00	23,023.72	41.28
General supplies	16,200.00	5,511.00	21,711.00	21,570.74	140.26
Total resource room/resource center	1,580,230.00	249,594.93	1,829,824.93	1,739,108.63	90,716.30
Preschool disabilities - part time:					
Salaries of teachers	41,413.00	35,281.28	76,694.28	76,694.28	
Other salaries for instruction	42,429.00	(1,876.13)	40,552.87	33,211.14	7,341.73
General supplies	3,000.00	(1,050.00)	1,950.00	1,949.65	0.35
Total preschool disabilities - part time	86,842.00	32,355.15	119,197.15	111,855.07	7,342.08
Preschool disabilities - full time:					
Salaries of teachers	31,680.00	25,655.00	57,335.00	57,335.00	
Other salaries for instruction	11,048.00	19,355.61	30,403.61	30,338.27	65.34
Purchased professional-education services	2,500.00		2,500.00		2,500.00
General supplies	2,500.00	(229.00)	2,271.00	2,270.75	0.25
Total preschool disabilities - full time	47,728.00	44,781.61	92,509.61	89,944.02	2,565.59
Special education instruction - home instruction:					
Salaries of teachers	19,487.00	(8,171.80)	11,315.20	8,733.51	2,581.69
Purchased professional-education services	30,000.00	2,539.00	32,539.00	32,534.77	4.23
General supplies	100.00		100.00		100.00
Total home instruction	49,587.00	(5,632.80)	43,954.20	41,268.28	2,685.92
Total special education - instruction	2,021,446.00	201,310.83	2,222,756.83	2,119,059.16	103,697.67
Basic skills/remedial - instruction:					
Salaries	232,461.00	60,985.54	293,446.54	293,445.82	0.72
Total basic skills/remedial - instruction	232,461.00	60,985.54	293,446.54	293,445.82	0.72

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2015

	ADOPTED BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Bilingual education - instruction:					
Salaries of teachers	\$ 179,862.00	\$ (4,711.50)	\$ 175,150.50	\$ 145,760.00	\$ 29,390.50
Total bilingual education - instruction	179,862.00	(4,711.50)	175,150.50	145,760.00	29,390.50
School sponsored cocurricular activities - instruction:					
Salaries	272,151.00	29,027.65	301,178.65	279,439.27	21,739.38
Other purchased services (400-500 series)	13,650.00		13,650.00	12,634.00	1,016.00
Supplies and materials	31,800.00	1,750.00	33,550.00	18,158.19	15,391.81
Other objects	13,400.00	(1,750.00)	11,650.00	8,744.97	2,905.03
Total school sponsored cocurricular activities - instruction	331,001.00	29,027.65	360,028.65	318,976.43	41,052.22
School sponsored athletics - instruction:					
Salaries	581,443.00	(9,370.68)	572,072.32	522,084.93	49,987.39
Purchased services (300-500 series)	166,970.00	2,268.00	169,738.00	167,095.80	2,642.20
Supplies and materials	105,264.00	4,522.00	109,786.00	78,706.56	31,079.44
Other objects	4,985.00	(1,114.00)	3,871.00	3,727.64	143.36
Total school sponsored athletics - instruction	858,662.00	(3,694.68)	855,467.32	771,614.93	83,852.39
Total instruction	15,506,272.00	488,894.13	16,013,857.30	15,485,146.93	528,710.37
Undistributed :					
Tuition to other LEAs within the state - regular	838,952.00	(179,801.00)	659,151.00	658,937.43	213.57
Tuition to other LEAs within the state - special		6,000.00	6,000.00	4,700.00	1,300.00
Tuition to county vocational school district - regular		(16,010.00)	6,790.00	1,800.00	4,990.00
Tuition to county vocational school district - special	22,800.00				
Tuition to private schools for the disabled within state	634,201.00	116,341.00	750,542.00	735,467.42	15,074.58
Tuition private school disabled and other LEA outside state	38,409.00	(34,450.00)	3,959.00		3,959.00
Tuition - state facility	30,000.00	(24,240.00)	5,760.00		5,760.00
Total undistributed expenditures - instruction	1,564,362.00	(132,160.00)	1,432,202.00	1,400,904.85	31,297.15
Undistributed expenditures - attendance and social work services:					
Salaries	4,487.00		4,487.00	4,299.00	188.00
Total undistributed expend. - attendance and social work services	4,487.00		4,487.00	4,299.00	188.00
Undistributed expenditures - health services:					
Salaries	345,610.00	2,109.61	347,719.61	344,420.59	3,299.02
Purchased professional and technical services	18,000.00	1,247.00	19,247.00	19,246.86	0.14
Supplies and materials	8,360.00	1,600.00	9,960.00	9,310.48	649.52
Total undistributed expenditures - health services	371,970.00	4,956.61	376,926.61	372,977.93	3,948.68

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2015

	ADOPTED BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Undistributed expenditures - speech, OT, PT and related services					
Salaries	\$ 316,651.00	\$ 53,017.29	\$ 369,668.29	\$ 364,633.77	\$ 5,034.52
Purchased professional - educational services	302,189.00	(42,367.00)	259,822.00	247,092.66	12,729.34
Total undistributed expenditures - speech, OT, PT and related services	618,840.00	10,650.29	629,490.29	611,726.43	17,763.86
Undistributed expenditures - other support services - Students - extraordinary services:					
Salaries	65,469.00	(37,127.55)	28,341.45	28,341.45	
Other salaries for instruction	590,041.00	(287,638.44)	302,402.56	286,381.54	16,021.02
Purchased professional - educational services	164,116.00	(2,500.00)	161,616.00	122,441.43	39,174.57
Total undistributed expenditures - other support services - students - extraordinary services	819,626.00	(327,265.99)	492,360.01	437,164.42	55,195.59
Undistributed expenditures - guidance					
Salaries of other professional staff	804,629.00	(361.81)	804,267.19	804,162.06	105.13
Salaries of secretarial and clerical assistants	95,470.00	4,533.14	100,003.14	98,891.08	1,112.06
Purchased professional - educational services	22,000.00	3,900.00	25,900.00	24,346.30	1,553.70
Supplies and materials	21,950.00	(11,095.00)	10,855.00	10,564.84	290.16
Other objects	3,500.00	7,429.00	10,929.00	7,031.26	3,897.74
Total undistributed expenditures - guidance	947,549.00	4,405.33	951,954.33	944,995.54	6,958.79
Undistributed expenditures - child study teams					
Salaries of other professional staff	477,578.00	79,652.59	557,230.59	549,480.15	7,750.44
Salaries of secretarial and clerical assistants	114,426.00	(4,327.03)	110,098.97	110,098.09	0.88
Other purchased professional and technical services	36,000.00	28,041.00	64,041.00	63,273.87	767.13
Misc. purchased services (400-500 series other than resid. cost)	5,655.00	(3,325.00)	2,330.00	1,654.70	675.30
Supplies and materials	11,500.00	957.00	12,457.00	12,386.43	70.57
Other objects	11,000.00	(1,800.00)	9,200.00	(1,487.94)	10,687.94
Total undistributed expenditures - child study teams	656,159.00	99,198.56	755,357.56	735,405.30	19,952.26

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2015

	ADOPTED BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Undistributed expenditures - improvement of instruction:					
Salaries of supervisors of instruction	\$ 482,835.00	\$ (77,624.86)	\$ 405,210.14	\$ 405,209.60	\$ 0.54
Salaries of other professional staff	35,000.00		35,000.00	14,585.16	20,414.84
Other purchased services (400-500 series)	50,000.00	(5,000.00)	45,000.00	33,501.27	11,498.73
Supplies and materials	1,600.00		1,600.00	1,500.25	99.75
Other objects	15,000.00	5,000.00	20,000.00	14,033.33	5,966.67
Total undistributed expenditures - improvement of instruction	584,435.00	(77,624.86)	506,810.14	468,829.61	37,980.53
Undistributed expenditures - educational media services/ school library:					
Salaries	232,129.00	162,348.73	394,477.73	391,539.20	2,938.53
Salaries of Technology Coordinators	304,487.00	(304,487.00)			
Other purchased services (400-500 series)	31,706.00	(1,700.00)	30,006.00	27,407.40	2,598.60
Supplies and materials	80,620.00	(4,300.00)	78,059.05	73,249.53	4,809.52
Total educational media services/school library	648,942.00	(148,138.27)	502,542.78	492,196.13	10,346.65
Instructional staff training services:					
Salaries of supervisors of instruction	68,850.00	16,138.00	84,988.00	83,537.19	1,450.81
Purchased professional-educational services	46,000.00	(12,780.00)	38,220.00	38,050.19	169.81
Other purchased services (400-500 series)	37,350.00	2,171.00	43,270.00	33,638.67	9,631.33
Supplies and materials	1,075.00	(400.00)	675.00	178.93	496.07
Total instructional staff training services	153,275.00	5,129.00	167,153.00	155,404.98	11,748.02
Support services general administration:					
Salaries	306,662.00	3,960.02	310,622.02	300,622.08	9,999.94
Legal services	89,100.00	21,000.00	110,100.00	104,637.83	5,462.17
Audit fees	18,000.00	600.00	37,135.00	18,535.00	18,600.00
Other purchased professional services	22,500.00	(1,000.00)	21,500.00	13,043.90	8,456.10
Cleaning, repair and maintenance services					
Communications/telephone	65,820.00	(6,801.00)	59,019.00	58,642.87	376.13
BOE other purchased services	4,000.00		4,000.00	2,707.81	1,292.19
Other purchased services (400-500 series)	52,545.00	19,100.00	71,645.00	67,983.02	3,661.98
General supplies	13,500.00	(6,500.00)	7,315.59	5,204.55	2,111.04
BOE in-house training/meeting supplies	8,000.00		8,000.00	5,474.31	2,525.69
Miscellaneous expenditures	26,196.00	(569.00)	51,703.39	35,935.80	15,767.59
BOE membership dues and fees	18,000.00		18,000.00	15,628.45	2,371.55
Total support services general administration	624,323.00	29,790.02	699,040.00	628,415.62	70,624.38

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2015

	ADOPTED BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Support services school administration:					
Salaries of principals/assistant principals	\$ 1,008,891.00	\$ (52,852.69)	\$ 956,038.31	\$ 956,037.85	\$ 0.46
Salaries of secretarial and clerical assistants	397,340.00	293.33	397,633.33	397,629.51	3.82
Supplies and materials	34,140.00	(1,140.00)	34,218.83	32,297.93	1,920.90
Other objects	41,000.00	(1,959.00)	39,791.00	33,909.36	5,881.64
Total support services school administration	1,481,371.00	(55,658.36)	1,427,681.47	1,419,874.65	7,806.82
Central services:					
Salaries	422,824.00	1,762.29	424,586.29	424,586.29	
Purchased technical services	59,000.00	(8,500.00)	56,500.00	52,848.16	3,651.84
Miscellaneous purchased services (400-500 series)	1,500.00		1,500.00	36.25	1,463.75
Supplies and materials	8,000.00	5,820.00	13,820.00	13,142.34	677.66
Miscellaneous expenditures	6,375.00	180.00	6,555.00	5,484.45	1,070.55
Total central services	497,699.00	(737.71)	502,961.29	496,097.49	6,863.80
Administration information technology:					
Salaries	104,276.00	128,105.21	232,381.21	232,208.33	172.88
Other purchased services (400-500 series)	1,000.00	500.00	1,500.00		1,500.00
Supplies and materials	1,400.00		1,491.30	1,274.08	217.22
Other objects	5,000.00	(500.00)	4,500.00	3,923.00	577.00
Total administration information technology	111,676.00	128,105.21	239,872.51	237,405.41	2,467.10
Increase in maintenance reserve					
Required maintenance for school facilities:					
Salaries	515,369.00	(33,597.34)	481,771.66	458,064.74	23,706.92
Cleaning, repair and maintenance services	249,180.00	59,857.05	348,992.00	297,750.38	51,241.62
General supplies	51,000.00	4,991.00	56,560.43	53,795.65	2,764.78
Other objects	7,005.00	(5,255.00)	1,750.00	864.50	885.50
Total required maintenance for school facilities	822,554.00	25,995.71	889,074.09	810,475.27	78,598.82

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2015

	ADOPTED BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Custodial Services					
Salaries	\$ 862,377.00	\$ (31,378.78)	\$ 830,998.22	\$ 812,174.23	\$ 18,823.99
Purchased professional and technical services	23,660.00	(7,400.00)	16,260.00	9,748.00	6,512.00
Cleaning, repair, and maintenance services	67,033.00	13,217.00	80,250.00	78,063.12	2,186.88
Other purchased property services	344,653.00	(290,421.00)	54,232.00	35,760.23	18,471.77
Insurance	169,809.00	(8,600.00)	161,209.00	156,521.83	4,687.17
General supplies	91,450.00	(8,879.00)	84,471.00	82,189.16	2,281.84
Energy (natural gas)	218,000.00	9,780.00	227,780.00	194,557.49	33,222.51
Energy (electricity)	571,897.00	62,450.00	634,347.00	607,497.36	26,849.64
Other objects	2,000.00	(1,000.00)	1,000.00	480.00	520.00
Total custodial services	2,350,879.00	(262,231.78)	2,090,547.22	1,976,991.42	113,555.80
Care and upkeep of grounds					
Salaries		51,500.00	51,500.00	44,637.60	6,862.40
Grounds purchasing services	28,000.00	15,161.00	43,161.00	43,160.16	0.84
General supplies	12,000.00	4,722.00	16,722.00	16,721.11	0.89
Total care and upkeep of grounds	40,000.00	71,383.00	111,383.00	104,518.87	6,864.13
Security					
Security salary	52,955.00		52,955.00	52,777.00	178.00
Security systems	10,600.00	3,000.00	13,600.00	13,520.62	79.38
Total security	63,555.00	3,000.00	66,555.00	66,297.62	257.38
Student transportation services:					
Salaries for noninstructional aides	29,887.00	(3,039.50)	26,847.50	26,846.16	1.34
Salaries for pupil transportation (bet. home and school)-reg	62,666.00	5,354.38	68,020.38	68,020.38	
Salaries for pupil transportation (bet. home and school)-sp. Ed.	171,806.00	26,518.91	198,324.91	198,324.91	
Management fee - ESC and CTSA transportation programs	24,000.00	6,227.00	30,227.00	26,393.50	3,833.50
Other purchased professional and technical services	1,000.00		1,000.00	116.25	883.75
Cleaning, repair, and maintenance services	15,000.00	15,237.00	30,237.00	29,818.42	418.58
Lease purchase payments- school buses	32,176.00		32,176.00	32,039.19	136.81
Contracted services (between home and school) - vendors	902,194.00	(43,896.00)	858,298.00	834,852.94	23,445.06
Contracted services (other than between home and school) - vendors	1,000.00	(1,000.00)			
Contracted services (sp. ed. stds.) - joint agreements	443,350.00	68,640.00	511,990.00	449,593.11	62,396.89
Contracted services - aid in lieu of payments - nonpublic	302,712.00	(16,540.00)	286,172.00	277,785.32	8,386.68
Miscellaneous purchased services - transportation	6,000.00		6,000.00	5,981.40	18.60
Supplies and materials	30,500.00		30,500.00	26,969.27	3,530.73
Other objects	1,500.00	(227.00)	1,273.00	450.00	823.00
Total student transportation services	2,023,791.00	57,274.79	2,081,065.79	1,977,190.85	103,874.94
Unallocated benefits - employee benefits:					
Social security contributions	507,780.00	(24,000.00)	483,780.00	477,372.27	6,407.73
Other retirement contributions - PERS	429,420.00	(48,101.00)	381,319.00	381,319.00	
Other retirement contributions - DCRP	16,567.00	11,500.00	28,067.00	26,058.78	2,008.22
Workers' compensation	187,760.00	(20,964.00)	166,796.00	166,759.42	36.58
Health benefits	3,888,400.00	107,492.78	3,995,892.78	3,934,449.05	61,443.73
Tuition reimbursement	175,000.00	(90,817.75)	84,182.25	84,139.20	43.05
Other employee benefits	114,000.00	116,558.34	230,558.34	219,234.02	11,324.32
Total unallocated benefits - employee benefits	5,318,927.00	51,668.37	5,370,595.37	5,289,331.74	81,263.63

