

SOMERVILLE BOROUGH SCHOOL DISTRICT

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015**

**Comprehensive Annual
Financial Report**

of the

Somerville Borough School District

Somerville, New Jersey

For the Fiscal Year Ended June 30, 2015

Prepared by

Somerville Board of Education

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INTRODUCTORY SECTION

Somerville Board of Education

Administrative Headquarters

51 West Cliff Street

Somerville, NJ 08876

Timothy J. Purnell, Ed.D.
Superintendent of Schools
Telephone 908-218-4101

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

November 25, 2015

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

Dear Board Members:

The comprehensive annual financial report of the Somerville Borough School District (the "District") for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The 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, a roster of officials and a list of consultants and advisors. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of 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 the New Jersey OMB's Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control system and compliance with applicable laws, and regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services appropriate to grade levels K through 12 for the students residing in Somerville Borough, and 9 through 12 for students residing in Branchburg Borough. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2014-2015 fiscal year with an enrollment of 2,386 students, which is a decrease of 12 students from the previous year's enrollment.

The Honorable President and Members of
the Board of Education
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2) ECONOMIC CONDITION AND OUTLOOK:

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

3) MAJOR INITIATIVES:

District-Wide

Somerville has been nationally recognized for enhancing student performance through a personalized student assessment program (Assess, Analyze and Achieve). The district received a national District of Distinction (1-of-49 school districts in the nation) for this focus on individualized student growth, while Newsweek Magazine ranked Somerville High School in the top 6% of high schools nationwide. The district reached 100% of the state's performance report targets in academic achievement and graduation/post-secondary enrollment since the inception of the 2013 Assess, Analyze, and Achieve program.

The district offers free professional development to educators, administrators, and board members statewide through an annual Student Achievement and Data Summit. The district also launched a 3DPD (Three Dimensional Professional Development), an online "best practice" YouTube repository where staff can share ideas and highlight exemplary work.

At-risk students are identified for student mentorship through the district wide Mosaic program. The program pairs at-risk students with local mentors in the community. Mentors are assigned to children based on a student interest survey.

In an effort to continue to support all learners, Branching Minds, an innovative software program, has been introduced to help I&RS teams better meet the needs of struggling students. Using a customized, student centered approach, Branching Minds will offer teachers a plethora of classroom based strategies that be used to support school success based on an individual student needs profile.

The district partnered with Family ID, a web-based document application, to post school forms requiring parent/guardian signatures online. This gives families the ability to digitally complete and sign important school documents including registration and field trip forms while giving the district the opportunity to provide an efficient, cost effective, and eco-friendly solution to generating, collecting, and reporting important student data.

Somerville High School

The partnership with Raritan Valley Community College (RVCC) continues with the Somerville Academy of Liberal Arts. Students enrolled in this Academy have the opportunity to receive an Associate's Degree in Liberal Arts and a High School Diploma upon completion of their high school experience. The district has also partnered with RVCC to implement the Workforce Skill Development and Employability Program. This program provides opportunities for non-college bound students with four career tracks including retail, hospitality, public service (law enforcement), and childcare. The program provides for certification in CPR, ServeSafe Food Handlers, and ServeSafe Essentials. Finally the district partnered with RVCC for a Performing Arts and Dance Academy. The Somerville Performing Arts and Dance Academy provides students with an opportunity to earn liberal arts credits and gain access to RVCC's state-of-the-art Dance Studio and Performing Arts Center.

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3) MAJOR INITIATIVES: (Cont'd)

Somerville High School

The district also utilizes Robert Wood Johnson for the Somerville Medical Sciences Academy. Students enrolled in the Somerville Medical Sciences Academy learn firsthand about the many health careers available and gain valuable knowledge, skills, and experiences in a hospital setting that cannot be duplicated in a traditional high school classroom. The goal of the program is to challenge students academically while stimulating interest in health related professions and to motivate students with an aptitude for math and science to pursue post-secondary education.

The Young Science Achievers Program provides scientists from AT&T to work with our at-risk students in the area(s) of Science, Technology, Engineering and Math (STEM). Somerville High School enhanced its guidance services by adding a new College and Career Counselor who assists eighth grade students in Somerville and Branchburg with development of Individualized Student Learning Plans (ISLPs) through Naviance. The Somerville High School Guidance department is working to establish stronger relationships with college admissions offices and local businesses to assist our non-college bound students with getting jobs after high school.

Somerville High School teachers engage in data driven Professional Learning Communities that continue to focus on student achievement. Data is gathered, discussed, and reflected upon to identify targeted areas of focus to ensure college and career readiness. Administrators and teachers collaborate through the facilitation of Professional Learning Communities as well as through shared Google Docs. New course offerings at Somerville High School include Mobile App Development, Marine Biology, Exploring Spanish Culture through Communication, Human Conscience, and AP Physics I and 2. Infinite opportunities will be afforded to all high school students (and high performing middle school students) through online offerings without any limit to the number of credits per child.

Somerville Middle School:

Somerville Middle School adopted the Go Math program for grades 6-8. The program supports the integration and implementation of the Common Core standards in the classroom setting.

Students are involved in a yearlong foreign language program. Classes meet on an every other day schedule which allows for sustained, concentrated exposure to a foreign language. Students are also availed with the opportunity to participate in foreign language clubs. These meetings provide students with the venue to practice speaking the language while developing an appreciation of the various cultures represented by the language.

The STEAM classes at Somerville Middle School provide students with the opportunity to develop skills in programming. Through these classes students also learn new and innovative strategies to develop presentations which can be used in their other classes. Robotics and Scratch after school clubs are available to the students.

Van Derveer Elementary:

Van Derveer School has demonstrated tremendous growth on the school performance report and reading levels school wide. In an effort to maintain this growth, Van Derveer teachers will continue with Response to Intervention (RTI) block to assist in the differentiation of instruction for all students. Each day the students meet for a 30-minute block to focus on identified areas of literacy challenges or to engage in multi-disciplinary learning opportunities.

The Honorable President and Members of
the Board of Education
Somerville Borough School District
November 25, 2015
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3) MAJOR INITIATIVES: (Cont'd)

Van Derveer Elementary:

Qualifying at-risk students have the opportunity to attend a before school Title I program that utilizes American Reading Company materials and devices to access MyOn software. MyOn assesses student interest and reading levels and provides students with a recommended reading list that matches their assessed criteria. The program also has options for teacher controls, Spanish translation and highlights/reads text as needed.

The district hosted its fourth annual Kindergarten Summit. All surrounding preschool providers (including Somerville preschool educators) visit district Kindergarten classrooms for a day of articulating, highlighting best practices, and sharing Kindergarten expectations. The Kindergarten Summit received a "Best Practice" award and an A+ Ideas, Programs and Practices New Jersey School Boards Association recognition.

At-risk reading students participate in a morning reading program utilizing the 100 Book Challenge model. The program is extremely well attended. Students benefit from rich text and small group instruction.

The school-wide enrichment model for grades 2-5 focuses on student interest survey results while providing higher-order thinking opportunities and include hands-on experiences for all identified students. Gifted and talented students in grades 2-5 meet before school.

Technology Programs

The students of Somerville Public Schools engage daily in connected learning experiences. Through the use of technology they have opportunities to explore, communicate, and design. Somerville students learn how to become responsible technology users, contributors, and creators. The rigorous curricula and transformative practices give them the opportunities necessary to communicate, create, and thrive as connected citizens.

Van Derveer Elementary students enjoy connected learning experiences through shared use of a variety of devices. Teachers and students utilize MacBooks and iPads to connect wirelessly with the district's network and interact with 21st Century curricula such as Go Math, Study Island, MyOn, and other developmentally appropriate applications. Each classroom is also currently equipped with a Smartboard and several PC desktops for student use. The STEM/Coding program will now see roots begin to grow with Kindergarten through Grade 5 students in VDV.

Somerville Middle school students are also seated in 21st Century classrooms, with Smartboards and Wi-Fi, and participate in a 1: 1 Chromebook initiative. Every student in Somerville Middle School has access to a personalized Chromebook to use in every classroom throughout the school day. Google Apps for Education accounts provide students with the opportunity to collaborate with their teachers and classmates. In addition, educational applications and programs provide them with the curricula support they need to achieve successful academic growth.

A 1: 1 Chrome book initiative was also implemented at Somerville High School. Staff and students use Chromebooks and their Google Apps for Education accounts to engage in collaborative 21st Century learning activities. Somerville High School has a Smartboard available for students to use in all appropriate classrooms. Students have the option to participate in the video productions studio and create newscasts for their peers. High School students also explore their creativity through 3D printing facilities, a music production computer lab, and an engineering lab.

The Honorable President and Members of
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4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

5) BUDGETARY CONTROLS:

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

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

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

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

The Honorable President and Members of
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Somerville Borough School District
November 25, 2015
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8) RISK MANAGEMENT:

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

9) OTHER INFORMATION:

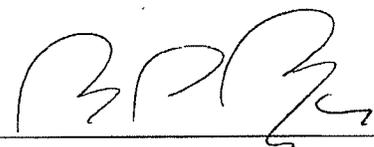
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,



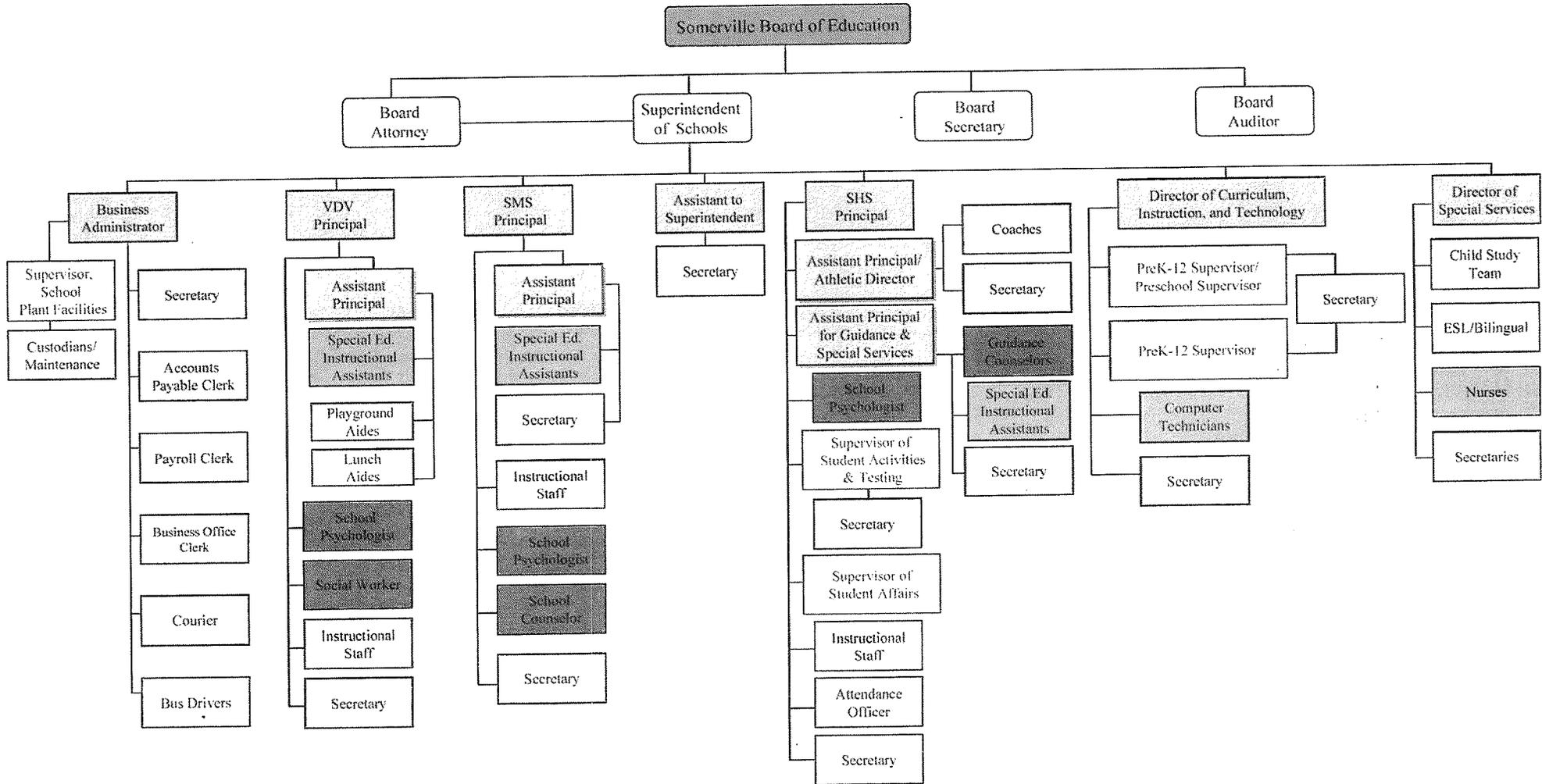
Timothy J. Farnell, Ed.D.
Superintendent of Schools



Bryan P. Boyce
Business Administrator/Board Secretary

Somerville Public Schools Organizational Chart

**BOARD OF EDUCATION
SOMERVILLE**
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Organizational Chart



**SOMERVILLE BOROUGH SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2015**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Linda Olson, President	2016
Norman Chin, Vice President	2017
Kenneth Cornell	2015
Dennis Garot	2015
Daniel Puntillo, Jr.	2015
Melissa Sadin	2016
Lucien Sergile, Jr.	2016
David Rehe *	2015
Dianne Durland	2017
James Jones	2017

Other Officers

Timothy J. Purnell, Superintendent of Schools
Bryan P. Boyce, School Business Administrator/Board Secretary
Patricia A. Bader, Treasurer (Until October 31, 2014)

* Branchburg Board of Education Member

**SOMERVILLE BOROUGH SCHOOL DISTRICT
Consultants and Advisors**

Architect

SSP Architectural Group
1011 Route 22, Suite 203
Bridgewater, NJ 08807

Attorneys

McDonald & Rogers
181 West High Street
Somerville, NJ 08876

Fogarty & Hara, Esqs.
21-00 Route 208 South
Fair Lawn, NJ 07410

Schenck, Price, Smith & Kink, LLP
220 Park Avenue
Florham Park, NJ 07932

Audit Firm

Nisivoccia LLP CPAs
Mount Arlington Corporate Center
200 Valley Road Suite 300
Mount Arlington, NJ 07856

Official Depositories

PNC Bank
East Main Street
Somerville, NJ 08876

Bank of America
10 West High Street
Somerville, NJ 08876

Wells Fargo Bank
190 River Road
Summit, NJ 07901

TD Bank
50 West Main Street
Somerville, NJ 08876

Bank of America
210 Main Street
Hackensack, NJ 07601

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax
 Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

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

Report on the 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 Board of Education of the Somerville Borough School District (the "District") in the County of Somerset, as of and for the fiscal 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Somerville Borough School District, in the County of Somerset, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9 to the basic financial statements, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balances on the Statement of Net Position and the ending balance for Net Position for the Governmental Activities as of June 30, 2014 as detailed in Note 18 to the basic financial statements.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

The accompanying 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 November 25, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 25, 2015
Mount Arlington, New Jersey

NISIVOCCIA LLP



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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**SOMERVILLE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

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

Financial Highlights

Key financial highlights for the 2014/2015 school year are as follows:

- Overall revenue was \$49.74 million.
- Overall expenditures were \$47.39 million.

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

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

Overview of the Financial Statements

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

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

**SOMERVILLE BOROUGH SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

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

Reporting the School District as a Whole

District Wide Statements

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

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

Statement of Net Position and the Statement of Activities

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

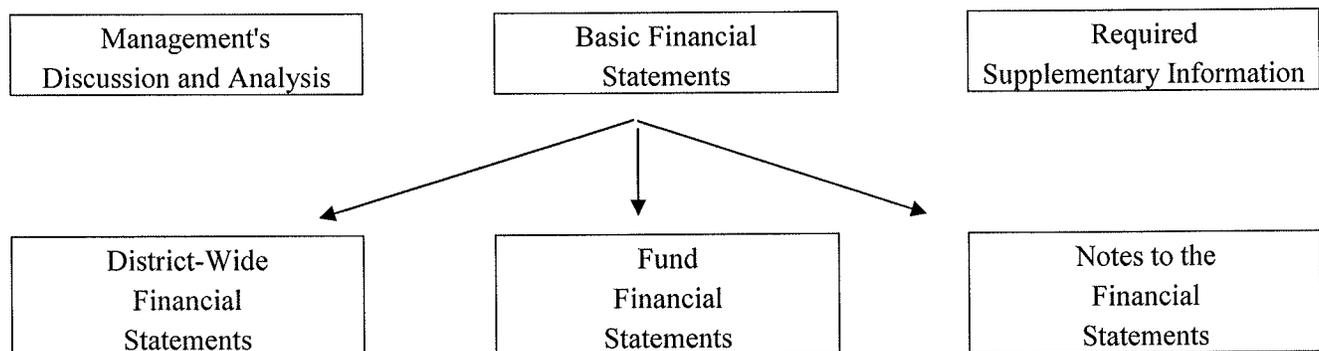
In the Statement of Net Position and the Statement of Activities, the District is divided into two distinct types of activities:

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

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

Figure A-1

Organization of Somerville Borough School District’s Financial Report



**SOMERVILLE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

**SOMERVILLE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Fund Financial Statements

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

Governmental Funds

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

Proprietary Fund

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

Fiduciary Funds

The District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds and the student activity funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

The Statement of Net Position provides one perspective of the District as a whole. Figure A-3 provides a summary of the District's net position as of June 30, 2015. The District's combined net position was \$24,718,275 on June 30, 2015, \$2,406,772 or 10.79% more than it was the year before. Net Investment in capital assets increased due to the increase in construction in progress due to the District's various capital projects along with acquisitions of district assets combined with the continued pay down of the school debt offset by depreciation expense. The decrease in restricted net position is attributable to the reduction in the capital reserve. The decrease in unrestricted net position was primarily attributable to decreases in compensated absences offset by changes in the net pension liability and pension related deferred inflows and outflows.

**SOMERVILLE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Figure A-3

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2014/2015	2013/2014*	2014/2015	2013/2014	2014/2015	2013/2014*	
Current and Other Assets	\$ 9,514,153	\$ 9,297,812	\$ 160,729	\$ 142,747	\$ 9,674,882	\$ 9,440,559	2.48%
Capital Assets, Net	47,430,104	46,879,577	107,596	120,756	47,537,700	47,000,333	1.14%
Total Assets	56,944,257	56,177,389	268,325	263,503	57,212,582	56,440,892	1.37%
Deferred Outflow of Resources	1,480,795	895,587			1,480,795	895,587	65.34%
Long-Term Debt Outstanding	22,039,435	23,404,075			22,039,435	23,404,075	-5.83%
Other Liabilities	2,205,453	2,632,962	247	35,931	2,205,700	2,668,893	-17.36%
Total Liabilities	24,244,888	26,037,037	247	35,931	24,245,135	26,072,968	-7.01%
Deferred Inflow of Resources	547,241				547,241		100.00%
Net Position							
Net Investment in Capital Assets	26,525,104	24,519,577	107,596	120,756	26,632,700	24,640,333	8.09%
Restricted	5,647,393	4,060,067			5,647,393	4,060,067	39.10%
Unrestricted/(Deficit)	(7,722,300)	(6,495,713)	160,482	106,816	(7,561,818)	(6,388,897)	-18.36%
Total Net Position	\$ 24,450,197	\$ 22,083,931	\$ 268,078	\$ 227,572	\$ 24,718,275	\$ 22,311,503	10.79%