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2015

	ADOPTED BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Reimbursed TPAF social security contributions (non-budgeted)	\$	\$	\$	\$ 1,130,641.88	\$ (1,130,641.88)
On-behalf TPAF post retirement (non-budgeted)				1,333,399.00	(1,333,399.00)
On-behalf TPAF non-contributory insurance (non-budgeted)				56,374.00	(56,374.00)
On-behalf TPAF post retirement medical (non-budgeted)				783,562.00	(783,562.00)
Total on-behalf TPAF contributions				3,303,976.88	(3,303,976.88)
Total undistributed expenditures	19,704,420.00	(512,260.08)	19,298,059.46	21,934,480.01	(2,636,420.55)
Total expenditures - current expense	35,210,692.00	(23,365.95)	35,311,916.76	37,419,626.94	(2,107,710.18)
CAPITAL OUTLAY:					
Interest Deposit to Capital Reserve	100.00		100.00		100.00
Increase in deposit to capital reserve	854,313.00		854,313.00		854,313.00
Equipment:					
Regular programs - instruction:					
Grades 1-5	86,833.00		86,833.00		86,833.00
Grades 6-8	88,433.00	3,311.00	91,744.00	5,310.40	86,433.60
Grades 9-12	66,000.00	1,500.00	67,500.00	4,126.33	63,373.67
School-Sponsored	10,000.00	2,000.00	12,000.00	11,894.00	106.00
Undistributed expenditures:					
General administration	10,000.00	10,121.00	20,121.00	20,120.39	0.61
School administration		22,000.00	22,000.00	21,951.99	48.01
Operation and maintenance of plant	6,051.00	18,379.00	28,080.00	28,080.00	
Total equipment	267,317.00	57,311.00	328,278.00	91,483.11	236,794.89
Facilities acquisition and construction services:					
Other purchased professional and technical services	59,050.00		59,050.00		59,050.00
Construction services	550,000.00	(33,945.05)	525,846.95	237,920.03	287,926.92
Debt Service	89,846.00		89,846.00	89,846.00	
Capital reserve-transfer to capital projects	500,000.00		500,000.00		500,000.00
Total facilities acquisition and construction services	1,198,896.00	(33,945.05)	1,174,742.95	327,766.03	846,976.92
TOTAL CAPITAL OUTLAY	2,320,626.00	23,365.95	2,357,433.95	419,249.14	1,938,184.81
TOTAL EXPENDITURES	37,531,318.00	0.00	37,669,350.71	37,838,876.08	(169,525.37)

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2015

	ADOPTED BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Excess (deficiency) of revenues over (under) expenditures	\$ (2,863,697.00)	\$ (0.00)	\$ (3,001,729.71)	\$ 818,687.14	\$ 3,820,416.85
Other financing sources (uses):					
Capital reserve - transfer to capital projects				(757,439.05)	757,439.05
Transfers in - capital projects to capital reserve				58,009.89	(58,009.89)
Total other financing sources (uses)				(699,429.16)	699,429.16
Excess (deficiency) of revenues and Other financing sources over (under) Expenditures and other financing (uses)	(2,863,697.00)	(0.00)	(3,001,729.71)	119,257.98	4,519,846.01
Fund Balances, July 1, 2014	4,157,944.80		4,157,944.80	4,157,944.80	
Fund Balances, June 30, 2015	\$ 1,294,247.80	\$ (0.00)	\$ 1,156,215.09	\$ 4,277,202.78	\$ 4,519,846.01
Recapitulation:					
Restricted:					
Excess surplus - designated for subsequent year's expenditures				\$ 929,462.86	
Excess surplus				1,320,448.30	
Maintenance reserve				135,000.00	
Capital reserve				607,693.99	
Assigned:					
Encumbrances				325,124.92	
Assigned Fund Balances Unreserved- Designated for subsequent year's expenditures				92,650.14	
Unassigned fund balance				866,822.57	
				4,277,202.78	
Reconciliation to governmental funds statements (GAAP):					
Deferred state aid payments not recognized on GAAP basis				(77,828.00)	
Fund balance per governmental funds (GAAP)				\$ 4,199,374.78	

SOMERSET HILLS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
State sources	\$	\$ 242,714.21	\$ 242,714.21	\$ 197,797.00	\$ (44,917.21)
Federal sources	19,705.00	547,687.00	567,392.00	531,490.45	(35,901.55)
Other sources	13,007.98	137,643.48	150,651.46	124,739.30	(25,912.16)
Total revenues	<u>32,712.98</u>	<u>928,044.69</u>	<u>960,757.67</u>	<u>854,026.75</u>	<u>(106,730.92)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers		67,397.50	67,397.50	53,192.10	14,205.40
Purchased professional - Educational Services		190,982.68	190,982.68	147,987.00	42,995.68
Tuition		377,194.00	377,194.00	377,194.00	
General Supplies	13,007.98	155,943.66	168,951.64	160,297.94	8,653.70
Total instruction	<u>13,007.98</u>	<u>791,517.84</u>	<u>804,525.82</u>	<u>738,671.04</u>	<u>65,854.78</u>
Support services:					
Employee benefits		13,000.00	13,000.00	13,000.00	
Purchased professional - Educational Services	19,705.00	92,982.00	112,687.00	74,504.71	38,182.29
Other purchased services		1,775.00	1,775.00		1,775.00
Supplies & Materials		18,324.85	18,324.85	17,406.00	918.85
Total support services	<u>19,705.00</u>	<u>126,081.85</u>	<u>145,786.85</u>	<u>104,910.71</u>	<u>40,876.14</u>
Facilities acquisition and construction services:					
Construction services		10,445.00	10,445.00	10,445.00	
Total facilities acquisition and construction serv.		<u>10,445.00</u>	<u>10,445.00</u>	<u>10,445.00</u>	
Total expenditures	<u>\$ 32,712.98</u>	<u>\$ 928,044.69</u>	<u>\$ 960,757.67</u>	<u>\$ 854,026.75</u>	<u>\$ 106,730.92</u>

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO RSJ
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Note A - Explanation of difference between budgetary inflows and outflows and GAAP Revenues and Expenditures

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 38,657,563.22	\$ 854,026.75
Difference - budget to GAAP:		
The deferred State aid payments are recognized as revenue for budgetary purposes and differs from GAAP which does not recognize the revenue until the subsequent year when the State recognizes the related expense (GASB 33).	(77,828.00)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	74,377.00	
Adjust for encumbrances:		
Add prior year encumbrances		7,441.95
Less prior year encumbrances canceled		(7,441.95)
Less current year encumbrances		
 Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	 <u>\$ 38,654,112.22</u>	 <u>\$ 854,026.75</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 37,838,876.08	\$ 854,026.75
Difference - budget to GAAP:		
Adjust for encumbrances:		
Add prior year encumbrances		7,441.95
Less prior year encumbrances canceled		(7,441.95)
Less current year encumbrances		
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	 <u>\$ 37,838,876.08</u>	 <u>\$ 854,026.75</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

Somerset Hills School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees Retirement System
Last Ten Years

Fiscal Year Ending <u>June 30.</u>	District's Proportion Share of the Net Pension <u>Liability (Asset)</u>	District's Proportionate Share of the Net Pension <u>Liability (Asset)</u>	District's Covered-Employee <u>Payroll</u>	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered- <u>Employee Payroll</u>	Plan Fiduciary Net Position as a percentage of the total <u>Pension Liability</u>
2014	0.0450460784%	\$ 8,609,201	\$ 3,189,349.00	269.94%	40.71%
2015	0.0462549334%	8,660,189	3,138,013.00	275.98%	42.74%

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

Somerset Hills School District
Schedule of the District's Contributions
Public Employees Retirement System
Last Ten Years

Fiscal Year Ending <u>June 30,</u>	Contractually Required <u>Contribution</u>	Contributions in Relation to the Contractually Required <u>Contributions</u>	Contribution Deficiency <u>(Excess)</u>	District's Covered- Employee <u>Payroll</u>	Contributions as a Percentage of Covered- Employee <u>Payroll</u>
2014	\$ 339,413	\$ 339,413	\$ -0-	\$ 3,189,349.00	10.64%
2015	381,319	381,319	-0-	3,138,013.00	12.15%

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

Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers Pension and Annuity Fund
Last Ten Years

Fiscal Year Ending <u>June 30,</u>	District's Proportion Share of the Net Pension <u>Liability (Asset)</u>	District's Proportionate Share of the Net Pension <u>Liability (Asset)</u>	District's Covered-Employee <u>Payroll</u>	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered- <u>Employee Payroll</u>	Plan Fiduciary Net Position as a percentage of the total <u>Pension Liability</u>
2014	0.1628803006%	\$ -0-	\$ 15,488,199.00	-0-	33.76%
2015	0.1529963162%	-0-	15,152,689.00	-0-	33.64%

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

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)
NOTE TO RSI III
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms:

None

Change in assumptions:

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (4.63%) to the current measurement date (4.29%), resulting in a change in the discount rate from 5.55% to 5.39%. This change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms:

None

Change in assumptions:

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (4.63%) to the current measurement date (4.29%), resulting in a change in the discount rate from 4.95% to 4.68%. This change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 68.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

SOMERSET HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	IDEA PART B BASIC	TITLE I	TITLE III	TITLE IIA	IDEA PART B PSH	BES GARDEN
REVENUES						
State sources						
Federal sources	\$ 408,033.71	\$ 68,344.80	\$ 11,446.94	\$ 23,960.00	\$ 19,705.00	
Other sources						\$ 743.56
Total revenues	\$ 408,033.71	\$ 68,344.80	\$ 11,446.94	\$ 23,960.00	\$ 19,705.00	743.56
EXPENDITURES:						
Instruction:						
Salaries of teachers		\$ 50,000.00			\$	
Purchased professional - educational services						
Tuition	\$ 377,194.00					
General supplies		5,344.80	11,446.94			743.56
Total instruction	377,194.00	55,344.80	11,446.94			743.56
Support services:						
Employee Benefits		13,000.00				
Purchased professional - educational services	30,839.71			23,960.00	19,705.00	
Supplies and materials						
Total support services	30,839.71	13,000.00		23,960.00	19,705.00	
Facilities acquisition and construction serv:						
Non Instructional Equipment						
Total facilities acquisition and construction serv.						
Total expenditures	\$ 408,033.71	\$ 68,344.80	\$ 11,446.94	\$ 23,960.00	\$ 19,705.00	743.56

SOMERSET HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	SC UTD WAY <u>BHS SERVICE</u>	BHS CRIMSON	SHEP	PARENT <u>FUNDED SPORTS</u>	MUNICIPAL <u>ALLIANCE</u>	<u>NJSBAIG GRANT</u>
REVENUES:						
State sources						
Federal sources						
Other sources	\$ 55.51	\$ 391.50	\$ 81,836.96	\$ 24.47	\$ 18,101.01	\$ 10,445.00
Total revenues	<u>\$ 55.51</u>	<u>\$ 391.50</u>	<u>\$ 81,836.96</u>	<u>\$ 24.47</u>	<u>\$ 18,101.01</u>	<u>\$ 10,445.00</u>
EXPENDITURES:						
Instruction:						
Salaries of teachers	\$	\$	\$		\$ 3,192.10	\$
Purchased professional - educational services						
Tuition						
General supplies	55.51	391.50	81,836.96	24.47	14,908.91	
Total instruction	<u>55.51</u>	<u>391.50</u>	<u>81,836.96</u>	<u>24.47</u>	<u>18,101.01</u>	
Support services:						
Employee benefits						
Purchased professional - educational services						
Supplies and materials						
Total support services						
Facilities acquisition and construction serv:						
Non Instructional Equipment						
Construction Services						10,445.00
Total facilities acquisition and construction serv.						<u>10,445.00</u>
Total expenditures	<u>\$ 55.51</u>	<u>\$ 391.50</u>	<u>\$ 81,836.96</u>	<u>\$ 24.47</u>	<u>\$ 18,101.01</u>	<u>\$ 10,445.00</u>

SOMERSET HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>HOME AND SCHOOL</u>	<u>GOTR DONATIONS</u>	<u>LOWES</u>	<u>SOMERSET GARDEN CLUB</u>	<u>NON-PUBLIC TEXTBOOKS</u>	<u>NON-PUBLIC EXAM CLASS</u>
REVENUES						
State sources					\$ 32,404.00	\$ 39,086.00
Federal sources						
Other sources	\$ 10,328.05	\$ 1,425.24	\$ 388.00	\$ 1,000.00		
Total revenues	<u>\$ 10,328.05</u>	<u>\$ 1,425.24</u>	<u>\$ 388.00</u>	<u>\$ 1,000.00</u>	<u>\$ 32,404.00</u>	<u>\$ 39,086.00</u>
EXPENDITURES:						
Instruction:						
Salaries of teachers						\$ 39,086.00
Purchased professional - educational services						
Tuition						
General supplies	\$ 10,328.05	\$ 1,425.24	\$ 388.00	\$ 1,000.00	\$ 32,404.00	
Total instruction	<u>10,328.05</u>	<u>1,425.24</u>	<u>388.00</u>	<u>1,000.00</u>	<u>32,404.00</u>	<u>39,086.00</u>
Support services:						
Employee benefits						
Purchased professional - educational services						
Supplies and materials						
Total support services						
Facilities acquisition and construction serv:						
Non Instructional Equipment						
Total facilities acquisition and construction serv						
Total Expenditures	<u>\$ 10,328.05</u>	<u>\$ 1,425.24</u>	<u>\$ 388.00</u>	<u>\$ 1,000.00</u>	<u>\$ 32,404.00</u>	<u>\$ 39,086.00</u>

SOMERSET HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	NON-PUBLIC COMP. ED.	NON-PUBLIC SUPPLEMENTAL INSTRUCTION	NON-PUBLIC CORRECTIVE SPEECH	NON-PUBLIC NURSING SERVICES	NON-PUBLIC TECHNOLOGY	TOTAL
REVENUES:						
State sources	\$ 4,989.00	\$ 21,344.00	\$ 30,923.00	\$ 51,645.00	\$ 17,406.00	\$ 197,797.00
Federal sources						531,490.45
Other sources						124,739.30
Total revenues	\$ 4,989.00	\$ 21,344.00	\$ 30,923.00	\$ 51,645.00	\$ 17,406.00	854,026.75
EXPENDITURES:						
Instruction:						
Salaries of teachers						\$ 53,192.10
Purchased professional - educational services	\$ 4,989.00	\$ 21,344.00	\$ 30,923.00	\$ 51,645.00		147,987.00
Tuition						377,194.00
General supplies						160,297.94
Total instruction	4,989.00	21,344.00	30,923.00	51,645.00		738,671.04
Support services:						
Employee benefits						13,000.00
Purchased professional - educational services						74,504.71
Supplies and materials					\$ 17,406.00	17,406.00
Total support services					17,406.00	104,910.71
Facilities acquisition and construction serv:						
Non Instructional Equipment						10,445.00
Total facilities acquisition and construction serv.						10,445.00
Total expenditures	\$ 4,989.00	\$ 21,344.00	\$ 30,923.00	\$ 51,645.00	\$ 17,406.00	854,026.75

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
AS OF JUNE 30, 2015

<u>ISSUE/PROJECT TITLE</u>	<u>APPROPRIATIONS</u>	<u>EXPENDITURES TO DATE</u>		<u>UNEXPENDED PROJECT BALANCE</u>
		<u>PRIOR YEAR</u>	<u>CURRENT YEAR</u>	
Improvements to Bernards High School	\$ 44,897,662.51	\$ 44,897,661.89	\$ 0.62	\$
Bernards High School Gym Floor	216,500.00	215,310.62	1,189.38	
Improvements to Bernards High School Walls	125,675.15	119,982.74	5,692.41	
Middle School Ramp	41,620.00	41,619.81	0.19	
Orchestra Pit	9,200.00	8,830.00	370.00	
Prefabricated Storage Building at High School	74,650.00	15,637.17	59,012.83	
Air Conditioning in Elementary and Middle School	171,968.70	87,371.55	84,597.15	
Improvements to lower field	420,000.00	100,471.27	319,528.73	
Middle School Door Replacement	31,920.00	4,350.00	27,570.00	
Bedwell Elementary Vestibule	78,460.00		78,460.00	
Improvements to Auditorium	971,310.00		393,446.73	577,863.27
Bernards High School Scoreboard	11,100.00		7,600.00	3,500.00
Totals	<u>\$ 47,050,066.36</u>	<u>\$ 45,491,235.05</u>	<u>\$ 977,468.04</u>	<u>\$ 581,363.27</u>

Reconciliation to GAAP

Unexpended project balance	\$ 581,363.27
Bonds Authorized but not issued	(641.00)
Capital Projects Fund Balance (Ex B-2,)	<u>\$ 580,722.27</u>

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>REVISED AUTHORIZED COST</u>
Revenues and Other Financing Sources:	
State Sources - SDA Grant	\$ 56,440.65
Transfer from capital reserve	<u>757,439.05</u>
Total revenues	<u>813,879.70</u>
Expenditures and Other Financing Uses:	
Purchased professional and technical services	\$ 161,659.58
Construction services	757,798.57
Transfer to Capital Reserve	<u>58,009.89</u>
Total expenditures	<u>977,468.04</u>
Excess (deficiency) of revenues over (under) expenditures	(163,588.34)
Fund balance - beginning - budgetary basis	<u>744,310.61</u>
Fund balance - ending - budgetary basis	<u><u>\$ 580,722.27</u></u>

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS
BERNARDS HIGH SCHOOL GYM FLOOR

	<u>For the Year Ended June 30,2015</u>			<u>Revised Authorized Cost</u>
	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	
Revenues and Other Financing Sources:				
Transfer from capital reserve	\$ 216,500.00	\$	\$ 216,500.00	\$ 216,500.00
Total revenues	<u>216,500.00</u>	<u></u>	<u>216,500.00</u>	<u>216,500.00</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	11,903.25		11,903.25	15,000.00
Construction services	203,407.37		203,407.37	201,500.00
Transferred to Capital Reserve		1,189.38	1,189.38	
Total expenditures	<u>215,310.62</u>	<u>1,189.38</u>	<u>216,500.00</u>	<u>216,500.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,189.38</u>	<u>\$ (1,189.38)</u>	<u>\$</u>	<u>\$</u>
Additional project information:				
Project Number				
Grant Date				
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Local Share	\$216,500.00			
Original Authorized Cost	200,000.00			
Additional Authorized Cost	16,500.00			
Revised Authorized Cost	216,500.00			
Percentage Increase Over Original				
Authorized Cost	NONE			
Percentage completion	100%			
Original target completion date	6/30/2013			
Revised target completion date	6/30/2014			

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS
IMPROVEMENTS TO BERNARDS HIGH SCHOOL

	<u>For the Year Ended June 30,2015</u>			<u>Revised Authorized Cost</u>
	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	
Revenues and Other Financing Sources:				
State Sources - SCC Grant	\$ 8,561,366.00	\$	\$ 8,561,366.00	\$ 8,561,366.00
Bond proceeds	34,535,983.00		34,535,983.00	34,535,983.00
Transfer from capital reserve	1,800,313.51		1,800,313.51	1,800,313.51
Total revenues	<u>44,897,662.51</u>		<u>44,897,662.51</u>	<u>44,897,662.51</u>
Expenditures and Other Financing Uses:				
Legal services	34,038.67		34,038.67	34,038.67
Purchased professional and technical services	3,983,588.88		3,983,588.88	3,677,895.37
Construction services	40,880,034.34		40,880,034.34	41,185,728.47
Transferred to Capital Reserve		0.62	0.62	
Total expenditures	<u>44,897,661.89</u>	<u>0.62</u>	<u>44,897,662.51</u>	<u>44,897,662.51</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>0.62</u>	\$ <u>(0.62)</u>	\$ <u></u>	\$ <u></u>
Additional project information:				
Project Number	4815-020-03-1180			
Grant Date	8/4/03			
Bond Authorization Date	9/30/03			
Bonds Authorized	\$34,538,248.00			
Bonds Issued	34,538,248.00			
SCC Amount	8,561,366.00			
Local Share	34,542,160.46			
Original Authorized Cost	43,661,757.66			
Additional Authorized Cost	1,235,904.85			
Revised Authorized Cost	44,897,662.51			
Percentage Increase Over Original Authorized Cost	N/A			
Percentage completion	99%			
Original target completion date	2009			
Revised target completion date	6/30/2013			

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS
IMPROVEMENTS TO BERNARDS HIGH SCHOOL WALLS

	<u>For the Year Ended June 30,2015</u>			Revised Authorized Cost
	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	
Revenues and Other Financing Sources:				
Transfer from capital reserve	\$ 125,675.15	\$ _____	\$ 125,675.15	\$ 125,675.15
Total revenues	<u>125,675.15</u>	<u>_____</u>	<u>125,675.15</u>	<u>125,675.15</u>
Expenditures and Other Financing Uses:				
services	23,936.74		23,936.74	24,000.00
Construction services	96,046.00		96,046.00	101,675.15
Transferred to Capital Reserve		5,692.41	5,692.41	
Total expenditures	<u>119,982.74</u>	<u>5,692.41</u>	<u>125,675.15</u>	<u>125,675.15</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,692.41</u>	<u>\$ (5,692.41)</u>	<u>\$ _____</u>	<u>\$ _____</u>
Additional project information:				
Project Number				
Grant Date				
Bond Authorization Date				
Bonds Authorized				
Bonds Issued				
SCC Amount				
Local Share	\$250,000.00			
Original Authorized Cost	250,000.00			
Additional Authorized Cost	(124,624.85)			
Revised Authorized Cost	125,375.15			
Percentage Increase Over Original Authorized Costs		N/A		
Percentage completion		100%		
Original target completion date		6/30/13		
Revised target completion date		6/30/15		

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS
PREFABRICATED STORAGE BUILDING AT HIGH SCHOOL

	<u>For the Year Ended June 30, 2015</u>			<u>Revised Authorized Cost</u>
	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	
Revenues and Other Financing Sources:				
Transfer from capital reserve	\$ 65,000.00	\$ 9,650.00	\$ 74,650.00	\$ 74,650.00
Total revenues	<u>65,000.00</u>	<u>9,650.00</u>	<u>74,650.00</u>	<u>74,650.00</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	8,553.68	1,394.00	9,947.68	11,650.00
Construction services	7,083.49	52,560.90	59,644.39	63,000.00
Supplies				
Transfer to Capital Reserve		5,057.93	5,057.93	
Total expenditures	<u>15,637.17</u>	<u>59,012.83</u>	<u>74,650.00</u>	<u>74,650.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 49,362.83</u>	<u>\$ (49,362.83)</u>	<u>\$ _____</u>	<u>\$ _____</u>
Additional project information:				
Project Number				
Grant Date				
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
SCC Amount				
Local Share	\$65,000.00			
Original Authorized Cost	65,000.00			
Additional Authorized Cost	9,650.00			
Revised Authorized Cost	74,650.00			
Percentage Increase Over Original Authorized Cost	NONE			
Percentage completion	100%			
Original target completion date	6/30/2014			
Revised target completion date	6/30/2015			

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS
AIR CONDITIONING IN ELEMENTARY AND MIDDLE SCHOOL

	<u>For the Year Ended June 30, 2015</u>			<u>Revised Authorized Cost</u>
	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$	\$ 46,340.00	\$ 46,340.00	\$ 46,340.00
Transfer from capital reserve	164,009.00	(38,380.30)	125,628.70	125,628.70
Total revenues	<u>164,009.00</u>	<u>7,959.70</u>	<u>171,968.70</u>	<u>171,968.70</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	12,028.00	2,844.40	14,872.40	24,459.70
Land and improvements				
Construction services	75,343.55	72,065.45	147,409.00	147,509.00
Transferred to Capital Reserve		9,687.30	9,687.30	
Total expenditures	<u>87,371.55</u>	<u>84,597.15</u>	<u>171,968.70</u>	<u>171,968.70</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 76,637.45</u>	<u>\$ (76,637.45)</u>	<u>\$</u>	<u>\$</u>
Additional project information:				
Project Number				
Grant Date				
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
SDA Amount	46,340.00			
Local Share	\$117,669.00			
Original Authorized Cost	164,009.00			
Additional Authorized Cost	7,959.70			
Revised Authorized Cost	171,968.70			
Percentage Increase Over Original Authorized Cost	NONE			
Percentage completion	100%			
Original target completion date	6/30/2014			
Revised target completion date	6/30/2015			

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS
MIDDLE SCHOOL RAMP

	<u>For the Year Ended June 30,2015</u>			<u>Revised Authorized Cost</u>
	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	
Revenues and Other Financing Sources:				
Transfer from capital reserve	\$ 41,620.00	\$ _____	\$ 41,620.00	\$ 41,620.00
Total revenues	<u>41,620.00</u>	<u>_____</u>	<u>41,620.00</u>	<u>41,620.00</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	11,819.81	_____	11,819.81	11,820.00
Construction services	29,800.00	_____	29,800.00	29,800.00
Transfer to Capital Reserve	_____	0.19	0.19	_____
Total expenditures	<u>41,619.81</u>	<u>0.19</u>	<u>41,620.00</u>	<u>41,620.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 0.19</u>	<u>\$ (0.19)</u>	<u>\$ _____</u>	<u>\$ _____</u>
Additional project information:				
Project Number				
Grant Date				
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
SCC Amount				
Local Share	\$41,620.00			
Original Authorized Cost	41,620.00			
Additional Authorized Cost	NONE			
Revised Authorized Cost				
Percentage Increase Over Original Authorized Cost	NONE			
Percentage completion	100%			
Original target completion date	6/30/2013			
Revised target completion date	6/30/2013			

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS
ORCHESTRA PIT

	<u>For the Year Ended June 30, 2015</u>			<u>Revised Authorized Cost</u>
	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	
Revenues and Other Financing Sources:				
Transfer from capital reserve	\$ 9,200.00	\$	\$ 9,200.00	\$ 9,200.00
Total revenues	<u>9,200.00</u>	<u></u>	<u>9,200.00</u>	<u>9,200.00</u>
Expenditures and Other Financing Uses:				
Construction services	8,830.00		8,830.00	9,200.00
Transfer to Capital Reserve		370.00	370.00	
Total expenditures	<u>8,830.00</u>	<u>370.00</u>	<u>9,200.00</u>	<u>9,200.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 370.00</u>	<u>\$ (370.00)</u>	<u>\$</u>	<u>\$</u>
Additional project information:				
Project Number				
Grant Date				
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
SCC Amount				
Local Share	\$9,200.00			
Original Authorized Cost	9,200.00			
Additional Authorized Cost	NONE			
Revised Authorized Cost				
Percentage Increase Over Original Authorized Cost				
Percentage completion	NONE			
Percentage completion	100%			
Original target completion date	6/30/2013			
Revised target completion date	6/30/2013			

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS
IMPROVEMENTS TO LOWER FIELD

	<u>For the Year Ended June 30,2015</u>			<u>Revised Authorized Cost</u>
	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	
Revenues and Other Financing Sources:				
Transfer from capital reserve	\$ 620,000.00	\$ (200,000.00)	\$ 420,000.00	\$ 420,000.00
Total revenues	<u>620,000.00</u>	<u>(200,000.00)</u>	<u>420,000.00</u>	<u>420,000.00</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	96,471.27	57,393.91	153,865.18	154,500.00
Construction services	4,000.00	238,281.17	242,281.17	265,500.00
Transfer to Capital Reserve		23,853.65	23,853.65	
Total expenditures	<u>100,471.27</u>	<u>319,528.73</u>	<u>420,000.00</u>	<u>420,000.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 519,528.73</u>	<u>\$ (519,528.73)</u>	<u>\$ _____</u>	<u>\$ _____</u>
Additional project information:				
Project Number				
Grant Date				
Bond Authorization Date		N/A		
Bonds Authorized		N/A		
Bonds Issued		N/A		
SCC Amount				
Local Share	\$200,000.00			
Original Authorized Cost	200,000.00			
Additional Authorized Cost	220,000.00			
Revised Authorized Cost	420,000.00			
Percentage Increase Over Original Authorized Cost		NONE		
Percentage completion		100%		
Original target completion date		6/30/2014		
Revised target completion date		6/30/2015		

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS
MIDDLE SCHOOL DOOR REPLACEMENT

	<u>For the Year Ended June 30, 2015</u>			<u>Revised Authorized Cost</u>
	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$	\$ 10,100.65	\$ 10,100.65	\$ 10,100.65
Transfer from capital reserve	30,420.00	(8,600.65)	21,819.35	21,819.35
Total revenues	<u>30,420.00</u>	<u>1,500.00</u>	<u>31,920.00</u>	<u>31,920.00</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	2,925.00	1,676.59	4,601.59	5,400.00
Construction services	1,425.00	19,475.00	20,900.00	26,520.00
Transfer to Capital Reserve		6,418.41	6,418.41	
Total expenditures	<u>4,350.00</u>	<u>27,570.00</u>	<u>31,920.00</u>	<u>31,920.00</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>26,070.00</u>	\$ <u>(26,070.00)</u>	\$ _____	\$ _____
Additional project information:				
Project Number	4815-040-14-G3KA			
Grant Date				
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
SCC Amount	\$10,100.65			
Local Share	20,319.35			
Original Authorized Cost	30,420.00			
Additional Authorized Cost	1,500.00			
Revised Authorized Cost	31,920.00			
Percentage Increase Over Original Authorized Cost	NONE			
Percentage completion	100%			
Original target completion date	6/30/2014			
Revised target completion date	6/30/2015			

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS
BEDWELL ELEMENTARY VESTIBULE