* - As Restated

Changes in Net Position

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

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	
Revenue:							
Program Revenue:							
Charges for Services	\$ 10,910,435	\$ 10,602,699	\$ 323,756	\$ 279,406	\$ 11,234,191	\$ 10,882,105	3.24%
Operating Grants & Contributions	10,999,893	6,581,343	312,052	351,772	11,311,945	6,933,115	63.16%
Capital Grants & Contributions	146,411	336,782			146,411	336,782	-56.53%
General Revenue:							
Property Taxes	22,225,708	22,123,850			22,225,708	22,123,850	0.46%
Federal and State Aid	4,780,164	4,730,049			4,780,164	4,730,049	1.06%
Other	95,689	340,762			95,689	340,762	-71.92%
Total Revenue	49,158,300	44,715,485	635,808	631,178	49,794,108	45,346,663	9.81%
Expenses:							
Instruction	29,277,713	25,453,035			29,277,713	25,453,035	15.03%
Pupil and Instruction Services	6,942,151	6,607,872			6,942,151	6,607,872	5.06%
Administrative and Business	4,963,183	4,060,164			4,963,183	4,060,164	22.24%
Maintenance and Operations	2,798,045	2,587,776			2,798,045	2,587,776	8.13%
Transportation	1,147,465	1,029,868			1,147,465	1,029,868	11.42%
Other	1,663,477	1,569,677	595,302	643,605	2,258,779	2,213,282	2.06%
Total Expenses	46,792,034	41,308,392	595,302	643,605	47,387,336	41,951,997	12.96%
Increase/(Decrease) in Net Position	\$ 2,366,266	\$ 3,407,093	\$ 40,506	\$ (12,427)	\$ 2,406,772	\$ 3,394,666	-29.10%

**SOMERVILLE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Revenue Sources. The District's total revenue for the 2014/2015 school year was \$49,794,108 (See Figure A-5). Property taxes and grants accounted for most of the District's revenue, with local taxes accounting for \$22,225,708 of the total, or 44.64 percent. Another 32.61 percent came from state and federal aid for specific programs and the remainder from miscellaneous sources and charges for services. Charges for services consists of tuition and cafeteria charges.

**Figure A-5
Sources of Revenue for Fiscal Year 2015**

Sources of Income	<u>Amount</u>	<u>Percentage</u>
Grants and Contributions	\$ 11,458,356	23.01%
Property Taxes	22,225,708	44.64%
Federal and State Unrestricted Aid	4,780,164	9.60%
Charges for Services	11,234,191	22.56%
Other	95,689	0.19%
	<u>\$ 49,794,108</u>	<u>100.00%</u>

The total cost of all programs and services was \$47,387,336. The District's expenses are predominantly related to instruction, pupil services and transportation (78.77%). (See Figure A-6). The District's administrative services, including plant operations and maintenance accounted for 16.37% of the total expenses. Other expenses include the operations of the food service enterprise fund, unallocated depreciation and interest on long-term debt.

**Figure A-6
Expenses for Fiscal Year 2015**

Expense Category	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 29,277,713	61.88%
Pupil and Instruction Services	6,942,151	14.47%
Administrative and Business	4,963,183	10.57%
Maintenance and Operations	2,798,045	5.90%
Transportation	1,147,465	2.41%
Other	2,258,779	4.77%
	<u>\$ 47,387,336</u>	<u>100.00%</u>

**SOMERVILLE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District remains strong. Maintaining financial and programmatic stability in annual budgets has become increasingly difficult due to state aid not keeping pace with the District's enrollment increases.

Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions implemented/continued during the year were:

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

Additional areas of shared services will be explored to minimize financial impact to the taxpayer.

It is crucial that the District examine its expenditures carefully. Figure A-7 presents the cost of six major District activities; instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**SOMERVILLE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

**Figure A-7
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2014/2015	2013/2014	2014/2015	2013/2014
Instruction	\$ 29,277,713	\$ 25,453,035	\$ 9,052,946	\$ 9,035,880
Pupil and Instruction Services	6,942,151	6,607,872	5,980,401	6,015,551
Administrative and Business	4,963,183	4,060,164	4,302,905	3,803,387
Maintenance and Operations	2,798,045	2,587,776	2,651,634	2,007,318
Transportation	1,147,465	1,029,868	1,083,932	998,667
Other	1,663,477	1,569,677	1,663,477	1,569,677
	<u>\$ 46,792,034</u>	<u>\$ 41,308,392</u>	<u>\$ 24,735,295</u>	<u>\$ 23,430,480</u>

- The cost of all governmental activities this year was \$46,729,034.
- The federal and state governments subsidized certain programs with grants and contributions.
- Most of the District's costs, however, were financed by District taxpayers and tuition.
- A portion of governmental activities was financed with state and federal aid for general and specific programs.

Business-Type Activities

Net position of the District's business-type activity increased by \$40,506 (Refer to Figure A-4). Factors contributing to these results included:

- Food services revenue exceeded expenses by \$40,506 accounting for all the increase in the unrestricted net position of the business-type activities.

Financial Analysis of the District's Funds

The District's financial position remained stable despite continuous changes in budgeting laws and the volatility of state aid both of which tend to change often and significantly without sufficient notice to plan for their impact on financial and programmatic plans. Despite these challenges, the District continues to adopt budgets under the state mandated CAP and under the District Adequacy Budget. Additionally, the District continues to spend less than average on a budgetary per pupil basis compared to districts of like size and configuration as reflected in the *Taxpayer's Guide to Education Spending*.

The current economy has had a direct impact upon the District's revenue sources. Although the Borough of Somerville has several development/redevelopment projects in the execution phase, ratables in the Borough have decreased in 2012, 2013 and 2014 which has a direct negative impact on school property taxes. The District will remain sensitive to the taxpayer's ability to pay property taxes as they build annual budgets.

**SOMERVILLE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

General Fund Budgetary Highlights

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

Over the course of the year, the District revised the annual operating budget monthly. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- Salary accounts were adjusted to reflect: changes in staff assignments; retirements, resignations and resulting new hires; program adjustments necessitated by student population changes.
- Funds were transferred from capital outlay and capital reserves to the capital projects fund representing the local share of capital projects that received 44% of state funding pursuant to the *Educational Facilities Construction and Financing Act*.
- Tuition for special education students is budgeted based on the existing and known incoming students at the time the budget is submitted. Students move into and out of the District during the summer as well as the school year which necessitates transferring funds to the appropriate account to pay these special education costs.
- Teacher's Pension and Annuity Fund, which is the state's contribution to the pension fund and social security is neither a revenue item nor an expenditure item to the District's budget, but is required to be reflected in the financial statements.

Capital Asset and Debt Administration

**Figure A-8
Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	
Land	\$ 20,079	\$ 20,079			\$ 20,079	\$ 20,079	0.00%
Construction in Progress	29,061,797	27,938,559			29,061,797	27,938,559	4.02%
Buildings and Building Improvements	15,997,308	16,584,824			15,997,308	16,584,824	-3.54%
Machinery and Equipment	2,350,920	2,336,115	\$ 107,596	\$ 120,756	2,458,516	2,456,871	0.07%
Total Capital Assets (Net of Depreciation)	<u>\$47,430,104</u>	<u>\$46,879,577</u>	<u>\$ 107,596</u>	<u>\$ 120,756</u>	<u>\$47,537,700</u>	<u>\$47,000,333</u>	1.14%

During the 2014/2015 school year the District continued work on the District's facilities related to the 2004 referendum and certain other projects in the District.

**SOMERVILLE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Long-term Debt

At year-end, the District had \$20,905,000 in general obligation bonds as shown in Figure A-9.

Figure A-9

Outstanding Debt

	Total School District		Percentage Change
	2014/2015	2013/2014 *	
General Obligation Bonds (Financed with Property Taxes)	\$ 20,905,000	\$ 22,360,000	-6.51%
Net Pension Liability	9,182,726	8,952,008	2.58%
Other Long Term Debt	1,134,435	1,044,075	8.65%
	<u>\$ 31,222,161</u>	<u>\$ 32,356,083</u>	-3.50%

* - As Restated

- The District continued to pay down its debt, retiring \$1,455,000 of serial bonds
- The District's compensated absences increased \$90,360.
- The District's net pension liability grew 2.58% or \$230,718.

Factor's Bearing on the District's Future

Based on a community-wide needs assessment, the District will focus efforts around three strategic themes related building cultural competence, preparing for college and career and growing professional development opportunities. Everyone associated with the Somerville Borough Board of Education is grateful for the community support of the schools. However, due to the instability of the state's financial position that has resulted in material reductions in state aid, changes in budgeting laws without sufficient notice to plan for the long term impact of those changes and unfunded state mandates there is an ever-increasing reliance on local property taxes to fund school district operations.

Future finances will be challenged even further with the continued effect of legislation that impacts the financial operation of the School District. S1701, adopted by the State of New Jersey on June 17, 2004, forced the District to cut its allowable undesignated general fund balance in half (from 6% to 3%), which was reduced to 2% at the end of the 2004/2005 school year. This leaves the District with very little protection in the event of costly emergencies. The 2% property tax CAP that has been signed into law is without any vehicle to align existing contracts with local bargaining units to the new CAP. In addition, current budget laws do not provide relief to the 2% budget CAP for capital projects. As a result the District has adopted a strategy to fund facility improvements on an ongoing annual basis to achieve a goal of keeping the buildings safe, systems functioning and operating efficiently and appearances presentable so that students are not distracted from learning. Despite this strategy, it will become increasingly difficult in the future to fund major construction projects from annual budgets aimed at providing additional space for students should the spike in enrollment continue.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 4,918,960	\$ 103,025	\$ 5,021,985
Receivables from Federal Government	384,052	50,031	434,083
Receivables from State Government	299,579	1,181	300,760
Other Receivables	21,856		21,856
Inventory		6,492	6,492
Unamortized Bond Discount	36,897		36,897
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	1,644,558		1,644,558
Maintenance Reserve Account - Cash and Cash Equivalents	200,409		200,409
Tuition Reserve Account - Cash and Cash Equivalents	2,007,842		2,007,842
Capital Assets, Net			
Site (Land) and Construction in Progress	29,081,876		29,081,876
Depreciable Buildings and Building Improvements & Machinery and Equipment	18,348,228	107,596	18,455,824
Total Assets	56,944,257	268,325	57,212,582
DEFERRED OUTFLOW OF RESOURCES			
Changes in Assumptions - Pensions	288,754		288,754
Changes in Proportions - Pensions	356,160		356,160
Deferred Amount on the Refunding	835,881		835,881
Total Deferred Outflows of Resources	1,480,795		1,480,795
LIABILITIES			
Current Liabilities:			
Accounts Payable - Vendors	826,150		826,150
Accrued Interest Payable	332,956		332,956
Unamortized Bond Premium	832,748		832,748
Payable to State Government	56,183		56,183
Unearned Revenue	157,416	247	157,663
Noncurrent Liabilities:			
Due Within One Year	1,520,000		1,520,000
Due Beyond one Year	29,702,161		29,702,161
Total Liabilities	33,427,614	247	33,427,861
DEFERRED INFLOWS OF RESOURCES			
Investment Gains - Pensions	547,241		547,241
Total Deferred Inflows of Resources	547,241		547,241