	<u>For the Year Ended June 30, 2015</u>			<u>Revised Authorized Cost</u>
	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	
Revenues and Other Financing Sources:				
Transfer from capital reserve	\$ 55,000.00	\$ 23,460.00	\$ 78,460.00	\$ 78,460.00
Total revenues	<u>55,000.00</u>	<u>23,460.00</u>	<u>78,460.00</u>	<u>78,460.00</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services		10,770.00	10,770.00	10,770.00
Construction services		62,000.00	62,000.00	67,690.00
Supplies				
Transfer to Capital Reserve		5,690.00	5,690.00	
Total expenditures		<u>78,460.00</u>	<u>78,460.00</u>	<u>78,460.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 55,000.00</u>	<u>\$ (55,000.00)</u>	<u>\$</u>	<u>\$</u>
Additional project information:				
Project Number				
Grant Date				
Bond Authorization Date		N/A		
Bonds Authorized		N/A		
Bonds Issued		N/A		
SCC Amount				
Local Share	\$55,000.00			
Original Authorized Cost	55,000.00			
Additional Authorized Cost	23,460.00			
Revised Authorized Cost	78,460.00			
Percentage Increase Over Original				
Authorized Cost		NONE		
Percentage completion		100%		
Original target completion date		6/30/2015		
Revised target completion date		6/30/2015		

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS
BERNARDS HIGH SCHOOL SCOREBOARD

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Transfer from capital reserve	\$ 11,100.00	\$ _____	\$ 11,100.00	\$ 11,100.00
Total revenues	<u>11,100.00</u>	<u>_____</u>	<u>11,100.00</u>	<u>11,100.00</u>
Expenditures and Other Financing Uses:				
Construction services		7,550.00	7,550.00	11,100.00
Transfer to Capital Reserve		50.00	50.00	
Total expenditures		<u>7,600.00</u>	<u>7,600.00</u>	<u>11,100.00</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>11,100.00</u>	\$ <u>(7,600.00)</u>	\$ <u>3,500.00</u>	\$ _____

Additional project information:

Project Number	
Grant Date	
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
SCC Amount	N/A
Local Share	\$11,100.00
Original Authorized Cost	11,100.00
Additional Authorized Cost	N/A
Revised Authorized Cost	

Percentage Increase Over Original

Authorized Cost	N/A
Percentage completion	68%
Original target completion date	6/30/2015
Revised target completion date	6/30/2016

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS
IMPROVEMENTS TO BERNARDS AUDITOREUM

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Contribution from private sources	\$	\$	\$	\$
Transfer from capital reserve		971,310.00	971,310.00	971,310.00
Total revenues		<u>971,310.00</u>	<u>971,310.00</u>	<u>971,310.00</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services		87,580.68	87,580.68	136,500.00
Construction services		305,866.05	305,866.05	834,810.00
Total expenditures		<u>393,446.73</u>	<u>393,446.73</u>	<u>971,310.00</u>
Excess (deficiency) of revenues over (under) expenditures	\$	\$ 577,863.27	\$ 577,863.27	\$
Additional project information:				
Project Number				
Grant Date				
Bond Authorization Date				
Bonds Authorized		N/A		
Bonds Issued		N/A		
SCC Amount				
Local Share		971,310.00		
Original Authorized Cost		971,310.00		
Additional Authorized Cost		N/A		
Revised Authorized Cost		971,310.00		
Percentage Increase Over Original				
Authorized Costs		N/A		
Percentage completion		59%		
Original target completion date		6/30/2016		
Revised target completion date		6/30/2016		

FIDUCIARY FUNDS DETAIL STATEMENTS
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Fiduciary Funds are used to account for funds received by the district for a specific purpose:

Scholarship Funds This private purpose trust is used to account for grants to students where there are no restrictions regarding the use of principal and income.

Unemployment Compensation Insurance Trust Fund: This trust fund is used to pay unemployment compensation claims as they arise.

Agency Funds are used to account for assets held by the district as an agent for another party:

Student Activity Fund : This agency fund is used to account for student funds held at the schools.

Payroll Fund: This agency fund is used to account for the payroll transactions of the school district.

SOMERSET HILLS SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2015

	AGENCY FUNDS			PRIVATE PURPOSE AWARD FUND SCHOLARSHIP FUNDS	STATE UNEMPLOYMENT COMPENSATION TRUST	TOTAL TRUST
	STUDENT ACTIVITY	PAYROLL AGENCY	TOTAL AGENCY			
ASSETS:						
Cash and cash equivalents	\$ 284,049.69	\$ 188,044.58	\$ 472,094.27	\$ 153,179.13	\$ 60,293.33	\$ 213,472.46
Total assets	<u>284,049.69</u>	<u>188,044.58</u>	<u>472,094.27</u>	<u>153,179.13</u>	<u>60,293.33</u>	<u>213,472.46</u>
LIABILITIES:						
Interfunds payable		40,042.35	40,042.35			
Payroll deductions and withholdings		148,002.23	148,002.23			
Due to student groups	<u>284,049.69</u>		<u>284,049.69</u>			
Total liabilities	\$ <u>284,049.69</u>	\$ <u>188,044.58</u>	\$ <u>472,094.27</u>			
NET POSITION:						
Held in trust for unemployment claims					60,293.33	60,293.33
Held in trust for scholarships				<u>153,179.13</u>		<u>153,179.13</u>
Total net position				\$ <u>153,179.13</u>	\$ <u>60,293.33</u>	\$ <u>213,472.46</u>

SOMERSET HILLS SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>PRIVATE PURPOSE AWARD FUND</u>	<u>STATE UNEMPLOYMENT COMPENSATION TRUST FUND</u>	<u>TOTAL</u>
ADDITIONS:			
Contributions:			
Other	\$ 922.68	\$ 31,640.88	\$ 32,563.56
Total contributions	<u>922.68</u>	<u>31,640.88</u>	<u>32,563.56</u>
Investment earnings:			
Interest	154.92	65.22	220.14
Net investment earnings	<u>154.92</u>	<u>65.22</u>	<u>220.14</u>
Total additions	<u>1,077.60</u>	<u>31,706.10</u>	<u>32,783.70</u>
DEDUCTIONS:			
Scholarships awarded	9,104.00		9,104.00
Unemployment claims		46,181.20	46,181.20
Total deductions	<u>9,104.00</u>	<u>46,181.20</u>	<u>55,285.20</u>
Change in net position	<u>(8,026.40)</u>	<u>(14,475.10)</u>	<u>(22,501.50)</u>
Net position beginning of year	<u>161,205.53</u>	<u>74,768.43</u>	<u>235,973.96</u>
Net position end of year	<u>\$ 153,179.13</u>	<u>\$ 60,293.33</u>	<u>\$ 213,472.46</u>

SOMERSET HILLS SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>BALANCE</u> <u>JULY 1, 2014</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSE-</u> <u>MENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2015</u>
ELEMENTARY SCHOOL				
Bedwell	\$ 5,367.85	\$ 21,211.42	\$ 25,251.41	\$ 1,327.86
MIDDLE SCHOOL				
Activity	97,487.03	52,436.95	53,095.75	96,828.23
Athletic		43,424.43	9,670.90	33,753.53
HIGH SCHOOL				
Activity	84,637.40	436,902.19	433,908.49	87,631.10
Athletic	<u>61,158.75</u>	<u>205,108.22</u>	<u>201,758.00</u>	<u>64,508.97</u>
Total all schools	<u>\$ 248,651.03</u>	<u>\$ 759,083.21</u>	<u>\$ 723,684.55</u>	<u>\$ 284,049.69</u>

SOMERSET HILLS SCHOOL DISTRICT
PAYROLL AGENCY FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>BALANCE</u> <u>JULY 1, 2014</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2015</u>
ASSETS:				
Cash and cash equivalents	\$ 115,942.66	\$ 24,289,047.47	\$ 24,216,945.55	\$ 188,044.58
Total assets	<u>\$ 115,942.66</u>	<u>\$ 24,289,047.47</u>	<u>\$ 24,216,945.55</u>	<u>\$ 188,044.58</u>
LIABILITIES:				
Interfunds payable	\$ 100,230.15	\$	\$ 60,187.80	\$ 40,042.35
Net salary and wages		13,541,758.70	13,541,758.70	
Payroll deductions and withholdings	<u>15,712.51</u>	<u>10,747,288.77</u>	<u>10,614,999.05</u>	<u>148,002.23</u>
Total liabilities	<u>\$ 115,942.66</u>	<u>\$ 24,289,047.47</u>	<u>\$ 24,216,945.55</u>	<u>\$ 188,044.58</u>

LONG-TERM OBLIGATIONS SCHEDULES

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

SOMERSET HILLS SCHOOL DISTRICT
 LONG-TERM OBLIGATION
 SCHEDULE OF SERIAL BONDS
 JUNE 30, 2015

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JULY 1, 2014	RETIRED	BALANCE JUNE 30, 2015
			DATE	AMOUNT				
Refunding School Bonds	12/1/03	3,500,000.00	8/15/15	\$ 365,000.00	4.500%	\$ 1,100,000.00	\$ 355,000.00	\$ 745,000.00
			8/15/16	380,000.00	4.500%			
Refunding School Bonds	2009	3,305,000.00	8/15/15	345,000.00	3.530%	1,770,000.00	330,000.00	1,440,000.00
			8/15/16	355,000.00	3.530%			
			8/15/17	365,000.00	3.530%			
			8/15/18	375,000.00	3.530%			
Refunding School Bonds	3/15/12	9,875,000.00	3/15/16	1,430,000.00	3.000%	8,410,000.00	1,385,000.00	7,025,000.00
			3/15/17	1,475,000.00	4.000%			
			3/15/18	1,600,000.00	4.000%			
			3/15/19	1,970,000.00	4.000%			
			3/15/20	550,000.00	4.000%			
Refunding School Bonds	3/15/12	19,205,000.00	3/15/20	1,495,000.00	2.000%	18,760,000.00		18,760,000.00
			3/15/21	2,050,000.00	5.000%			
			3/15/22	2,150,000.00	5.000%			
			3/15/23	2,250,000.00	5.000%			
			3/15/24	2,345,000.00	4.000%			
			3/15/25	2,320,000.00	4.000%			
			3/15/26	2,700,000.00	4.000%			
			3/15/27	1,110,000.00	4.000%			
			3/15/28	1,145,000.00	4.000%			
			3/15/29	1,195,000.00	4.000%			
						<u>18,760,000.00</u>		<u>18,760,000.00</u>
						<u>\$ 30,040,000.00</u>	<u>\$ 2,070,000.00</u>	<u>\$ 27,970,000.00</u>

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
AS OF JUNE 30, 2015

<u>PURPOSE</u>	<u>DATE OF LEASE</u>	<u>TERM OF LEASE</u>	<u>AMOUNT OF ORIGINAL LEASE PRINCIPAL</u>	<u>BALANCE JUNE 30, 2014</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2015</u>
Bus, Truck	6/30/2014	9/15/2017	\$ 100,000.00	\$ 90,000.00	\$ 22,963.32	\$ 67,036.68
Bus	9/1/2011	9/1/2015	48,797.81	19,842.82	9,786.91	10,055.91
Copier and Maintenance Equipment	7/30/2012	8/1/2016	132,134.14	79,257.67	25,872.10	53,385.57
E.S.I.P.	7/16/2010	7/15/2025	3,180,023.00	<u>2,543,641.67</u>	<u>214,698.47</u>	<u>2,328,943.20</u>
				<u>\$ 2,732,742.16</u>	<u>\$ 273,320.80</u>	<u>\$ 2,459,421.36</u>

SOMERSET HILLS SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>ORIGINAL BUDGET</u>	<u>MODIFIED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:				
Local sources:				
Local tax levy	\$ 3,240,188.00	\$ 3,240,188.00	\$ 3,240,188.00	\$
State sources:				
Debt service aid type II	<u>76,525.00</u>	<u>76,525.00</u>	<u>76,525.00</u>	<u> </u>
Total revenues	<u>3,316,713.00</u>	<u>3,316,713.00</u>	<u>3,316,713.00</u>	<u> </u>
EXPENDITURES:				
Regular debt service:				
Interest	1,246,713.00	1,246,713.00	1,190,531.50	56,181.50
Redemption of principal	<u>2,070,000.00</u>	<u>2,070,000.00</u>	<u>2,070,000.00</u>	<u> </u>
Total regular debt service-expenditures	<u>3,316,713.00</u>	<u>3,316,713.00</u>	<u>3,260,531.50</u>	<u>56,181.50</u>
Excess (deficiency) of revenues over (under) expenditures			56,181.50	56,181.50
Fund balance, July 1	<u>0.30</u>	<u>0.30</u>	<u>0.30</u>	<u> </u>
Fund balance (deficit), June 30	<u>\$ 0.30</u>	<u>\$ 0.30</u>	<u>\$ 56,181.80</u>	<u>\$ 56,181.50</u>

STATISTICAL SECTION

(UNAUDITED)

SOMERSET HILLS SCHOOL DISTRICT
STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
Financial Trends:	
These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	J-1 to J-5
Revenue Capacity:	
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-6 to J-9
Debt Capacity:	
These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information:	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14 to J-15
Operating Information:	
These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20

Sources

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

SOMERSET HILLS SCHOOL DISTRICT
NET POSITION BY COMPONENT
UNAUDITED

	<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>
Governmental activities										
Net Investment in capital assets	\$ 30,895,137.50	\$ 29,162,587.15	\$ 26,218,977.35	\$ 24,774,593.36	\$ 24,197,413.10	\$ 24,197,413.10	\$ 23,569,047.74	\$ 19,499,601.82	\$ 12,809,487.84	\$ 8,111,269.78
Restricted	1,366,346.98	610,272.96	942,827.07	512,681.54	666,619.55	666,619.55	327,888.49	2,184,449.11	10,701,404.13	12,933,013.71
Unrestricted (deficit)	(8,440,639.13)	876,988.66	2,847,535.65	2,250,782.56	1,685,713.65	1,685,713.65	2,729,496.58	2,911,675.32	(391,709.07)	(815,696.25)
Total governmental activities net position	\$ <u>23,820,845.35</u>	\$ <u>30,649,848.77</u>	\$ <u>30,009,340.07</u>	\$ <u>27,538,057.46</u>	\$ <u>26,549,746.30</u>	\$ <u>26,549,746.30</u>	\$ <u>26,626,432.81</u>	\$ <u>24,595,726.25</u>	\$ <u>23,119,182.90</u>	\$ <u>20,228,587.24</u>
Business-type activities										
Net Investment in capital assets	\$ 43,126.16	\$ 50,196.49	\$ 59,499.66	\$ 48,203.98	\$ 55,152.48	\$ 67,696.68	\$ 33,445.61	\$ 37,099.17	\$ 28,305.61	\$ 29,850.00
Unrestricted	1,706.67	26,450.44	72,886.29	229,109.48	203,119.35	182,161.33	169,646.79	112,931.04	126,088.63	121,458.18
Total business-type activities net position	\$ <u>44,832.83</u>	\$ <u>76,646.93</u>	\$ <u>132,385.95</u>	\$ <u>277,313.46</u>	\$ <u>258,271.83</u>	\$ <u>249,858.01</u>	\$ <u>203,092.40</u>	\$ <u>150,030.21</u>	\$ <u>154,394.24</u>	\$ <u>151,308.18</u>
District-wide										
Net Investment in capital assets	\$ 30,938,263.66	\$ 29,212,783.64	\$ 26,278,477.01	\$ 24,822,797.34	\$ 24,252,565.58	\$ 24,265,109.78	\$ 23,602,493.35	\$ 19,536,700.99	\$ 12,837,793.45	\$ 8,141,119.78
Restricted	1,366,346.98	610,272.96	942,827.07	512,681.54	666,619.55	666,619.55	327,888.49	6,430,998.48	10,701,404.13	12,933,013.71
Unrestricted (deficit)	(8,438,932.46)	903,439.10	2,920,421.94	2,479,892.04	1,888,833.00	1,867,874.98	2,899,143.37	(1,221,943.01)	(265,620.44)	(694,238.07)
Total district net position	\$ <u>23,865,678.18</u>	\$ <u>30,726,495.70</u>	\$ <u>30,141,726.02</u>	\$ <u>27,815,370.92</u>	\$ <u>26,808,018.13</u>	\$ <u>26,799,604.31</u>	\$ <u>26,829,525.21</u>	\$ <u>24,745,756.46</u>	\$ <u>23,273,577.14</u>	\$ <u>20,379,895.42</u>

Source: CAFR Schedule A-1

SOMERSET HILLS SCHOOL DISTRICT
CHANGES IN NET POSITION
UNAUDITED

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
EXPENSES										
Governmental activities										
Instruction										
Regular	\$ 19,337,481.98	\$ 16,096,884.83	\$ 16,851,786.14	\$ 15,452,570.85	\$ 15,074,125.53	\$ 16,055,321.53	\$ 16,107,624.54	\$ 16,336,835.39	\$ 12,750,061.04	\$ 11,738,035.83
Special education	3,577,794.17	2,834,607.06	3,998,064.82	4,339,473.36	4,559,745.72	4,443,018.34	3,935,753.98	3,804,413.33	2,895,664.04	2,445,287.71
Other instruction	2,358,343.69	1,807,011.25	1,695,330.91	1,663,156.61	1,725,611.93	1,755,650.37	1,665,948.83	1,410,074.61	2,225,287.96	1,799,383.25
Support Services:										
Tuition	1,400,904.85	2,607,100.16								
Student & instruction related services	6,098,451.70	4,672,405.30	5,474,053.69	5,034,191.47	5,012,940.79	4,934,891.09	4,579,372.99	4,783,412.28	4,708,831.43	4,153,016.37
General administrative services	836,728.43	1,009,666.70	856,367.87	973,813.78	954,199.52	931,980.80	948,483.06	800,773.76	950,383.63	856,208.56
School administrative services	2,114,649.15	1,831,799.64	1,875,172.90	1,612,284.74	1,684,256.32	1,635,420.57	1,697,914.05	1,584,129.63	1,639,499.77	1,682,672.29
Plant operations and maintenance	3,103,470.65	3,139,646.69	2,585,251.89	3,361,039.87	3,515,484.42	3,551,959.19	3,747,189.26	4,162,511.40	5,075,207.94	4,260,944.23
Student transportation services	2,038,265.46	2,129,382.93	1,982,940.41	2,176,219.01	2,155,857.45	2,193,985.90	2,167,660.84	2,185,409.04	1,954,360.89	1,572,736.73
Central services & Information Technology	886,516.77	684,448.84	700,237.60	688,375.74	658,663.97	715,990.17	590,014.03	556,200.52	843,956.42	769,577.91
Interest on long-term debt	1,099,099.88	1,484,329.31	1,337,227.37	1,237,048.02	1,627,237.54	1,692,428.93	1,757,175.39	1,780,402.12	2,169,216.02	1,918,946.29
Unallocated depreciation	1,809,529.31	1,820,151.83	1,769,633.51	1,736,840.03	1,692,987.29	1,060,991.45	25,768.93	25,427.78	26,304.69	25,643.01
Total governmental activities expenses	44,661,236.04	40,117,434.54	39,136,067.11	38,275,013.48	38,661,110.48	38,971,638.34	37,222,905.90	37,429,589.86	35,238,773.83	31,222,452.18
Business-type activities:										
Food Service	650,409.20	648,818.00	716,434.09	599,996.19	600,447.71	584,632.69	487,978.17	498,858.07	393,810.79	442,922.10
Total business-type activities expense	650,409.20	648,818.00	716,434.09	599,996.19	600,447.71	584,632.69	487,978.17	498,858.07	393,810.79	442,922.10
Total district expenses	\$ 45,311,645.24	\$ 40,766,252.54	\$ 39,852,501.20	\$ 38,875,009.67	\$ 39,261,558.19	\$ 39,556,271.03	\$ 37,710,884.07	\$ 37,928,447.93	\$ 35,632,584.62	\$ 31,665,374.28
PROGRAM REVENUES										
Governmental activities:										
Operating grants and contributions	\$ 8,865,869.63	\$ 4,954,393.62	\$ 5,573,850.54	\$ 4,598,914.86	\$ 4,114,855.26	\$ 4,808,397.11	\$ 4,938,984.89	\$ 3,693,423.26	\$ 3,497,781.66	\$ 2,631,683.47
Charges for services	4,998,852.57	4,419,158.70	4,369,966.02	4,124,966.40	4,172,898.20	4,756,056.68	4,686,449.35	4,615,714.96	3,611,708.21	3,557,509.74
Capital grants and contributions	10,445.00	726.40	65,599.60	-	82,976.15	273,237.92	-	-	-	-
Total governmental activities program revenues	\$ 13,875,167.20	\$ 9,374,278.72	\$ 10,009,416.16	\$ 8,723,901.26	\$ 8,370,729.61	\$ 9,837,691.71	\$ 9,625,434.24	\$ 8,309,138.24	\$ 7,109,489.87	\$ 6,189,193.21
Business-type activities:										
Charges for services										
Food Service	466,385.96	457,756.19	453,379.37	515,375.27	509,115.37	501,091.25	466,838.47	427,925.57	343,597.44	429,559.94
Operating grants and contributions	151,984.59	135,101.74	117,780.84	102,610.09	97,124.86	90,343.19	70,292.94	61,349.35	48,940.66	51,102.70
Capital grants and contributions	-	-	-	-	-	36,910.41	-	-	-	-
Total business type activities program revenues	618,370.55	592,857.93	571,160.21	617,985.36	606,240.23	628,344.85	537,131.41	489,274.92	392,538.10	480,662.64
Total district program revenues	\$ 14,493,537.75	\$ 9,967,136.65	\$ 10,580,576.37	\$ 9,341,886.62	\$ 8,976,969.84	\$ 10,466,036.56	\$ 10,162,565.65	\$ 8,798,413.16	\$ 7,502,027.97	\$ 6,669,855.85
NET (EXPENSE)/REVENUE										
Governmental activities	\$ (30,786,068.84)	\$ (30,743,155.82)	\$ (29,126,650.95)	\$ (29,551,112.22)	\$ (30,290,380.87)	\$ (29,133,946.63)	\$ (27,597,471.66)	\$ (29,120,451.62)	\$ (28,129,283.96)	\$ (25,033,258.97)
Business-type activities	(32,038.65)	(55,960.07)	(145,273.88)	17,989.17	5,792.52	43,712.16	49,153.24	(9,583.15)	(1,272.69)	37,740.54
Total district-wide net expense	\$ (30,818,107.49)	\$ (30,799,115.89)	\$ (29,271,924.83)	\$ (29,533,123.05)	\$ (30,284,588.35)	\$ (29,090,234.47)	\$ (27,548,318.42)	\$ (29,130,034.77)	\$ (28,130,556.65)	\$ (24,995,518.43)

SOMERSET HILLS SCHOOL DISTRICT
CHANGES IN NET POSITION
UNAUDITED

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 28,969,733.00	\$ 28,163,596.00	\$ 27,611,369.00	\$ 27,069,970.00	\$ 26,539,186.00	\$ 25,803,779.00	\$ 25,805,222.00	\$ 25,402,159.00	\$ 24,951,946.00	\$ 24,059,311.00
Taxes levied for debt service	3,240,188.00	3,163,854.00	3,234,883.00	3,294,658.00	3,323,846.00	3,329,300.00	3,333,584.00	3,113,457.00	3,327,764.00	2,303,272.00
Grants and contributions	292,977.65	196,160.00	192,375.00	202,896.00	83,041.20	88,524.55	46,754.96	1,616,320.95	1,586,134.20	1,470,712.11
Disposal of capital assets	-	-	-	-	-	(300,733.80)	-	-	-	-
Transfers	-	75,000.00	-	-	-	-	-	-	-	-
Miscellaneous income	63,367.77	151,296.22	193,064.87	185,568.59	130,638.45	136,390.37	442,617.27	465,058.02	1,242,051.52	1,606,854.30
Total governmental activities	<u>32,566,266.42</u>	<u>31,749,906.22</u>	<u>31,231,691.87</u>	<u>30,753,092.59</u>	<u>30,076,711.65</u>	<u>29,057,260.12</u>	<u>29,628,178.23</u>	<u>30,596,994.97</u>	<u>31,107,895.72</u>	<u>29,440,149.41</u>
Business-type activities:										
Transfers	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	224.55	220.75	346.37	1,052.46	2,621.30	3,053.45	3,908.95	5,219.12	4,248.95	-
Total business-type activities	<u>224.55</u>	<u>220.75</u>	<u>346.37</u>	<u>1,052.46</u>	<u>2,621.30</u>	<u>3,053.45</u>	<u>3,908.95</u>	<u>5,219.12</u>	<u>4,248.95</u>	-
Total district-wide	<u>\$ 32,566,490.97</u>	<u>\$ 31,750,126.97</u>	<u>\$ 31,232,038.24</u>	<u>\$ 30,754,145.05</u>	<u>\$ 30,079,332.95</u>	<u>\$ 29,060,313.57</u>	<u>\$ 29,632,087.18</u>	<u>\$ 30,602,214.09</u>	<u>\$ 31,112,144.67</u>	<u>\$ 29,440,149.41</u>
CHANGE IN NET POSITION										
Governmental activities	\$ 1,780,197.58	\$ 1,006,750.40	\$ 2,105,040.92	\$ 1,201,980.37	\$ (213,669.22)	\$ (76,686.51)	\$ 2,030,706.57	\$ 1,476,543.35	\$ 2,978,611.76	\$ 4,406,890.44
Business-type activities	(31,814.10)	(55,739.32)	(144,927.51)	19,041.63	8,413.82	46,765.61	53,062.19	(4,364.03)	2,976.26	37,740.54
Total district	<u>\$ 1,748,383.48</u>	<u>\$ 951,011.08</u>	<u>\$ 1,960,113.41</u>	<u>\$ 1,221,022.00</u>	<u>\$ (205,255.40)</u>	<u>\$ (29,920.90)</u>	<u>\$ 2,083,768.76</u>	<u>\$ 1,472,179.32</u>	<u>\$ 2,981,588.02</u>	<u>\$ 4,444,630.98</u>

Source: CAFR Schedule A-2

SOMERSET HILLS SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
UNAUDITED

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund										
Reserved						\$ 3,996,921.17	\$ 4,363,690.10	\$ 4,396,307.09	\$ 6,343,158.72	\$ 5,179,647.69
Restricted	\$ 2,992,605.15	\$ 2,997,879.81	\$ 3,858,953.01	\$ 2,232,250.61	\$ 2,328,347.48					
Assigned	417,775.06	316,788.81	158,571.81	833,045.33	88,180.22					
Unassigned	788,994.57	768,899.18	804,953.17	990,233.10	1,401,088.77					
Unreserved						565,762.70	769,578.56	804,055.92	728,149.05	702,212.75
Total general fund	\$ <u>4,199,374.78</u>	\$ <u>4,083,567.80</u>	\$ <u>4,822,477.99</u>	\$ <u>4,055,529.04</u>	\$ <u>3,817,616.47</u>	\$ <u>4,562,683.87</u>	\$ <u>5,133,268.66</u>	\$ <u>5,200,363.01</u>	\$ <u>7,071,307.77</u>	\$ <u>5,881,860.44</u>
All Other Governmental Funds										
Reserved						\$ 596,947.57	\$ 742,938.89	\$ 1,519,156.03	\$ 7,962,875.09	\$ 29,564,622.69
Restricted	\$ 636,904.07	\$ 744,310.91	\$ 244,698.77	\$ 391,965.84	\$ 204,556.42					
Unreserved, reported in:										
Capital projects fund						414,912.39	1,307,294.55	996,299.82	1,067,236.25	394,210.35
Debt service fund						18,399.56	18,399.56	5.45	215,006.09	500,003.51
Total all other governmental funds	\$ <u>636,904.07</u>	\$ <u>744,310.91</u>	\$ <u>244,698.77</u>	\$ <u>391,965.84</u>	\$ <u>204,556.42</u>	\$ <u>1,030,259.52</u>	\$ <u>2,068,633.00</u>	\$ <u>2,515,461.30</u>	\$ <u>9,245,117.43</u>	\$ <u>30,458,836.55</u>