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
NET POSITION			
Net Investment in Capital Assets	26,525,104	107,596	26,632,700
Restricted for:			
Capital Projects	1,918,862		1,918,862
Debt Service	468		468
Other Purposes	3,728,063		3,728,063
Unrestricted/(Deficit)	<u>(7,722,300)</u>	<u>160,482</u>	<u>(7,561,818)</u>
Total Net Position	<u>\$ 24,450,197</u>	<u>\$ 268,078</u>	<u>\$ 24,718,275</u>

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental Activities:						
Regular Instruction	\$ 20,291,911	\$ 10,910,435	\$ 5,772,110		\$ (3,609,366)	\$ (3,609,366)
Special Education Instruction	6,895,724		3,114,840		(3,780,884)	(3,780,884)
Other Special Instruction	597,984		131,850		(466,134)	(466,134)
Other Instruction	1,492,094		295,532		(1,196,562)	(1,196,562)
Support services:						
Tuition	1,636,448				(1,636,448)	(1,636,448)
Student & Instruction Related Services	5,305,703		961,750		(4,343,953)	(4,343,953)
General Administrative Services	806,049				(806,049)	(806,049)
School Administrative Services	2,865,374		660,278		(2,205,096)	(2,205,096)
Central Services	635,172				(635,172)	(635,172)
Administration Information Technology	656,588				(656,588)	(656,588)
Plant Operations and Maintenance	2,798,045			\$ 146,411	(2,651,634)	(2,651,634)
Pupil Transportation	1,147,465		63,533		(1,083,932)	(1,083,932)
Unallocated Depreciation	611,931				(611,931)	(611,931)
Interest on Long-Term Debt	850,781				(850,781)	(850,781)
Capital Outlay	200,765				(200,765)	(200,765)
Total Governmental Activities	46,792,034	10,910,435	10,999,893	146,411	(24,735,295)	(24,735,295)
Business-Type Activities:						
Food Service	595,302	323,756	312,052			\$ 40,506
Total Business-Type Activities	595,302	323,756	312,052			40,506
Total Primary Government	\$ 47,387,336	\$ 11,234,191	\$ 11,311,945	\$ 146,411	(24,735,295)	(24,694,789)

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 20,473,440		\$ 20,473,440
Property Taxes Levied for Debt Service	1,752,268		1,752,268
Federal and State Aid not Restricted	4,780,164		4,780,164
Interest and Miscellaneous Income	95,689		95,689
	27,101,561		27,101,561
Total General Revenues			
Change in Net Position	2,366,266	\$ 40,506	2,406,772
Net Position - Beginning -Restated	22,083,931	227,572	22,311,503
Net Position - Ending	\$ 24,450,197	\$ 268,078	\$ 24,718,275

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

FUND FINANCIAL STATEMENTS

SOMERVILLE BOROUGH 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	\$ 2,535,541		\$ 2,383,155	\$ 264	\$ 4,918,960
Interfund Receivable	99,188			204	99,392
Receivables from Federal Government	25,429	\$ 358,623			384,052
Receivables from State Government	296,953	2,626			299,579
Other Receivables	6,702	15,154			21,856
Restricted Cash and Cash Equivalents	3,852,809				3,852,809
Total Assets	\$ 6,816,622	\$ 376,403	\$ 2,383,155	\$ 468	\$ 9,576,648
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable - Vendors	\$ 705,457	\$ 117,610	\$ 3,083		\$ 826,150
Interfund Payable		99,188	204		99,392
Payable to State Government		56,183			56,183
Unearned Revenue		157,416			157,416
Total Liabilities	705,457	430,397	3,287		1,139,141
Fund Balances:					
Restricted:					
Capital Reserve Account	1,644,558				1,644,558
Maintenance Reserve Account	200,409				200,409
Tuition Reserve Account	2,007,842				2,007,842
Excess Surplus	749,947				749,947
Excess Surplus - Subsequent Year's Expenditures	769,865				769,865
Capital Projects Fund			274,304		274,304
Debt Service Fund				\$ 468	468
Committed:					
Capital Projects Fund			2,105,564		2,105,564
Assigned:					
Year-End Encumbrances	88,870				88,870
Subsequent Year's Expenditures	350,000				350,000
Unassigned:					
General Fund	299,674				299,674
Special Revenue Fund/(Deficit)		(53,994)			(53,994)
Total Fund Balances/ (Deficit)	6,111,165	(53,994)	2,379,868	468	8,437,507
Total Liabilities and Fund Balances	\$ 6,816,622	\$ 376,403	\$ 2,383,155	\$ 468	\$ 9,576,648

SOMERVILLE BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

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

Total Fund Balances From Above	\$ 8,437,507
Capital assets used in governmental activities are not financial resources and therefore not reported in the Funds. The cost of the assets is \$61,886,410 and the accumulated depreciation is \$14,456,306.	47,430,104
Long-Term Liabilities, including bonds payable, are not due and payable in the current the current period and therefore are not reported as liabilities in the funds.	(22,039,435)
Deferred bond interest costs are not reported as expenditures in the governmental funds in the year of the expenditures.	835,881
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(332,956)
Bond discounts are not reported as expenditures in the governmental funds in the year of the expenditure.	(832,748)
Bond issuance premiums are reported as revenue in the governmental funds in the year the bonds are sold.	36,897
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(9,182,726)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds.	
Changes in Assumptions - Pensions	288,754
Investments in Gains - Pensions	356,160
Changes in Proportions - Pensions	<u>(547,241)</u>
Net Position of Governmental Activities	<u>\$ 24,450,197</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources:					
Local Tax Levy	\$ 20,473,440			\$ 1,752,268	\$ 22,225,708
Tuition Charges- Other LEA's Within the State	10,910,435				10,910,435
Tuition Charges-Individuals	12,447				12,447
Other Local Governments-Unrestricted	9,000				9,000
Rents and Royalties	8,983				8,983
Interest on Maintenance Reserve	128				128
Interest on Capital Reserve	694				694
Miscellaneous	64,252	\$ 32,720	\$ 185		97,157
Total - Local Sources	<u>31,479,379</u>	<u>32,720</u>	<u>185</u>	<u>1,752,268</u>	<u>33,264,552</u>
State Sources	9,317,081	1,024,598	146,411	236,465	10,724,555
Federal Sources	83,757	1,110,516			1,194,273
Total Revenues	<u>40,880,217</u>	<u>2,167,834</u>	<u>146,596</u>	<u>1,988,733</u>	<u>45,183,380</u>
EXPENDITURES					
Current:					
Regular Instruction	11,548,705	1,445,923			12,994,628
Special Education Instruction	3,792,746	685,236			4,477,982
Other Special Instruction	373,571				373,571
School Sponsored Instruction	989,088				989,088
Support Services and Undistributed Costs:					
Tuition	1,636,448				1,636,448
Student & Instruction Related Services	3,639,209				3,639,209
General Administrative Services	694,092				694,092
School Administrative Services	1,744,542				1,744,542
Central Services	501,025				501,025

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
EXPENDITURES					
Support Services and Undistributed Costs (Cont'd):					
Administration Information Technology	\$ 582,688				\$ 582,688
Plant Operations and Maintenance	2,711,624				2,711,624
Pupil Transportation	807,289	\$ 30,133			837,422
Unallocated Benefits	9,586,604				9,586,604
Debt Service:					
Principal				\$ 1,455,000	1,455,000
Interest and Other Charges				873,571	873,571
Capital Outlay	401,294		\$ 1,123,238		1,524,532
Total Expenditures	<u>39,008,925</u>	<u>2,161,292</u>	<u>1,123,238</u>	<u>2,328,571</u>	<u>44,622,026</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>1,871,292</u>	<u>6,542</u>	<u>(976,642)</u>	<u>(339,838)</u>	<u>561,354</u>
OTHER FINANCING SOURCES/(USES)					
Transfers In			716,104	338,332	1,054,436
Transfers Out	<u>(1,054,251)</u>		<u>(185)</u>		<u>(1,054,436)</u>
Total Other Financing Sources/(Uses)	<u>(1,054,251)</u>		<u>715,919</u>	<u>338,332</u>	
Net Change in Fund Balances	817,041	6,542	(260,723)	(1,506)	561,354
Fund Balance/(Deficit) - July 1	<u>5,294,124</u>	<u>(60,536)</u>	<u>2,640,591</u>	<u>1,974</u>	<u>7,876,153</u>
Fund Balance/(Deficit) - June 30	<u>\$ 6,111,165</u>	<u>\$ (53,994)</u>	<u>\$ 2,379,868</u>	<u>\$ 468</u>	<u>\$ 8,437,507</u>

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total net change in fund balances - governmental funds (from Exhibit B-2)	\$	561,354
Amounts reported for governmental activities in the statement of activities (Exhibit A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differ from depreciation in the period.		
Depreciation Expense	\$	(773,240)
Disposal of Assets with Carrying Value		(111)
Capital Outlays		<u>1,323,878</u>
		550,527
Repayment of debt service principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		1,455,000
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.		25,650
The governmental funds report the effect of discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-)		(2,636)
The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (+)		59,482
The governmental funds report the effect of deferred interest costs relative to advance refunding when debt is first issued whereas these amounts are deferred and amortized in the statement of activities. (-)		(59,706)

SOMERVILLE BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

Changes in Net Pension Liability	\$ (230,718)	
Deferred Outflows:		
Changes in Assumptions	288,754	
Changes in Proportions	356,160	
Deferred Inflows:		
Net Difference between projected and actual investment earnings on Pension Plan Investments	<u>(547,241)</u>	\$ (133,045)

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

(90,360)
\$ 2,366,266

Change in net position of governmental activities (Exhibit A-2)

Exhibit B-4

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u> <u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 103,025
Accounts Receivable:	
Federal Government	50,031
State Government	1,181
Inventories	<u>6,492</u>
Total Current Assets	<u>160,729</u>
Non-Current Assets:	
Capital Assets:	
Machinery and Equipment	271,190
Less: Accumulated Depreciation	<u>(163,594)</u>
Total Non-Current Assets	<u>107,596</u>
Total Assets	<u>268,325</u>
LIABILITIES:	
Unearned Revenue	<u>247</u>
Total Liabilities	<u>247</u>
NET POSITION:	
Net Investment in Capital Assets	107,596
Unrestricted	<u>160,482</u>
Total Net Position	<u><u>\$ 268,078</u></u>

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

Exhibit B-5

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Daily Sales	\$ 323,756
Total Operating Revenue	323,756
Operating Expenses:	
Cost of Sales	306,312
Management Fee	13,572
Salaries, Benefits & Payroll Taxes	240,269
Other	21,989
Depreciation Expense	13,160
Total Operating Expenses	595,302
Operating Loss	(271,546)
Non-Operating Revenue:	
Federal Sources:	
School Breakfast Program	25,099
National School Lunch Program	253,873
Food Distribution Program	26,474
State Sources:	
School Lunch Program	6,606
Total Non-Operating Revenue	312,052
Change in Net Position	40,506
Net Position - Beginning of Year	227,572
Net Position - End of Year	\$ 268,078

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

Exhibit B-6

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

	Business-Type Activities - Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 323,756
Payments to Employees	(240,269)
Payments to Suppliers	(351,801)
	(268,314)
Net Cash Used for Operating Activities	
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal and State Reimbursements	255,884
	255,884
Net Cash Provided by Noncapital Financing Activities	
Net Decrease in Cash and Cash Equivalents	(12,430)
Cash and Cash Equivalents, July 1	115,455
Cash and Cash Equivalents, June 30	\$ 103,025
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (271,546)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	13,160
Federal Food Distribution Program	26,474
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	(718)
Increase/(Decrease) in Accounts Payable	(35,899)
Increase/(Decrease) in Unearned Revenue	215
	215
Net Cash Used for Operating Activities	\$ (268,314)

Non-Cash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$26,689 and used \$26,474 of those commodities during the fiscal year.

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

Exhibit B-7

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2015

	Unemployment Compensation Trust	Agency
	<u>Trust</u>	<u>Agency</u>
ASSETS:		
Cash and Cash Equivalents	\$ 186,748	\$ 423,511
Interfund Receivable	144,709	
Total Assets	<u>331,457</u>	<u>423,511</u>
LIABILITIES:		
Payroll Deductions and Withholdings		27,212
Interfund Payable		144,709
Due to Student Groups		251,590
Total Liabilities		<u>423,511</u>
NET POSITION:		
Held in Trust for Unemployment Claims	<u>331,458</u>	
Total Net Position	<u>\$ 331,458</u>	<u>\$ -0-</u>

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

Exhibit B-8

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Unemployment Compensation Trust</u>
Additions:	
Contributions:	
Employee State Unemployment Insurance Deductions	\$ 34,898
Total Contributions	<u>34,898</u>
Investment Earnings:	
Interest	90
Net Investment Earnings	<u>90</u>
Total Additions	<u>34,988</u>
Deductions:	
State of New Jersey Unemployment Agency Payments	<u>64,080</u>
Total Deductions	<u>64,080</u>
Change in Net Position	(29,092)
Net Position - Beginning of the Year	<u>360,550</u>
Net Position - End of the Year	<u><u>\$ 331,458</u></u>

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include an elementary school, a middle school, and a senior high school serving Somerville and Branchburg. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

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

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenue identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activity Fund, Payroll Agency Fund and the Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting:

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

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

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

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2015 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Budget amendments/transfers must be made by resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue"	\$ 40,883,459	\$ 2,065,190
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		96,102
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	523,783	60,536
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(527,025)	(53,994)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 40,880,217	\$ 2,167,834

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 39,008,925	\$ 2,065,190
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for Financial Reporting Purposes.		96,102
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 39,008,925	\$ 2,161,292
		Capital Projects Fund
	Revenue	Fund Balance
Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis) (per F-1)	\$ 331,416	\$ 3,406,421
Reconciliation to Governmental Funds Statement (GAAP):		
SDA Grants are Recognized as Revenue on the Budgetary Basis when awarded but are not Recognized on the GAAP Basis until Expended.	(185,005)	(1,026,553)
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds (GAAP Basis) (per B-2)	\$ 146,411	\$ 2,379,868

E. Cash, Cash Equivalents, and Investments:

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

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

E. Cash, Cash Equivalents, and Investments (Cont'd):

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

K. Capital Assets:

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

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

	<u>Estimated Useful Life</u>
Buildings	20 to 50 years
Site Improvements	10 to 20 years
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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

L. Long Term Liabilities:

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2015.

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

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$6,111,165 General Fund fund balance at June 30, 2015, \$88,870 is assigned for year-end encumbrances; \$200,409 is restricted in the maintenance reserve account; \$1,644,558 is restricted in the capital reserve account; \$993,835 is restricted in the tuition reserve account for fiscal year ending June 30, 2016, \$1,014,007 is restricted in the tuition reserve account for fiscal year ending June 30, 2017; a total of \$1,519,812 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701); prior year excess surplus in the amount of \$769,865 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2016; current year excess surplus in the amount of \$749,947 will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2017; \$350,000 is assigned and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2016; and \$299,674 is unassigned which is \$527,025, less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments which are not recognized until the fiscal year ending June 30, 2016.

Special Revenue Fund: The deficit fund balance of \$53,994 in Special Revenue Fund at June 30, 2015 is unassigned. This deficit is due to the last two June state aid payments, which are not recognized until the fiscal year ended June 30, 2016.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

P. Fund Balance Appropriated (Cont'd):

Capital Projects Fund: Of the \$2,379,868 fund balance in the Capital Projects Fund at June 30, 2015, \$274,304 is restricted and \$2,105,564 is committed which excludes \$1,026,553 of SDA grants receivable not recognized on a GAAP Basis.

Debt Service Fund: The District has \$468 of restricted fund balance in the Debt Service Fund at June 30, 2015 of which \$282 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2016.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus at June 30, 2015 as outlined on the previous page.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$527,025 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last two state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit Net Position/ Fund Balance:

The District has a deficit in unrestricted net position of \$7,722,300 in governmental activities, which is primarily a result of \$332,956 of accrued interest payable, \$1,134,435 of compensated absences payable, investment gains in pensions of \$547,241, net pension liability of \$9,182,726, net of \$350,000 of fund balance designated for subsequent years' expenditures, \$88,870 assigned for encumbrances, \$835,881 deferred interest, \$288,754 change in assumption for pensions and \$356,160 change in proportion for pensions. The District has a deficit in fund balance of \$53,994 in the Special Revenue Fund as of June 30, 2015 as a result of the last two state aid payments that are not recognized on a GAAP basis.

These deficits do not mean that the District is facing financial difficulties and is a permitted practice by generally accepted accounting principles.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District has deferred outflows of resources at June 30, 2015 on the refunding of debt related to the District refunding bonds issued April 30, 2013, and for the changes in assumptions and changes in proportion in pensions. The District has a deferred inflow of resources at June 30, 2015 for the net difference between projected and actual investment earnings on pension plan investments.

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

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

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

Fund balance restrictions have been established for excess surplus, a capital reserve, a tuition reserve, a maintenance reserve, capital projects fund and debt service fund. The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the capital projects fund at June 30, 2015.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2015.

T. Revenue – Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

W. Pensions

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned.

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

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

Deposits:

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

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

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

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

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015
 (Continued)

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund;
- (7) Agreements for the repurchase of fully collateralized securities; if
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (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 statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

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

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents			Total
		Capital Reserve	Maintenance Reserve	Tuition Reserve	
Checking and Savings Accounts	\$ 5,632,244	\$ 1,644,558	\$ 200,409	\$ 2,007,842	\$ 9,485,053

The carrying amount of the Board's cash and cash equivalents at June 30, 2015, was \$9,485,053 and the bank balance was \$10,952,171. The District did not hold any investments during the fiscal year ended June 30, 2015.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 4. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2015 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 20,079			\$ 20,079
Construction in Progress	27,938,559	\$ 1,123,238		29,061,797
Total Capital Assets not Being Depreciated	<u>27,958,638</u>	<u>1,123,238</u>		<u>29,081,876</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	29,014,190			29,014,190
Machinery, Equipment and Vehicles	3,697,752	200,640	\$ (108,048)	3,790,344
Total Capital Assets Being Depreciated	<u>32,711,942</u>	<u>200,640</u>	<u>(108,048)</u>	<u>32,804,534</u>
Governmental Activities Capital Assets	<u>60,670,580</u>	<u>1,323,878</u>	<u>(108,048)</u>	<u>61,886,410</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(12,429,366)	(587,516)		(13,016,882)
Machinery and Equipment	(1,361,637)	(185,724)	107,937	(1,439,424)
Total Accumulated Depreciation	<u>(13,791,003)</u>	<u>(773,240)</u>	<u>107,937</u>	<u>(14,456,306)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$46,879,577</u>	<u>\$ 550,638</u>	<u>\$ (111)</u>	<u>\$ 47,430,104</u>
Proprietary Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 271,190			\$ 271,190
Less Accumulated Depreciation	<u>(150,434)</u>	<u>(13,160)</u>		<u>(163,594)</u>
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 120,756</u>	<u>\$ (13,160)</u>	<u>\$ -0-</u>	<u>\$ 107,596</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 33,634
Student & Instruction Related Services	26,951
General Administration	43,613
School Administration	3,568
Plant Operations and Maintenance	24,364
Pupil Transportation	29,179
Unallocated	611,931
	<u>\$ 773,240</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 4. CAPITAL ASSETS (Cont'd)

The District had active construction projects totaling \$32,882,165 as of June 30, 2015. These projects include a 5 classroom addition at the elementary school, roof replacement at the middle school, air conditioning at the high school, a partial roof replacement at the high school, main floor HVAC renovations at the high school, security upgrades at all schools, HVAC renovation and water line replacement at the elementary school, renovations to the high school lobby, bathroom renovations at the high school, RFID Construction at the high school, middle school classroom renovations, and one referendum project. At year end, the District had \$327,583 in outstanding construction encumbrances.