Source: CAFR Schedule B-1

SOMERSET HILLS SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
UNAUDITED

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Tax levy	\$ 32,209,921.00	\$ 31,327,450.00	\$ 30,846,252.00	\$ 30,364,628.00	\$ 29,863,032.00	\$ 29,133,079.00	\$ 29,138,806.00	\$ 28,515,616.00	\$ 28,279,710.00	\$ 26,362,583.00
Tuition charges	4,908,964.57	4,318,976.70	4,259,078.52	4,027,501.40	4,066,861.20	4,642,131.68	4,591,189.35	4,531,324.98	3,538,969.21	3,557,509.74
Transportation charges	89,888.00	100,182.00	110,887.50	97,485.00	106,037.00	113,925.00	95,260.00	84,390.00	72,739.00	
Miscellaneous	188,107.07	245,561.87	333,939.12	314,360.61	290,578.07	704,028.78	720,024.56	535,859.91	1,322,939.73	1,773,185.60
State sources	4,952,921.53	4,390,694.15	4,962,902.16	4,085,590.67	3,347,827.07	3,882,047.75	4,254,051.38	4,782,563.80	4,575,908.39	3,530,528.23
Federal sources	531,490.45	604,646.42	718,283.73	587,428.17	825,403.72	720,473.43	454,281.17	456,378.52	427,119.26	405,536.05
Total revenue	<u>42,881,292.62</u>	<u>40,987,511.14</u>	<u>\$41,231,343.03</u>	<u>39,476,993.85</u>	<u>38,499,739.06</u>	<u>39,195,685.64</u>	<u>39,253,612.46</u>	<u>38,906,133.21</u>	<u>38,217,385.59</u>	<u>35,629,342.62</u>
Expenditures										
Instruction:										
Regular instruction	12,195,486.89	11,947,000.86	16,674,454.14	15,341,182.63	15,405,666.00	15,706,254.73	15,907,884.73	12,302,380.84	11,601,619.24	11,003,986.60
Special education instruction	2,496,253.16	2,211,614.56	4,024,660.82	4,342,591.98	4,620,546.44	4,399,016.40	3,884,916.14	3,107,945.13	2,497,444.10	2,131,014.13
Other instruction	1,529,797.18	1,389,788.79	1,695,330.91	1,661,461.12	1,715,196.79	1,762,868.30	1,653,986.56	1,270,480.92	1,176,829.50	1,014,731.49
Support services:										
Tuition	1,400,904.85	1,378,171.26								
Student and instruction related services	4,330,190.79	4,583,340.30	5,593,780.69	5,051,631.92	5,058,177.90	4,943,482.10	4,538,742.87	3,498,286.58	3,209,301.33	2,951,953.06
General administrative services	628,415.62	861,880.05	991,269.96	958,906.23	950,266.25	953,697.30	941,561.48	860,813.85	734,840.06	667,832.24
School administrative services	1,419,874.65	1,377,312.43	1,784,269.90	1,683,730.43	1,633,811.16	1,698,077.98	1,658,349.58	1,226,773.91	1,200,772.28	1,203,801.12
Central services and information technology	733,502.90	535,202.64	681,721.40	674,440.39	638,815.40	617,742.47	570,277.95	427,869.90	438,008.86	412,532.49
Plant operations and maintenance	2,958,283.18	2,918,640.12	2,678,739.45	3,033,041.89	3,535,582.68	3,539,201.04	3,667,218.22	3,416,906.01	2,810,509.14	2,438,508.66
Student transportation services	1,977,190.85	2,164,083.55	1,983,640.41	2,178,566.51	2,156,977.01	2,192,866.34	2,159,462.38	2,180,217.67	1,846,070.57	1,514,332.29
Unallocated employee benefits	8,593,308.62	7,900,546.01						7,274,313.52	7,216,661.50	5,779,253.53
Capital outlay	1,349,152.29	865,948.42	910,448.88	3,652,162.17	916,169.86	1,620,353.11	1,427,129.81	8,520,618.13	21,806,235.38	13,698,891.53
Debt service:										
Principal	2,070,000.00	2,000,000.00	2,373,859.17	2,406,795.68	1,856,406.45	1,763,401.90	1,715,949.66	1,575,000.00	1,515,000.00	510,000.00
Interest and other charges	1,190,531.50	1,254,954.00	1,361,384.56	1,295,981.72	1,637,474.81	1,701,294.24	1,729,751.27	1,845,147.67	1,904,465.42	1,927,357.93
Total expenditures	<u>42,872,892.48</u>	<u>41,388,482.99</u>	<u>40,753,560.29</u>	<u>42,280,492.67</u>	<u>40,125,090.75</u>	<u>40,898,255.91</u>	<u>39,855,230.65</u>	<u>47,506,734.13</u>	<u>57,956,757.38</u>	<u>45,254,195.07</u>
Excess (deficiency) of revenues over (under) expenditures	8,400.14	(400,971.85)	477,782.74	(2,803,498.82)	(1,625,351.69)	(1,702,570.27)	(601,618.19)	(8,600,600.92)	(19,739,371.79)	(9,624,852.45)
Other financing sources (uses)										
Capital leases (non-budgeted)	-	100,000.00	132,134.14	3,228,820.81	106,878.96	93,612.00	76,683.84			
Bond proceeds								3,305,000.00		
Prior year accounts payable canceled		61,673.80	9,765.00							
Payment to refunded bond escrow								(3,267,354.25)		
Costs of issuance							11,011.70	(37,645.75)		
Transfers in										
Transfers out									(285,000.00)	
Total other financing sources (uses)	<u>0.00</u>	<u>161,673.80</u>	<u>141,899.14</u>	<u>3,228,820.81</u>	<u>106,878.96</u>	<u>93,612.00</u>	<u>87,695.54</u>	<u>-</u>	<u>(285,000.00)</u>	<u>-</u>
Net change in fund balances	<u>\$ 8,400.14</u>	<u>\$ (239,298.05)</u>	<u>\$ 619,681.88</u>	<u>425,321.99</u>	<u>\$ (1,518,472.73)</u>	<u>\$ (1,608,958.27)</u>	<u>\$ (513,922.65)</u>	<u>\$ (8,600,600.92)</u>	<u>\$ (20,024,371.79)</u>	<u>\$ (9,624,852.45)</u>
Debt service as a percentage of noncapital expenditures	7.85%	8.03%	9.37%	9.59%	8.91%	8.82%	8.97%	8.77%	9.46%	7.72%

Source: CAFR Schedule B-2

SOMERSET HILLS SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Tuition</u>	<u>Transportation</u>	<u>Interest on</u> <u>Investments</u>	<u>Use of</u> <u>Facilities</u>	<u>Refunds/</u> <u>Reimbursements</u>	<u>Miscellaneous</u>	<u>Total</u>
2015	\$ 4,908,964.57	\$ 89,888.00	\$ 7,100.03	\$ 22,285.87		\$ 33,981.87	\$ 5,062,220.34
2014	4,318,976.70	100,182.00	8,802.64	28,090.00		52,729.78	4,508,781.12
2013	4,259,078.52	110,887.50	788.37	55,607.00		45,904.50	4,472,265.89
2012	4,027,501.40	97,485.00	21,562.00	57,892.00		93,664.90	4,298,105.30
2011	4,066,861.20	106,037.00	49,388.00	35,655.00	12,317.00	33,278.00	4,303,536.20
2010	4,642,131.68	113,925.00	51,734.97	61,050.00	11,596.88	12,008.52	4,892,447.05
2009	4,591,189.35	95,260.00	170,125.19	32,012.09	150,897.03	89,582.96	5,129,066.62
2008	4,531,324.98	84,390.00	387,949.26		39,753.77	37,354.99	5,080,773.00
2007	3,538,969.21	72,739.00	1,173,239.20	2,704.50	47,898.55	18,209.27	4,853,759.73
2006	3,557,509.74		1,437,496.77	33,178.00	46,843.00	89,336.53	5,164,364.04

Source: District Records

SOMERSET HILLS SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY - BOROUGH OF BERNARDSVILLE
UNAUDITED

<u>Fiscal Year Ended December 31,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Q-Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Public Utilities (a)</u>	<u>Net Valuation Taxable</u>	<u>Est. Actual (County Equalized Value)</u>	<u>Total Direct School Tax Rate (b)</u>
2015	\$ 27,932,300	\$ 1,947,237,300	\$ 137,060,600	\$ 410,900	\$ 167,902,200	\$ 20,104,500	\$ 3,779,000	\$ 2,304,426,800	\$ 4,281,431	\$ 2,308,708,231	\$ 2,337,146,856	\$ 1.046
2014	30,005,100	1,129,944,200	133,765,500	407,000	166,017,800	19,881,600	3,807,400	2,261,741,200	4,310,168	2,266,051,368	2,318,046,841	1.040
2013	30,468,300	1,901,669,600	131,154,400	405,600	163,455,700	19,872,200	3,806,600	2,250,832,400	5,294,599	2,256,126,999	2,250,832,400	1.017
2012	31,488,100	1,916,662,700	128,354,600	395,300	164,244,800	20,640,800	3,782,300	2,265,568,600	6,572,663	2,272,141,263	2,447,185,977	0.990
2011	33,023,300	1,950,806,000	125,149,000	394,300	168,061,800	20,786,800	3,799,100	2,302,020,300	6,729,224	2,308,749,524	2,614,752,194	0.954
2010	32,981,900	1,979,566,300	122,425,900	440,600	172,608,900	21,328,300	4,187,200	2,333,539,100	6,434,817	2,339,973,917	2,608,798,038	0.921
2009	36,563,600	2,172,138,200	121,067,900	399,500	187,405,300	22,656,800	8,915,400	2,549,146,700	6,465,500	2,555,612,200	2,687,372,859	0.830
2008	38,477,700	2,304,141,200	126,364,900	405,500	189,681,400	22,330,100	9,210,400	2,690,611,200	6,030,705	2,696,641,905	2,674,721,816	0.772
2007	40,959,700	2,294,001,600	124,555,000	509,780	182,741,600	20,673,500	8,889,300	2,672,330,480	6,030,705	2,678,361,185	2,574,267,761	0.756
2006	40,859,800	2,231,202,300	118,530,600	482,180	171,210,600	17,526,800	8,384,800	2,588,197,080	6,379,100	2,594,576,180	2,391,719,653	0.741

Source: District records Tax list summary and Municipal Tax Assessor
 Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.
 Reassessment occurs when ordered by the County Board of Taxation
 (a): Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
 (b): Tax rates are per \$100

SOMERSET HILLS SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY - BOROUGH OF PEAPACK AND GLADSTONE
UNAUDITED

Fiscal Year Ended December 31.	Vacant Land	Residential	Farm Req.	Q-Farm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax Exempt Property	Public Utilities (a)	Net Valuation Taxable	Est. Actual (County Equalized Value)	Total Direct School Tax Rate (b)
2015	\$ 12,672,200	\$ 470,962,100	\$87,476,200	\$ 488,577	\$ 120,940,500	\$ 6,200,000	\$ 5,781,000	704,520,577	\$		704,520,577	\$ 717,254,747	\$ 0.931
2014	13,109,600	452,536,600	84,478,600	489,887	123,126,700	6,200,000	5,610,700	685,552,087			685,552,087	705,290,742	0.931
2013	11,889,800	441,885,300	81,210,500	500,622	123,552,600	6,200,000	5,510,700	670,749,522			670,749,522	707,840,357	0.944
2012	11,547,800	447,633,500	77,320,400	520,322	131,049,700	6,555,000	5,637,400	680,264,122		1,230,516	681,494,638	734,467,849	0.926
2011	11,958,400	443,333,800	79,426,500	526,577	134,443,300	6,780,000	5,702,000	682,170,577		1,294,482	683,465,059	753,209,260	0.923
2010	13,213,100	447,103,700	73,134,000	521,377	148,388,600	6,900,000	5,957,600	695,218,377		989,957	696,208,334	867,089,841	0.894
2009	13,837,100	494,126,000	76,789,000	494,704	161,250,300	7,800,000	6,385,000	760,682,104		1,005,066	761,687,170	861,613,413	0.832
2008	14,202,500	545,422,500	76,521,900	495,904	174,061,100	8,035,000	6,866,900	825,605,804		923,293	826,529,097	915,530,129	0.777
2007	13,285,800	574,460,600	70,768,300	470,917	172,760,500	7,920,000	6,056,600	845,722,717		888,340	846,611,057	909,370,328	0.769
2006	13,644,400	552,362,700	67,512,060	490,679	170,483,730	7,770,300	5,748,200	818,012,069		911,145	818,923,214	824,982,377	0.809

Source: District records Tax list summary and Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

(b): Tax rates are per \$100

*Information not available

SOMERSET HILLS SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY - BOROUGH OF FAR HILLS
UNAUDITED

Fiscal Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Q-Farm	Commercial	Apartment	Total Assessed Value	Public Utilities (a)	Net Valuation Taxable	Est. Actual (County Equalized Value)	Total Direct School Tax Rate (b)
2015	\$ 6,190,800	\$ 276,938,100	\$ 129,868,000	\$ 415,900	\$ 28,053,000	\$ 3,171,000	\$ 444,636,800	\$ 406,763	\$ 445,043,563	\$ 440,234,691	\$ 0.421
2014	6,536,700	272,925,600	123,564,500	413,100	27,895,100	3,137,900	434,472,900	406,763	434,879,663	437,856,821	0.422
2013	5,655,700	266,527,300	120,489,600	432,250	27,605,660	3,091,800	423,802,310	501,983	424,304,293	423,802,310	0.429
2012	5,971,700	277,220,000	119,601,600	415,010	28,290,400	3,209,600	434,708,310	480,124	435,188,434	449,834,580	0.417
2011	6,651,500	274,393,200	117,502,400	411,510	28,529,200	3,208,400	430,696,210	496,676	431,192,886	510,580,689	0.414
2010	6,884,600	283,108,600	118,171,800	432,060	29,849,700	408,000	438,854,760	462,405	439,317,165	504,523,866	0.388
2009	7,272,300	317,790,600	116,745,800	405,576	33,227,100	444,000	475,885,376	404,862	476,290,238	505,774,618	0.333
2008	9,067,900	346,625,700	117,273,600	3,975,663	34,417,500	455,000	511,815,363	367,634	512,182,997	456,902,738	0.314
2007	10,497,800	334,123,100	99,353,500	382,650	32,742,900	429,000	477,528,950	334,591	477,863,541	443,269,509	0.343
2006	7,885,000	338,432,200	89,760,300	372,058	32,138,600	429,000	469,017,158	326,571	469,343,729	417,740,740	0.319

Source: District records Tax list summary and Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

(b): Tax rates are per \$100

*Information not available

SOMERSET HILLS SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
UNAUDITED

Fiscal Year Ended December 31,	Borough of Bernardsville			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct School Tax Rate	Borough of Bernardsville	Somerset County	
2015	0.941	0.105	1.046	0.437	0.354	\$1.837
2014	0.935	0.105	1.040	0.433	0.356	1.829
2013	0.910	0.107	1.017	0.421	0.351	1.789
2012	0.890	0.100	0.990	0.410	0.340	1.740
2011	0.848	0.106	0.954	0.397	0.335	1.686
2010	0.816	0.105	0.921	0.386	0.331	1.638
2009	0.735	0.095	0.830	0.346	0.311	1.487
2008	0.688	0.084	0.772	0.291	0.269	1.332
2007	0.667	0.089	0.756	0.292	0.292	1.340
2006	0.676	0.065	0.741	0.292	0.297	1.330

Source: District Records and Municipal Tax Collector
(Rates are per \$100 of assessed value)

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

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

SOMERSET HILLS SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
UNAUDITED

Fiscal Year Ended December 31,	Borough of Peapack & Gladstone			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct School Tax Rate	Borough of Peapack & Gladstone	Somerset County	
2015	0.837	0.094	0.931	0.567	0.402	1.900
2014	0.837	0.094	0.931	0.566	0.403	1.900
2013	0.845	0.099	0.944	0.556	0.401	1.901
2012	0.083	0.093	0.176	0.558	0.388	1.122
2011	0.820	0.103	0.923	*	*	*
2010	0.792	0.102	0.894	0.523	0.416	1.833
2009	0.737	0.095	0.832	0.519	0.377	1.728
2008	0.692	0.085	0.777	0.469	0.374	1.620
2007	0.679	0.090	0.769	0.456	0.365	1.590
2006	0.738	0.071	0.809	0.486	0.365	1.660

Source: District Records and Municipal Tax Collector
(Rates are per \$100 of assessed value)

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

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

*Information not available

SOMERSET HILLS SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
UNAUDITED

Fiscal Year Ended December 31,	Borough of Far Hills			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	School Tax Rate	Total Direct Borough of Far Hills	Somerset County	
2015	0.379	0.042	0.421	0.530	0.351	1.302
2014	0.379	0.043	0.422	0.529	0.352	1.303
2013	0.376	0.053	0.429	0.519	0.349	1.297
2012	*	*	*	*	*	*
2011	0.368	0.046	0.414	*	*	*
2010	0.344	0.044	0.388	0.418	0.345	1.151
2009	0.295	0.038	0.333	0.356	0.313	1.002
2008	0.280	0.034	0.314	0.313	0.294	0.921
2007	0.303	0.040	0.343	0.306	0.291	0.940
2006	0.291	0.028	0.319	0.293	0.308	0.920

Source: District Records and Municipal Tax Collector
(Rates are per \$100 of assessed value)

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

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

*Information not available

SOMERSET HILLS SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS - CURRENT YEAR AND NINE YEARS AGO
BOROUGH OF BERNARDSVILLE
UNAUDITED

143

<u>Taxpayer</u>	<u>2015</u>		<u>2006</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Bernardsville Centre LLC	\$15,104,300.00	0.67%	*	*
Mine Mt. Land Co.	10,050,000.00	0.45%	*	*
Falcon Crest 21 LLC	8,500,000.00	0.38%	*	*
Individual Taxpayer	8,085,200.00	0.36%	*	*
Upton Pynes RE LLC	8,013,100.00	0.36%	*	*
Isabella Jazz LLC	7,694,000.00	0.34%	*	*
Individual Taxpayer	6,907,000.00	0.31%	*	*
Thomson Reuters	6,389,400.00	0.28%	*	*
Individual Taxpayer	6,326,500.00	0.28%	*	*
Individual Taxpayer	6,267,800.00	0.28%	*	*
Total	\$83,337,300.00	3.69%	\$0.00	0.00%