NOTE 5. CAPITAL RESERVE ACCOUNT

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

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

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

Beginning Balance at June 30, 2014	\$ 622,908
Interest Earnings	694
Transferred by Board Resolution - June 16, 2015	1,835,207
Decreased by Budgeted Withdrawal	(756,251)
Withdrawal by Board Resolution - Capital Projects Fund	<u>(58,000)</u>
Ending Balance at June 30, 2015	<u>\$ 1,644,558</u>

The balance in the capital reserve at June 30, 2015 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved LRFP. The withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2015, the District did not make any transfers to Capital Outlay accounts other than for equipment which do not require approval of the County Superintendent. The District obtained approval for the \$58,000 transfer from the Capital Reserve from the County Superintendent.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the District-wide financial statements:

	Restated Balance June 30, 2014	Issued/ Accrued	Retired	Balance June 30, 2015
Serial Bonds Payable	\$ 22,360,000		\$ 1,455,000	\$ 20,905,000
Net Pension Liability	8,952,008	\$ 230,718		9,182,726
Compensated Absences Payable	1,044,075	130,380	40,020	1,134,435
	<u>\$ 32,356,083</u>	<u>\$ 361,098</u>	<u>\$ 1,495,020</u>	<u>\$ 31,222,161</u>

A. Bonds Payable:

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

On March 15, 2006, the District issued \$13,170,000 refunding bonds with interest rates ranging from 2.00% to 4.00% to advance refund \$9,387,000 of the 2005 serial bonds with rates ranging from 3.75% to 4.00%. The refunding bonds will mature on February 15, 2014 through February 15, 2025 and July 15, 2012 was the first optional redemption date at 100% par. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the school bonds were called on July 15, 2007. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's government-wide financial statements.

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

The District had bonds outstanding as of June 30, 2015 as follows:

Maturity Date	Interest Rate	Amount
7/15/2017	5.5-6.0%	\$ 770,000
7/15/2029	4.0-5.0%	11,010,000
2/15/2025	2.0-4.0%	9,125,000
		<u>\$ 20,905,000</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

A. Bonds Payable: (Cont'd)

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 1,520,000	\$ 809,134	\$ 2,329,134
2017	1,580,000	750,034	2,330,034
2018	1,690,000	687,553	2,377,553
2019	1,470,000	629,771	2,099,771
2020	1,525,000	578,651	2,103,651
2021-2025	8,650,000	1,919,184	10,569,184
2026-2030	4,470,000	505,750	4,975,750
	<u>\$ 20,905,000</u>	<u>\$ 5,880,077</u>	<u>\$ 26,785,077</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2015, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

As of June 30, 2015, the Board had no capital leases payable.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the long-term liabilities. There is no current portion of compensated absences liability at June 30, 2015. Thus, the entire compensated absence liability is recorded as a liability beyond one year. Compensated absences will be liquidated by the General Fund.

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

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2015 is \$- and the long-term portion is \$9,182,726. See Note 8 for further information on the PERS.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$50,000 was established by the Somerville Borough Board of Education on June 16, 2009. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year’s budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district’s school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year’s budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

Beginning Balance at June 30, 2014	\$	200,281
Interest Earnings		128
Ending Balance at June 30, 2015	\$	200,409

NOTE 9. PENSION PLANS

Substantially all of the Board’s employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers’ Pension and Annuity Fund (TPAF) or the Public Employee’s Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees’ Retirement System (PERS)

Plan Description

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS)

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$404,327 for fiscal year 2015.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2015, the District reported a liability of \$9,182,726 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.04904%, which was an increase of 0.0022% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$537,578. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 288,754	
Changes in Proportion	356,160	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		\$ 547,241
	<u>\$ 644,914</u>	<u>\$ 547,241</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2015	\$ (83,730)
2016	(83,730)
2017	(83,730)
2018	(83,730)
2019	53,080
Thereafter	23,353
	<u>\$ (258,487)</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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	3.01%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

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

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, 2008 to June 30, 2011.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension 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' 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 Bonds	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 Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. 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% as of June 30, 2014 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 upon 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 pension 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 pension 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2014 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1%	Current	1%
	Decrease (4.39%)	Discount Rate (5.39%)	Increase (6.39%)
District's proportionate share of the of the Net Pension Liability	\$ 11,552,183	\$ 9,182,726	\$ 7,192,986

Pension plan Fiduciary Net Position

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014, the State's pension contribution was less than the actuarially determined amount.

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, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2015, the State of New Jersey contributed \$931,034 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$4,899,412.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)Contributions (Cont'd)

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2015, the State's proportionate share of the net pension liability associated with the District was \$91,051,251. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.030%, which was a decrease of .001% from its proportion measured as of June 30, 2013.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>16,120,890</u>
Total	<u>\$ 16,120,890</u>

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the District in the amount of \$4,899,412 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2015 financial statements.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 2,306,623,861	
Difference Between Expected and Actual Experience		\$ 21,969,019
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		<u>1,741,236,574</u>
	<u>\$ 2,306,623,861</u>	<u>\$ 1,763,205,593</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The \$2,306,623,861 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$21,969,019 reported as reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$1,741,236,574 reported as a deferred inflow of resources resulting from the difference between projected and actual investment earnings on pension plan investments will be amortized over 5 years.

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ (130,688,498)
2017	(130,688,498)
2018	(130,688,498)
2019	(130,688,496)
2020	304,620,646
Thereafter	761,551,612
	<u>\$ 543,418,268</u>

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 were based on the RP-2000 Health Annuitant Mortality Tables 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.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments 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 is 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%	0.50%
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-U.S. Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad U.S. Equities	25.90%	5.88%
Large CAP U.S. Equities	0.00%	5.62%
Mid CAP U.S. Equities	0.00%	6.39%
Small CAP U.S. 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%

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. 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% as of June 30, 2014 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 upon the average of the last five years. Based on those assumptions, the pension 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 pension 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	<u>Fiscal Year Ended June 30, 2014</u>		
	<u>1%</u>	<u>Current</u>	<u>1%</u>
	<u>Decrease</u>	<u>Discount Rate</u>	<u>Increase</u>
	<u>(3.68%)</u>	<u>(4.68%)</u>	<u>(5.68%)</u>
Total Net Pension Liability	\$ 64,722,984,539	\$53,813,067,539	\$44,738,870,539

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

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

For DCRP, the District recognized pension expense of \$3,084 for the fiscal year ended June 30, 2015. Employee contributions to DCRP amounted to \$5,624 for the fiscal year ended June 30, 2015.

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and 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. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through 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 receiving 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 prefunding 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's on-behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$261,395, \$209,214, and \$220,024 for 2015, 2014, and 2013, respectively.

NOTE 11. RISK MANAGEMENT

Property, Liability and Health Benefits

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

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

As a member of this Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Selected, summarized financial information for the Group as of June 30, 2014 is as follows:

	New Jersey Schools Insurance Group (NJSIG)
Total Assets	\$ 293,795,686
Net Position	\$ 66,169,762
Total Revenue	\$ 120,623,875
Total Expenditures	\$ 119,843,435
Change in Net Position	\$ 780,440
Member Dividends	\$ - 0 -

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

New Jersey Schools Insurance Group
450 Veterans Drive
Burlington, NJ 08016
Phone: (609) 386-6060 Fax: (609) 386-8877

New Jersey Unemployment Compensation Insurance

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

The following is a summary of District contributions, employee contributions, interest earnings, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

Fiscal Year	District Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2012-2013		\$ 31,509	\$ 26	\$ 58,635	\$ 326,971
2013-2014	\$ 26,159	32,308	26	24,914	360,550
2014-2015		34,898	90	64,080	331,458

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances existed as at June 30, 2015:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 99,188	
Special Revenue Fund		\$ 99,188
Capital Projects Fund		204
Debt Service Fund	204	
Fiduciary Funds	<u>144,709</u>	<u>144,709</u>
	<u>\$ 244,101</u>	<u>\$ 244,101</u>

The interfund between General Fund and Special Revenue Fund represents a cash advance from the General Fund due to the District having federal grants receivables. The interfund between Capital Projects Fund and Debt Service Fund represents interest earned that was due to the Debt Service Fund as of June 30, 2015. The interfund between the Payroll Agency and the Unemployment Compensation Funds were a result of employee contributions to the Unemployment Compensation Fund that had not been transferred from the Payroll Agency Fund at year end.

NOTE 13. DEFERRED COMPENSATION

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

NOTE 14. DEFERRED COMPENSATION

Variable Annuity Life Insurance Company	Siracusa
Prudential	VBS
Equitable Life Assurance	Fidelity

NOTE 13. TAX CALENDAR

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

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
 (Continued)

NOTE 15. ECONOMIC DEPENDENCY

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

NOTE 16. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2015, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<u>\$ 88,870</u>	<u>\$ 38</u>	<u>\$ 327,583</u>	<u>\$ 416,491</u>

On the District's Governmental Funds Balance Sheet as of June 30, 2015, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$38 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. The \$327,583 of year-end encumbrances in the Capital Projects Fund is the \$327,583 of committed fund balance on a GAAP basis at June 30, 2015.

NOTE 17. TUITION RESERVE ACCOUNT

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

As of June 30, 2015 the District has a \$2,007,842 in the tuition reserve for which \$993,835 and \$1,014,007 will be used to pay for any tuition adjustments for the fiscal years ending June 30, 2016 and 2017, respectively.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 18. PRIOR YEAR RESTATEMENT

The District also made a prior year adjustment in the District Wide Financial Statements to record the net pension liability as of June 30, 2014 as a result of implementing Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

	Balance 6/30/14 as Previously Reported	Retroactive Adjustments	Balance 6/30/15 as Restated
Governmental Activities:			
Non Current Liabilities:			
Due Beyond One Year	\$ 21,949,075	\$ 8,952,008	\$ 30,901,083
Total Liabilities	26,037,037	8,952,008	34,989,045
Net Position:			
Unrestricted/(Deficit)	2,456,295	(8,952,008)	(6,495,713)
Total Net Position	31,035,939	(8,952,008)	22,083,931

REQUIRED SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,	
	2014	2015
District's proportion of the net pension liability	0.0468397567%	0.0490458605%
District's proportionate share of the net pension liability	\$ 8,952,008	\$ 9,182,726
District's covered employee payroll	\$ 3,478,144	\$ 3,675,028
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	257.38%	249.87%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 352,928	\$ 404,327
Contributions in relation to the contractually required contribution	<u>(352,928)</u>	<u>(404,327)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 3,478,144	\$ 3,675,028
Contributions as a percentage of covered employee payroll	10.15%	11.00%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
State's proportion of the net pension liability attributable to the District	0.1715939163%	0.1703588325%
State's proportionate share of the net pension liability attributable to the District	\$ 86,722,216	\$ 91,051,251
District's covered employee payroll	\$ 16,634,801	\$ 16,820,295
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	521.33%	541.32%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

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

BUDGETARY COMPARISON SCHEDULES

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 20,473,440		\$ 20,473,440	\$ 20,473,440	
Tuition From Other LEAs Within the State	10,932,438		10,932,438	10,910,435	\$ (22,003)
Tuition from Individuals				12,447	12,447
Other Local Governments- Unrestricted				9,000	9,000
Rents and Royalties	5,000		5,000	8,983	3,983
Interest on Maintenance Reserve	10		10	128	118
Interest on Capital Reserve	30		30	694	664
Miscellaneous	51,422		51,422	64,252	12,830
Total - Local Sources	31,462,340		31,462,340	31,479,379	17,039
State Sources:					
Equalization Aid	4,204,707		4,204,707	4,204,707	
Special Education Categorical Aid	1,009,108		1,009,108	1,009,108	
Security Aid	87,461		87,461	87,461	
Transportation Aid	33,400		33,400	33,400	
Extraordinary Aid	100,000		100,000	204,476	104,476
Extraordinary Aid- Excess Prior Year				1,932	1,932
Under Adequacy Aid	15,501		15,501	15,501	
PARCC Readiness Aid	16,430		16,430	16,430	
Per Pupil Growth Aid	16,430		16,430	16,430	
Homeless Tuition				20,408	20,408
On-Behalf TPAF Pension Contributions (non-budgeted)				931,034	931,034
On-Behalf Post Retirement Benefit Contributions (non-budgeted)				1,478,017	1,478,017
Reimbursed TPAF FICA Contributions (non-budgeted)				1,301,419	1,301,419
Total State Sources	5,483,037		5,483,037	9,320,323	3,837,286
Federal Sources:					
Medicaid Reimbursement	28,578		28,578	52,023	23,445
Medicaid Reimbursement- SEMI/ARRA				31,734	31,734
Total Federal Sources	28,578		28,578	83,757	55,179
TOTAL REVENUES	36,973,955		36,973,955	40,883,459	3,909,504

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 575,819		\$ 575,819	\$ 540,336	\$ 35,483
Grades 1-5 - Salaries of Teachers	2,724,358		2,724,358	2,618,862	105,496
Grades 6-8 - Salaries of Teachers	1,829,330	\$ (25,000)	1,804,330	1,776,929	27,401
Grades 9-12 - Salaries of Teachers	5,702,307	(22,270)	5,680,037	5,544,740	135,297
Regular Programs - Home Instruction:					
Salaries of Teachers	40,000		40,000	26,203	13,797
Purchased Professional - Educational Services	35,000	(300)	34,700	23,533	11,167
Other Purchased Services (400-500 series)		300	300	159	141
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	114,189	2,203	116,392	116,392	
Purchased Professional - Educational Services	13,400	(563)	12,837	5,990	6,847
Purchased Technical Services	49,044	(3,540)	45,504	30,179	15,325
Other Purchased Services (400-500 series)	167,650	43,429	211,079	174,146	36,933
General Supplies	713,777	(75,254)	638,523	603,468	35,055
Textbooks	96,521	1,357	97,878	82,915	14,963
Other Objects	13,640		13,640	4,853	8,787
Total Regular Programs - Instruction	<u>12,075,035</u>	<u>(79,638)</u>	<u>11,995,397</u>	<u>11,548,705</u>	<u>446,692</u>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	89,929		89,929	88,650	1,279
Other Salaries for Instruction	36,169	(28,000)	8,169		8,169
General Supplies	1,465		1,465	668	797
Total Learning and/or Language Disabilities	<u>127,563</u>	<u>(28,000)</u>	<u>99,563</u>	<u>89,318</u>	<u>10,245</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Multiple Disabilities:					
Salaries of Teachers	\$ 223,736	\$ 10,598	\$ 234,334	\$ 234,334	
Other Salaries for Instruction	336,513	68,657	405,170	405,170	
General Supplies	29,872		29,872	24,903	\$ 4,969
Total Multiple Disabilities	<u>590,121</u>	<u>79,255</u>	<u>669,376</u>	<u>664,407</u>	<u>4,969</u>
Resource Room/Resource Center:					
Salaries of Teachers	2,250,224	(75,500)	2,174,724	2,174,724	
Other Salaries for Instruction	590,584	36,500	627,084	557,073	70,011
Other Purchased Services (400-500 series)		250	250	234	16
General Supplies	47,075	1,050	48,125	44,743	3,382
Textbooks	3,402	(2,150)	1,252	1,041	211
Total Resource Room/Resource Center	<u>2,891,285</u>	<u>(39,850)</u>	<u>2,851,435</u>	<u>2,777,815</u>	<u>73,620</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	54,665	12,350	67,015	65,712	1,303
Other Salaries for Instruction	29,546	(3,300)	26,246	23,788	2,458
General Supplies	1,375		1,375	634	741
Total Preschool Disabilities - Part-Time	<u>85,586</u>	<u>9,050</u>	<u>94,636</u>	<u>90,134</u>	<u>4,502</u>
Preschool Disabilities - Full-Time:					
Salaries of Teachers	77,836	(8,348)	69,488	59,715	9,773
Other Salaries for Instruction	155,125	(11,857)	143,268	111,357	31,911
Total Preschool Disabilities - Full-Time	<u>232,961</u>	<u>(20,205)</u>	<u>212,756</u>	<u>171,072</u>	<u>41,684</u>
Total Special Education Instruction	<u>3,927,516</u>	<u>250</u>	<u>3,927,766</u>	<u>3,792,746</u>	<u>135,020</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Basic Skills/Remedial - Instruction:					
Purchased Professional Educational Services	\$ 12,000	\$ 500	\$ 12,500	\$ 12,500	
Other Purchased Services (400-500 series)	25,535	(527)	25,008	22,982	\$ 2,026
General Supplies		27	27	26	1
Total Basic Skills/Remedial - Instruction	<u>37,535</u>		<u>37,535</u>	<u>35,508</u>	<u>2,027</u>
Bilingual Education - Instruction:					
Salaries of Teachers	329,318	(550)	328,768	312,741	16,027
General Supplies	4,820	550	5,370	5,270	100
Total Bilingual Education - Instruction	<u>334,138</u>		<u>334,138</u>	<u>318,011</u>	<u>16,127</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	215,382		215,382	180,794	34,588
Purchased Services (300-500 series)	11,724		11,724	6,819	4,905
Supplies and Materials	20,625		20,625	10,798	9,827
Other Objects	2,050		2,050	1,336	714
Total School-Sponsored Cocurricular Activities - Instruction	<u>249,781</u>		<u>249,781</u>	<u>199,747</u>	<u>50,034</u>
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	567,404		567,404	565,134	2,270
Purchased Services (300-500 series)	159,819	(5,121)	154,698	118,556	36,142
Supplies and Materials	87,122		87,122	80,158	6,964
Other Objects	29,355		29,355	25,493	3,862
Total School-Sponsored Cocurricular Athletics - Instruction	<u>843,700</u>	<u>(5,121)</u>	<u>838,579</u>	<u>789,341</u>	<u>49,238</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Before/After School Programs - Instruction:					
Other Salaries for Instruction	\$ 45,000		\$ 45,000	\$ 20,052	\$ 24,948
Total Before/After School Programs - Instruction	45,000		45,000	20,052	24,948
Total Instruction	17,512,705	\$ (84,509)	17,428,196	16,704,110	724,086
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	299,999	(257,353)	42,646	18,313	24,333
Tuition to Other LEAs Within the State - Special	460,254	(130,380)	329,874	327,679	2,195
Tuition to County Vocational School District - Regular	147,100	(37,250)	109,850	38,700	71,150
Tuition to CSSD and Regular Day Schools	142,380	43,696	186,076	133,035	53,041
Tuition to Private Schools for the Disabled - Within the State	1,038,430	82,292	1,120,722	1,118,721	2,001
Total Undistributed Expenditures - Instruction:	2,088,163	(298,995)	1,789,168	1,636,448	152,720
Undistributed Expenditures - Attendance and Social Work Services:					
Salaries	37,110	22,729	59,839	59,838	1
Other Purchased Services (400-500 series)	300		300	27	273
Total Undistributed Expenditures - Attendance and Social Work Services	37,410	22,729	60,139	59,865	274
Undistributed Expenditures - Health Services:					
Salaries	315,811	19,679	335,490	322,540	12,950
Purchased Professional and Technical Services	13,000	(2,000)	11,000	11,000	
Supplies and Materials	8,250	4,740	12,990	10,780	2,210
Other Objects	1,000	(740)	260	249	11
Total Undistributed Expenditures - Health Services	338,061	21,679	359,740	344,569	15,171