Source: Municipal Tax Assessor
 * Information not available

SOMERSET HILLS SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS - CURRENT YEAR AND NINE YEARS AGO
BOROUGH OF PEAPACK & GLADSTONE
UNAUDITED

<u>Taxpayer</u>	<u>2015</u>		<u>2006</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Pharmacia & Upjohn	\$85,392,312.00	12.73%	*	*
Somerset County Improvement Authority	11,779,800.00	1.76%	*	*
Jessica Associates	8,898,300.00	1.33%	*	*
Komline Sanderson Engineering	6,693,200.00	1.00%	*	*
Ferris Corp.	5,980,100.00	0.89%	*	*
Individual Taxpayer	5,929,450.00	0.88%	*	*
Individual Taxpayer	4,901,420.00	0.73%	*	*
Individual Taxpayer	4,652,400.00	0.69%	*	*
Ellistan Hold C/O Quaterwatch LLC	4,158,850.00	0.62%	*	*
Individual Taxpayer	3,660,700.00	0.55%	*	*
Total	\$142,046,532.00	21.18%	\$0.00	0.00%

Source: Municipal Tax Assessor

* Information not available

SOMERSET HILLS SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS - CURRENT YEAR AND NINE YEARS AGO
BOROUGH OF FAR HILLS
UNAUDITED

<u>Taxpayer</u>	<u>2015</u>		<u>2006</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Farrendale Properties	\$7,511,800.00	1.77%	*	*
Jebara, Mouna	6,007,300.00	1.42%	*	*
Sompolski, Timothy & Christine	6,000,400.00	1.41%	*	*
Niedbeduer, Duncan & Alison	5,629,500.00	1.33%	*	*
Greenwich Investors	5,492,400.00	1.29%	*	*
Fournier, Alan & Jennifer	5,465,700.00	1.29%	*	*
Grohowski, Leo & Nancy	5,287,100.00	1.25%	*	*
Infusino, Charles & Susan Et al	5,213,500.00	1.23%	*	*
Diassi, Marianne	5,196,100.00	1.22%	*	*
Chernaya, Rina	4,594,700.00	1.08%	*	*
Total	\$56,398,500.00	13.29%	\$0.00	0.00%

Source: Municipal Tax Assessor
* Information not available

SOMERSET HILLS SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
BOROUGH OF BERNARDSVILLE
UNAUDITED

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (a)</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2015	\$ 23,969,326.00	\$ 23,969,326.00	100.00%	-
2014	23,139,418.00	23,139,418.00	100.00%	-
2013	22,735,966.23	22,735,966.23	100.00%	-
2012	22,225,051.98	22,225,051.98	100.00%	-
2011	21,812,995.32	21,812,995.32	100.00%	-
2010	21,314,016.47	21,314,016.47	100.00%	-
2009	21,108,085.00	21,108,085.00	100.00%	-
2008	20,509,959.47	20,509,959.47	100.00%	-
2007	20,009,188.74	20,009,188.74	100.00%	-
2006	18,424,914.13	18,424,914.13	100.00%	-

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

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

SOMERSET HILLS SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
BOROUGH OF PEAPACK AND GLADSTONE
UNAUDITED

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (a)</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2015	\$ 6,386,069.00	\$ 6,386,069.00	100.00%	-
2014	6,377,595.00	6,377,595.00	100.00%	-
2013	6,276,839.44	6,276,839.44	100.00%	-
2012	6,345,632.45	6,345,632.45	100.00%	-
2011	6,276,417.45	6,276,417.45	100.00%	-
2010	6,176,558.88	6,176,558.88	100.00%	-
2009	6,505,057.67	6,505,057.67	100.00%	-
2008	6,338,408.92	6,338,408.92	100.00%	-
2007	6,665,868.24	6,665,868.24	100.00%	-
2006	6,559,558.94	6,559,558.94	100.00%	-

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

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

SOMERSET HILLS SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
BOROUGH OF FAR HILLS
UNAUDITED

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (a)</u>		<u>Collections in</u> <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2015	\$ 1,854,526	\$ 1,854,526	100.00%	\$ -
2014	1,810,438	1,810,438	100.00%	\$ -
2013	1,559,916	1,559,916	100.00%	-
2012	1,793,944	1,793,944	100.00%	-
2011	1,773,619	1,525,663	86.02%	247,955.90
2010	1,642,504	1,642,504	100.00%	-
2009	1,525,663	1,525,663	100.00%	-
2008	1,667,248	1,667,248	100.00%	-
2007	1,604,653	1,604,653	100.00%	-
2006	1,378,110	1,378,110	100.00%	-

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

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

SOMERSET HILLS SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Capital Leases			
2015	\$27,970,000.00	\$2,459,421.36	\$30,429,421.36	0.26%	\$2,698.60
2014	30,040,000.00	2,732,742.16	32,772,742.16	0.23%	3,025.27
2013	32,040,000.00	3,060,694.33	35,100,694.33	0.21%	3,120.62
2012	34,075,000.00	3,293,441.92	37,368,441.92	0.19%	3,319.57
2011	37,812,000.00	136,416.79	37,948,416.79	0.19%	3,449.86
2010	39,597,000.00	100,944.28	39,697,944.28	0.18%	3,601.05
2009	41,317,000.00	50,734.18	41,367,734.18	0.17%	3,783.75
2008	43,007,000.00		43,007,000.00	0.16%	3,953.58
2007	44,473,000.00	15,265.39	44,488,265.39	0.14%	4,100.68
2006	45,988,000.00	36,321.44	46,024,321.44	0.13%	4,251.28

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

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

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

(b) Includes Early Retirement Incentive Plan (ERIP) refunding

SOMERSET HILLS SCHOOL DISTRICT
RATIOS OF NET BONDED DEBT OUTSTANDING
UNAUDITED

Fiscal Year Ended <u>June 30,</u>	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value (a) of Property	Per Capita (b)
	General Obligation Bonds	Deductions			
2015	\$27,970,000.00		\$27,970,000.00	0.81%	\$2,480.49
2014	30,040,000.00		30,040,000.00	0.89%	2,773.01
2013	32,040,000.00		32,040,000.00	0.96%	2,848.51
2012	34,075,000.00		34,075,000.00	1.01%	3,027.01
2011	37,812,000.00		37,812,000.00	1.10%	3,437.45
2010	39,597,000.00		39,597,000.00	1.14%	3,591.89
2009	41,317,000.00		41,317,000.00	1.09%	3,779.11
2008	43,007,000.00		43,007,000.00	1.07%	3,953.58
2007	44,473,000.00		44,473,000.00	1.11%	4,099.27
2006	45,988,000.00		45,988,000.00	1.18%	4,247.92

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

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

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

SOMERSET HILLS SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2014
UNAUDITED

<u>Governmental Unit</u>	<u>Net Debt</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Bernardsville	\$10,012,300.00	100.00%	\$10,012,300.00
Borough of Peapack Gladstone	5,402,969.15	100.00%	5,402,969.15
Borough of Far Hills	415,691.00	100.00%	415,691.00
Other debt			
Somerset County	170,821,882.45	6.13%	<u>10,471,381.39</u>
Subtotal, overlapping debt			\$26,302,341.54
Somerset Hills School District Direct Debt			<u>27,970,641.00</u>
Total direct and overlapping debt			<u><u>\$54,272,982.54</u></u>

Source: Municipal Chief Financial Officer, County Treasurer's Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District.

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

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

SOMERSET HILLS SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2015:

Equalized Valuation Basis

Calendar Year

2014	\$3,522,931,757.00
2013	3,498,436,250.00
2012	3,600,112,821.00
	<u>\$10,621,480,828.00</u>

Average Equalized Valuation of Taxable Property \$3,540,493,609.33

Debt Limit (4% (a) of average equalization value)	\$141,619,744.37
Total Net Debt Applicable to Limit	27,970,641.00
Legal Debt Margin	<u>\$113,649,103.37</u>

	Fiscal Year Ending 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>
Debt Limit	\$141,619,744.37	\$143,562,540.72	\$148,034,026.75	\$157,100,544.56	\$157,101,185.56	\$159,851,987.87	\$159,236,371.07	\$154,089,770.03	\$143,312,314.57	\$131,749,799.80
Total Net Debt Applicable To Limit	<u>27,970,641.00</u>	<u>30,040,641.00</u>	<u>32,040,641.00</u>	<u>34,075,641.00</u>	<u>37,812,641.00</u>	<u>39,597,641.00</u>	<u>41,317,641.00</u>	<u>44,473,641.00</u>	<u>44,473,641.00</u>	<u>45,988,641.00</u>
Legal Debt Margin	<u>\$113,649,103.37</u>	<u>\$113,521,899.72</u>	<u>\$115,993,385.75</u>	<u>\$123,024,903.56</u>	<u>\$119,288,544.56</u>	<u>\$120,254,346.87</u>	<u>\$117,918,730.07</u>	<u>\$109,616,129.03</u>	<u>\$98,838,673.57</u>	<u>\$85,761,158.80</u>
Total Net Debt Applicable to the Limit as a % of Debt Limit	19.75%	20.93%	21.64%	21.69%	24.07%	24.77%	25.95%	28.86%	31.03%	34.91%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation
(a) Limit set by N.J.S.A. 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

SOMERSET HILLS SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
UNAUDITED

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate (d)</u>		
				<u>Bernardsville</u>	<u>Peapack-Gladstone</u>	<u>Far Hills</u>
2015	11,276	\$875,976,060	\$77,685	4.00%	4.90%	4.40%
2014	10,833	821,823,879	75,863	5.40%	7.20%	3.50%
2013	11,248	821,227,728	73,011	3.30%	6.30%	5.70%
2012	11,257	786,706,702	69,886	3.20%	6.00%	5.50%
2011	11,000	792,000,000	72,000	3.30%	6.20%	5.60%
2010	11,024	795,943,824	72,201	3.20%	6.10%	5.50%
2009	10,933	782,409,212	71,564	1.80%	3.40%	3.10%
2008	10,878	733,775,490	67,455	1.30%	2.60%	2.30%
2007	10,849	675,328,552	62,248	1.50%	2.90%	2.60%
2006	10,826	648,823,832	59,932	1.40%	2.70%	2.50%

Source:

- (a) Population information provided by the NJ Dept. of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (c) Per capita personal income (Somerset County average) estimated based upon the information published by the US Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept. of Labor and Workforce Development.

SOMERSET HILLS SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

<u>Employer</u>	<u>2015</u>		<u>2006</u>	
	<u># of</u> <u>Employees</u>	<u>Percentage of Total</u> <u>Employment</u>	<u># of</u> <u>Employees</u>	<u>Percentage of Total</u> <u>Employment</u>
(1)	<u>0</u>	<u>0.00%</u>	<u>0</u>	<u>0.00%</u>

Source: Municipal Records

(1) - Data not available

SOMERSET HILLS SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
UNAUDITED

Function/Program	<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>
Instruction:									
Regular	168	166	164	164	164	166	160	160	155
Special education	30	29	28	28	28	28	28	27	26
Support Services:									
Student and instruction related services	32	31	31	31	31	31	38	38	38
General administrative services	8	8	8	8	8	8	8	8	8
School administrative services	15	15	14	14	14	14	14	13	13
Plant operations and maintenance	24	24	24	24	24	25	25	27	26
Pupil transportation	6	5	4	4	3	2			
Central services	3	3	3	3	3	3	3	3	3
Administration information technology	3	1	1	1	1	1	1	1	1
Total	<u>289</u>	<u>282</u>	<u>277</u>	<u>277</u>	<u>276</u>	<u>278</u>	<u>277</u>	<u>277</u>	<u>270</u>

Source: District Personnel Records

SOMERSET HILLS SCHOOL DISTRICT
OPERATING STATISTICS
UNAUDITED

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures (a)</u>	<u>Cost Per Pupil</u>	<u>% Change</u>	<u>Teaching Staff (b)</u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (c)</u>	<u>Average Daily Attendance (c)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2015	2,023	\$38,263,208.69	\$18,914.09	5.50%	193	10.5	2,038	1,948	1.19%	95.58%
2014	2,010	37,267,580.57	18,541.08	3.42%	193	9.3	2,018	1,935	0.20%	95.89%
2013	2,014	36,107,867.68	17,928.43	4.42%	196	10.3	2,014	1,943	-0.35%	96.47%
2012	2,052	35,232,962.90	17,170.06	-1.01%	193	10.6	2,021	1,943	-1.84%	96.14%
2011	2,059	35,715,039.63	17,345.82	0.65%	196	10.5	2,059	1,969	-0.78%	95.65%
2010	2,078	35,813,206.66	17,234.46	4.99%	206	10.1	2,075	1,990	-2.40%	95.90%
2009	2,131	34,982,399.91	16,415.95	-4.18%	209	10.2	2,126	2,045	3.30%	96.19%
2008	2,076	35,565,968.33	17,131.97	5.68%	203	10.2	2,058	1,976	1.88%	96.02%
2007	2,019	32,730,956.58	16,211.47	5.90%	186	10.9	2,020	1,937	0.92%	95.89%
2006	1,997	30,571,298.38	15,308.61	5.31%	185	10.8	2,002	1,921	3.41%	95.96%

Sources: District records

Note: Enrollment based on annual October district count.

(a) Operating expenditures equal total expenditures less debt service and capital outlay.

(b) Teaching staff includes only full-time equivalents of certificated staff, obtained from NJ Certified Staff Report.

(c) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

SOMERSET HILLS SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
UNAUDITED

	<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>District Buildings</u>								
Elementary School(s):								
Bedwell (1960)								
Square Feet	83,183	83183	83,183	83,183	83,183	83,183	83,183	83,183
Capacity (students)	741	741	741	741	741	741	741	741
Enrollment	779	779	682	682	696	740	752	729
Middle School(s):								
Bernardsville Middle School (1969)								
Square Feet	81,746	81746	81,746	81,746	81,746	81,746	81,746	81,746
Capacity (students)	524	524	524	524	524	524	524	524
Enrollment	585	585	524	573	583	559	562	561
High School(s):								
Bernards High School (1930)								
Square Feet	252,715	252715	252,715	252,715	252,715	252,715	252,715	252,715
Capacity (students)	861	861	861	861	861	861	861	861
Enrollment	646	646	808	782	816	792	819	786

Number of Schools at June 30, 2015

Elementary = 1

Middle School = 1

High School = 1

Source: District records

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
UNAUDITED

Undistributed expenditures - Required maintenance for school facilities - 11-000-261-XXX

School Facilities * Project #(s)	<u>Total</u>	<u>Olcott Administrative</u>	<u>Bernards High School</u>	<u>Bedwell Elementary</u>	<u>Bernardsville Middle School</u>
2015	\$ 810,475.27	\$ 102,407.58	\$ 459,337.06	\$ 116,332.46	\$ 132,398.17
2014	780,536.24	98,624.63	442,369.11	112,035.13	127,507.37
2013	656,036.13	47,696.30	396,387.95	85,353.08	126,598.80
2012	715,930.99	62,656.16	383,265.87	122,854.22	147,154.74
2011	683,511.44	64,323.99	339,070.65	126,019.75	154,097.05
2010	729,629.45	32,886.04	398,986.82	132,221.87	165,534.72
2009	745,053.61	43,316.25	392,880.53	178,507.68	130,349.15
2008	914,724.02	56,642.37	510,308.02	141,188.30	206,585.33
2007	718,319.80	24,740.30	413,487.61	158,209.42	121,882.47
2006	598,585.00	34,292.00	275,660.00	130,399.00	158,234.00

* - 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

SOMERSET HILLS SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2015
UNAUDITED

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
School Package Policy - Garden State School Board Insurance Group: Utica		
Blanket Buildings and Contents	\$128,152,832.00	\$2,500.00
Comprehensive General Liability	1,000,000.00	
Commercial Umbrella Liability	10,000,000.00	
Boiler and Machinery Insurance	75,000,000.00	
School Board Legal Liability - NJSBAIG	3,000,000.00	2,500.00
Comprehensive Automobile Liability	1,000,000.00	
Data Processing Coverage	2,500,000.00	5,000.00
Public Employees' Performance Bond - Treasurer of School Monies	255,000.00	
Public Employees' Performance Bond - Business Administrator	240,000.00	
Employee Dishonesty	500,000.00	5,000.00
Money and Securities	50,000.00	1,000.00
Student Accident Insurance	1,000,000.00	
Workers Compensation - NJSBAIG	Statutory Limits	

Source: District Records

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SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable President and Members
of the Board of Education
Somerset Hills School District
County of Somerset
Bernardsville, New Jersey 07924

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Somerset Hills School District (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 3, 2015.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

SUPLEE, CLOONEY & COMPANY

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of This Report

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


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 93

December 3, 2015



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL
AND STATE FINANCIAL ASSISTANCE PROGRAMS AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH U.S. OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04**

Honorable President and Members
of the Board of Education
Somerset Hills School District
County of Somerset
Bernardsville, New Jersey 07924

Report on Compliance for Each Major Federal and State Program

We have audited the Somerset Hills School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Somerset Hills School District's major federal and state programs for the year ended June 30, 2015. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 Somerset Hills 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; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and *New Jersey OMB 04-04*. Those standards, *OMB Circular A-133* and *New Jersey OMB 04-04* 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 Somerset Hills School District's 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 federal and state program. However, our audit does not provide a legal determination of the Somerset Hills School District's compliance.

SUPLEE, CLOONEY & COMPANY

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

Management of the Somerset Hills School District 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 Somerset Hills School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and 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 program and to test and report on internal control over compliance in accordance with *OMB Circular A-133* and *New Jersey OMB 04-04*, 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 Somerset Hills 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 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.

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 OMB 04-04*. Accordingly, this report is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 93

December 3, 2015

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2014	CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEAR BALANCES	BALANCE AT JUNE 30, 2015		
				FROM	TO							(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE	DUE TO GRANTOR
Enterprise Funds														
U.S. Department of Agriculture														
Passed-Through State Department of Education:														
Food Distribution Program	10.565	N/A	\$30,311.84	7/1/13	6/30/14	\$ 756.68	\$	\$	(756.68)	\$	\$	\$	\$	\$
Food Distribution Program	10.565	N/A	32,863.61	7/1/14	6/30/15			32,863.61	(32,044.00)				819.61	
National School Lunch Program	10.555	N/A	114,159.40	7/1/14	6/30/15			106,539.08	(114,159.40)			(7,620.32)		
National School Lunch Program	10.555	N/A	98,630.42	7/1/13	6/30/14	(6,629.70)		6,629.70						
Total U.S. Department of Agriculture						(5,873.02)		146,032.39	(146,960.08)			(7,620.32)	819.61	
Special Revenue Funds														
U.S. Department of Education														
Passed-Through State Department of Education:														
I.D.E.A. Part B, Basic	84.027	IDEA481512	385,991.00	9/1/13	8/31/14	(90,968.05)		90,968.05						
I.D.E.A. Part B, Basic	84.027	IDEA481513	446,216.00	9/1/14	8/31/15			332,644.95	(408,033.71)			(75,388.76)		
I.D.E.A. Part B-Preschool	84.173	IDEA481510	16,836.00	9/1/13	8/31/14	(7,649.00)		7,649.00						
I.D.E.A. Part B-Preschool	84.173	IDEA481510	19,705.00	9/1/14	8/31/15				(19,705.00)			(19,705.00)		
Title I	84.010	NCLB481513	61,921.00	9/1/12	8/31/13	38.80			(38.80)					
Title I	84.010	NCLB481513	80,571.00	9/1/13	8/31/14	(14,746.00)		14,746.00						
Title I	84.010	NCLB481513	68,306.00	9/1/14	8/31/15			8,322.00	(68,306.00)			(59,984.00)		
Title II, Part A	84.367A	NCLB481512	23,960.00	9/1/14	8/31/15			21,488.00	(23,960.00)			(2,472.00)		
Title III	84.365A	NCLB481512	10,046.00	9/1/13	8/31/14	(3,108.00)		3,108.00						
Title III	84.365A	NCLB481513	16,937.00	9/1/12	8/31/13	2,241.94			(2,241.94)					
Title III-Immigration	84.365A	NCLB481513	9,205.00	9/1/14	8/31/15				(9,205.00)			(9,205.00)		
FIE Cultural Tolerance	84.215k		312,000.00	9/13/10	8/31/13	(33,048.44)						(33,048.44)		
Total U.S. Department of Education						(147,238.75)		478,926.00	(531,490.45)			(199,803.20)		
Total Special Revenue Funds						(147,238.75)		478,926.00	(531,490.45)			(199,803.20)		
Total Federal Financial Assistance						\$ (153,111.77)	\$	\$ 624,958.39	\$ (678,450.53)	\$	\$	\$ (207,423.52)	\$ 819.61	\$

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

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2014			CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REFUNDED TO GRANTOR	BALANCE AT JUNE 30, 2015			BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
				(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE	DUE TO GRANTOR					(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE	DUE TO GRANTOR		
State Department of Education															
General Funds															
Special Education Categorical Aid	15-495-034-5120-089	\$ 569,277.00	7/1/14-6/30/15	\$	\$	\$	\$ 525,900.00	\$ (569,277.00)	\$ 43,377.00	\$	\$	\$	\$	\$ 569,277.00	
Transportation Aid	15-495-034-5120-014	144,370.00	7/1/14-6/30/15				132,370.00	(144,370.00)						144,370.00	
Security Aid	15-495-034-5120-084	128,722.00	7/1/14-6/30/15				109,722.00	(128,722.00)						128,722.00	
PARRC Readiness Aid	15-495-034-5120-098	17,370.00	7/1/14-6/30/15				15,645.00	(17,370.00)						17,370.00	
Per Pupil Growth Aid	15-495-034-5120-097	17,370.00	7/1/14-6/30/15				15,644.00	(17,370.00)						17,370.00	
Non-Public School Transportation Aid	14-495-034-5120-044	61,992.00	7/1/13-6/30/14	(61,992.00)			61,992.00							61,992.00	
Non-Public School Transportation Aid	15-495-034-5120-044	50,396.00	7/1/14-6/30/15					(50,396.00)				50,396.00		50,396.00	
Extraordinary Aid	14-100-034-5120-473	402,795.00	7/1/13-6/30/14	(402,795.00)			402,795.00	(4,206.00)				4,206.00		402,795.00	
Extraordinary Aid	15-100-034-5120-473	389,921.00	7/1/14-6/30/15				4,206.00	(389,921.00)				385,715.00		389,921.00	
Reimbursed TPAF Social Security Contribution	14-495-034-5095-002	1,131,203.70	7/1/13-6/30/14	(55,765.73)			55,765.73							1,131,203.70	
Reimbursed TPAF Social Security Contribution	15-495-034-5095-002	1,130,641.88	7/1/14-6/30/15				1,074,049.33	(1,130,641.88)				(56,592.55)		1,130,641.88	
				(520,552.73)			2,398,089.06	(2,452,273.88)	77,828.00			(496,909.55)	496,909.55	4,044,058.58	
Special Revenue Funds															
N.J. Non-Public Aid															
Handicapped Services:															
Corrective Speech	14-100-034-5120-066	36,872.00	7/1/13-6/30/14			5,624.00				5,624.00					
Corrective Speech	15-100-034-5120-066	39,758.00	7/1/14-6/30/15				39,758.00	(30,923.00)				8,835.00		30,923.00	
Examination and Classification	14-100-034-5120-066	38,973.00	7/1/13-6/30/14		11,459.34					11,459.34					
Examination and Classification	15-100-034-5120-066	42,688.00	7/1/14-6/30/15				42,688.00	(39,086.00)				3,602.00		39,086.00	
Supplemental Instruction	15-100-034-5120-066	21,344.00	7/1/14-6/30/15				21,344.00	(21,344.00)						21,344.00	
Supplemental Instruction	14-100-034-5120-066	15,612.00	7/1/13-6/30/14			1,874.76				1,874.76					
Auxiliary Services															
Compensatory Education	14-100-034-5120-067	10,614.00	7/1/13-6/30/14			256.40				256.40					
Compensatory Education	15-100-034-5120-067	15,229.00	7/1/14-6/30/15				15,229.00	(4,989.00)				10,240.00		4,989.00	
Non-Public Home Instruction		612.35	7/1/13-6/30/14	(612.00)			612.00								
Non-Public Textbook Aid	15-100-034-5120-064	32,947.00	7/1/14-6/30/15				32,947.00	(32,404.00)				543.00		32,404.00	
Non-Public Textbook Aid	14-100-034-5120-064	30,606.00	7/1/13-6/30/14			459.68				459.68					
Non-Public Technology Aid	15-100-034-5120-373	17,696.00	7/1/14-6/30/15				17,696.00	(17,406.00)				290.00		17,406.00	
Non-Public Technology Aid	14-100-034-5120-373	11,160.00	7/1/13-6/30/14				628.85					628.85			
Non-Public Nursing Services	14-100-034-5120-070	43,078.00	7/1/13-6/30/14				297.52					297.52			
Non-Public Nursing Services	15-100-034-5120-070	52,452.00	7/1/14-6/30/15				52,452.00	(51,645.00)				807.00		51,645.00	
				(612.00)		20,600.55	222,726.00	(197,797.00)			20,600.55		24,317.00	197,797.00	
Debt Service Fund:															
Debt Service Aid Type II															
	15-495-034-5120-017	76,525.00	7/1/14-6/30/15				76,525.00	(76,525.00)						76,525.00	
							76,525.00	(76,525.00)						76,525.00	
Capital Projects Fund:															
New Jersey School Development Authority															
Bernardsville Middle School Exterior Door Replacement	SP 4815-040-14-2002	10,100.65	Continuous				10,100.65	(10,100.65)				10,100.65		10,100.65	
Bernardsville Middle School A/C Installation	SP 4815-040-14-2005	18,130.00	Continuous				18,130.00	(18,130.00)				18,130.00		18,130.00	
Bedwell Elementary School A/C Installation	SP 4815-040-14-1004	28,210.00	Continuous				28,210.00	(28,210.00)				28,210.00		28,210.00	
							56,440.65	(56,440.65)				56,440.65		56,440.65	
Enterprise Fund:															
State School Lunch Program															
State School Lunch Program	15-100-010-3350-023	5,024.51	7/1/14-6/30/15				4,697.71	(5,024.51)				(326.80)	(326.80)	5,024.51	
State School Lunch Program	14-100-010-3350-023	5,410.45	7/1/13-6/30/14	(608.83)			608.83								
				(608.83)			5,306.54	(5,024.51)				(326.80)	(326.80)	5,024.51	
Total State Financial Assistance Subject to Single Audit															
				\$ (521,773.56)	\$ 20,600.55		2,759,087.25	(2,788,061.04)	\$ 77,828.00	\$ 20,600.55	\$ (440,795.70)	\$ 24,317.00	\$ 496,582.75	\$ 4,379,845.74	
On-behalf TPAF post retirement (non-budgeted)															
On-behalf TPAF post retirement (non-budgeted)			7/1/14-6/30/15				1,333,399.00	(1,333,399.00)							
On-behalf TPAF non-contributory insurance (non-budgeted)			7/1/14-6/30/15				56,374.00	(56,374.00)							
On-behalf TPAF post retirement medical (non-budgeted)			7/1/14-6/30/15				783,562.00	(783,562.00)							
Total State Financial Assistance															
							\$ 4,932,422.25	\$ (4,961,396.04)							

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

Somerset Hills School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2015

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 of the District's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

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

Somerset Hills School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2015

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$3,451.00) for the general fund and \$-0- for the special revenue fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$531,490.45	\$2,452,273.88	\$2,983,764.33
Special Revenue Fund		197,797.00	197,797.00
Capital Projects Fund		56,440.65	56,440.65
Debt Service Fund		76,525.00	76,525.00
Food Service Fund	<u>146,960.08</u>	<u>5,024.51</u>	<u>151,984.59</u>
Total Awards & Financial Assistance	<u>\$678,450.53</u>	<u>\$2,788,061.04</u>	<u>\$3,466,511.57</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: OTHER

Revenues and expenditures reported in the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF pension contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2015. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2015.

Somerset Hills School District
Somerset County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Program(s)

- | (1) | Internal Control Over Major Federal Programs: | | | | | | | |
|----------------|---|----------------|-------------|-------------|--------|----------------|--------|--|
| | a) Material weakness(es) identified? | No | | | | | | |
| | b) Significant deficiencies that are not considered to be material weaknesses? | No | | | | | | |
| (2) | Type of Auditor’s Report issued on compliance for major federal program(s)? | Unmodified | | | | | | |
| (3) | Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133 and listed in Section III of this schedule? | No | | | | | | |
| (4) | Identification of Major Federal Program(s): | | | | | | | |
| | <table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"><u>Program</u></th> <th style="text-align: left;"><u>CFDA</u></th> </tr> </thead> <tbody> <tr> <td>IDEA Part B</td> <td>84.027</td> </tr> <tr> <td>IDEA Preschool</td> <td>84.173</td> </tr> </tbody> </table> | <u>Program</u> | <u>CFDA</u> | IDEA Part B | 84.027 | IDEA Preschool | 84.173 | |
| <u>Program</u> | <u>CFDA</u> | | | | | | | |
| IDEA Part B | 84.027 | | | | | | | |
| IDEA Preschool | 84.173 | | | | | | | |
| (5) | Program Threshold Determination:
Type A Federal Program Threshold > \$300,000.00
Type B Federal Program Threshold <= \$300,000.00 | | | | | | | |
| (6) | Auditee qualified as a low-risk auditee under OMB Circular A-133? | Yes | | | | | | |

Somerset Hills School District
Somerset County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Program(s)

- | | | |
|-----|---|------------|
| (1) | Internal Control Over Major Federal Programs: | |
| | a) Material weakness(es) identified? | No |
| | b) Significant deficiencies that are not considered to be material weaknesses? | No |
| (2) | Type of Auditor’s Report issued on compliance for major federal program(s)? | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133 and listed in Section III of this schedule? | No |
| (4) | Identification of Major Federal Program(s): | |

<u>Program</u>	<u>CFDA</u>
IDEA Part B	84.027
IDEA Preschool	84.173

- | | | |
|-----|---|-----|
| (5) | Program Threshold Determination:
Type A Federal Program Threshold > \$300,000.00
Type B Federal Program Threshold <= \$300,000.00 | |
| (6) | Auditee qualified as a low-risk auditee under OMB Circular A-133? | Yes |

Somerset Hills School District
Somerset County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

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

Internal Control Findings

None Reported

Compliance Findings

None Reported

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

Federal Programs – None Reported

State Programs – None Reported

Somerset Hills School District
Somerset County, New Jersey

Schedule of Prior Year Audit Findings

Not Applicable