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures - Speech, OT, PT and Related Services:					
Salaries	\$ 447,923	\$ (2,875)	\$ 445,048	\$ 412,956	\$ 32,092
Purchased Professional - Educational Services	25,000	40,625	65,625	65,560	65
Supplies and Materials	4,000		4,000	3,519	481
Total Undistributed Expenditures - Speech, OT, PT and Related Services	476,923	37,750	514,673	482,035	32,638
Undistributed Expenditures - Other Support Services - Students - Extraordinary					
Purchased Professional - Educational Services	132,300	49,400	181,700	134,720	46,980
Total Undistributed Expenditures - Other Support Services - Students - Extraordinary	132,300	49,400	181,700	134,720	46,980
Undistributed Expenditures - Guidance:					
Salaries of Other Professional Staff	865,872	63,542	929,414	914,948	14,466
Salaries of Secretarial and Clerical Assistants	152,839	(41,832)	111,007	111,007	
Other Purchased Professional and Technical Services	5,700		5,700	4,700	1,000
Other Purchased Services (400-500 series)	3,000	(170)	2,830	346	2,484
Supplies and Materials	4,040		4,040	3,890	150
Total Undistributed Expenditures - Guidance	1,031,451	21,540	1,052,991	1,034,891	18,100
Undistributed Expenditures - Child Study Teams:					
Salaries of Other Professional Staff	608,034	(56,585)	551,449	541,440	10,009
Salaries of Secretarial and Clerical Assistants	120,844		120,844	119,471	1,373
Other Purchased Professional and Technical Services	71,074	(1,050)	70,024	59,239	10,785
Other Purchased Services (400-500 Series)	1,500	(1,500)			
Miscellaneous Purchased Services (400-500 Series Other Than Residence Costs)	5,100	5,160	10,260	9,394	866
Supplies and Materials	15,134		15,134	14,516	618
Total Undistributed Expenditures - Child Study Teams	821,686	(53,975)	767,711	744,060	23,651

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures - Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	\$ 328,191	\$ 11,163	\$ 339,354	\$ 339,353	\$ 1
Salaries of Other Professional Staff	19,700	(3,096)	16,604	15,868	736
Salaries of Secretarial and Clerical Assistants	62,592	3,263	65,855	65,854	1
Other Purchased Services (400-500)	15,675	(4,463)	11,212	10,633	579
Supplies and Materials	11,950	(5,579)	6,371	5,340	1,031
Other Objects	6,000	(2,025)	3,975	3,975	
Total Undistributed Expenditures - Improvement of Instructional Services	444,108	(737)	443,371	441,023	2,348
Undistributed Expenditures - Educational Media Services/School Library:					
Salaries	207,825	467	208,292	206,139	2,153
Salaries of Technology Coordinator	96,427	17,000	113,427	113,400	27
Other Purchased Services (400-500 series)	21,151	(1,293)	19,858	19,507	351
Supplies and Materials	17,526	1,292	18,818	8,276	10,542
Total Undistributed Expenditures - Educational Media Services/School Library	342,929	17,466	360,395	347,322	13,073
Undistributed Expenditures - Instructional Staff Training Services:					
Purchased Professional - Educational Services	18,000	7,600	25,600	17,350	8,250
Purchased Technical Services		10,700	10,700	10,615	85
Other Purchased Services (400-500 series)	41,000	(9,300)	31,700	20,105	11,595
Supplies and Materials	25,750	(10,700)	15,050	2,654	12,396
Other Objects	1,000		1,000		1,000
Total Undistributed Expenditures - Instructional Staff Training Services	85,750	(1,700)	84,050	50,724	33,326

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures - Support Services - General Administration:					
Salaries	\$ 329,199	\$ (70,039)	\$ 259,160	\$ 258,497	\$ 663
Legal Services	85,000	3,070	88,070	84,070	4,000
Audit Fees	34,000		34,000	33,240	760
Architectural/Engineering Services		58,530	58,530	40,330	18,200
Other Purchased Professional Services	2,000	3,050	5,050	2,500	2,550
Purchased Technical Services	12,000	1,150	13,150	12,215	935
Communications/Telephone	80,000	(9,400)	70,600	58,666	11,934
Board of Education Other Purchased Services	2,000	1,039	3,039	3,035	4
Miscellaneous Purchased Services (400-500 series)	151,372	(4,292)	147,080	147,078	2
General Supplies	12,790	6,392	19,182	16,386	2,796
Judgements Against the School District	10,000	30,000	40,000	10,000	30,000
Miscellaneous Expenditures	11,500	(200)	11,300	10,077	1,223
Board of Education Membership Dues and Fees	23,000	(839)	22,161	17,998	4,163
Total Undistributed Expenditures - Support Services - General Administration	752,861	18,461	771,322	694,092	77,230
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	1,079,999	262,863	1,342,862	1,269,340	73,522
Salaries of Secretarial and Clerical Assistants	382,437	14,782	397,219	397,218	1
Other Purchased Services (400-500 series)	8,230	6,470	14,700	10,923	3,777
Supplies and Materials	36,774	(100)	36,674	30,278	6,396
Other Objects	51,150	(3,800)	47,350	36,783	10,567
Total Undistributed Expenditures - Support Services - School Administration	1,558,590	280,215	1,838,805	1,744,542	94,263

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures - Central Services:					
Salaries	\$ 463,802	\$ 9,045	\$ 472,847	\$ 469,469	\$ 3,378
Purchased Technical Services	1,000	1,790	2,790	2,790	
Other Purchased Services (400-500 series)	17,600	1,665	19,265	16,019	3,246
Supplies and Materials	11,535	(500)	11,035	9,887	1,148
Miscellaneous Expenditures	3,000		3,000	2,860	140
Total Undistributed Expenditures - Central Services	496,937	12,000	508,937	501,025	7,912
Undistributed Expenditures - Administration Information Technology:					
Salaries	284,084	(18,388)	265,696	265,695	1
Purchased Technical Services	191,542	90,700	282,242	282,242	
Other Purchased Services (400-500 series)		895	895	494	401
Supplies and Materials	12,404	20,309	32,713	32,712	1
Other Objects	2,000	(395)	1,605	1,545	60
Total Undistributed Expenditures - Administration Information Technology	490,030	93,121	583,151	582,688	463
Undistributed Expenditures - Required Maintenance of School Facilities:					
Salaries	315,601		315,601	309,381	6,220
Cleaning, Repair and Maintenance Services	203,353	27,951	231,304	218,014	13,290
General Supplies	71,055	(253)	70,802	69,091	1,711
Other Objects	4,000	674	4,674	4,674	
Total Undistributed Expenditures - Required Maintenance of School Facilities	594,009	28,372	622,381	601,160	21,221

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures - Custodial Services:					
Salaries	\$ 485,371		\$ 485,371	\$ 478,401	\$ 6,970
Salaries of Non-Instructional Aides	184,586		184,586	163,809	20,777
Purchased Professional and Technical Services	21,795		21,795	16,267	5,528
Cleaning, Repair and Maintenance Services	458,000	\$ (10,250)	447,750	431,239	16,511
Rental of Land and Buildings Other Than Lease Purchase Agreements	2,000	3,050	5,050	4,354	696
Other Purchased Property Services	38,000		38,000	30,927	7,073
Insurance	81,500	(500)	81,000	80,062	938
Miscellaneous Purchased Services		600	600	228	372
General Supplies	100,424	(17,472)	82,952	82,352	600
Energy (Natural Gas)	179,000	(11,000)	168,000	147,060	20,940
Energy (Electricity)	565,000	(34,193)	530,807	507,682	23,125
Other Objects	1,000		1,000	645	355
Total Undistributed Expenditures - Custodial Services	2,116,676	(69,765)	2,046,911	1,943,026	103,885
Undistributed Expenditures - Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	56,729	3,350	60,079	58,140	1,939
General Supplies	8,500	10,000	18,500	15,369	3,131
Total Undistributed Expenditures - Care and Upkeep of Grounds	65,229	13,350	78,579	73,509	5,070
Undistributed Expenditures - Security:					
Salaries	116,500	(35,000)	81,500	76,500	5,000
Purchased Professional and Technical Services		17,690	17,690	17,429	261
Total Undistributed Expenditures - Security	116,500	(17,310)	99,190	93,929	5,261
Total Undistributed Expenditures - Operations & Maintenance of Plant	2,892,414	(45,353)	2,847,061	2,711,624	135,437

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	\$ 48,000	\$ 1,942	\$ 49,942	\$ 49,942	
Salaries for Pupil Transportation:					
Between Home and School - Special Education	89,219	5,591	94,810	94,810	
Other Than Between Home and School	82,804	(7,533)	75,271	56,663	\$ 18,608
Other Purchased Professional and Technical Services		2,000	2,000	1,678	322
Cleaning, Repair and Maintenance Services	27,000		27,000	16,097	10,903
Contracted Services:					
Other than Between Home and School - Vendors	124,900	(2,000)	122,900	104,006	18,894
Special Education Students - Joint Agreements	25,000	9,000	34,000	32,811	1,189
Regular Students - ESCs & CTSA's	10,000	(10,000)			
Special Education Students - ESCs & CTSA's	355,000	80,000	435,000	411,397	23,603
Miscellaneous Purchased Services - Transportation	10,800	26	10,826	10,826	
General Supplies		2,038	2,038	2,037	1
Transportation Supplies	45,000	(2,038)	42,962	26,771	16,191
Miscellaneous Expenditures		1,000	1,000	251	749
Total Undistributed Expenditures - Student Transportation Services	817,723	80,026	897,749	807,289	90,460
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	500,000	15,000	515,000	456,795	58,205
Other Retirement Contributions - PERS	485,000	(49,152)	435,848	408,197	27,651
Workmen's Compensation	151,634		151,634	148,461	3,173
Health Benefits	5,378,204	(248,298)	5,129,906	4,648,978	480,928
Tuition Reimbursement	222,000	(31,750)	190,250	124,717	65,533
Other Employee Benefits	237,400		237,400	88,986	148,414
Total Unallocated Benefits	6,974,238	(314,200)	6,660,038	5,876,134	783,904

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
On-Behalf TPAF Pension Contributions (non-budgeted)				\$ 931,034	\$ (931,034)
On-Behalf Post Retirement Benefit Contributions (non-budgeted)				1,478,017	(1,478,017)
Reimbursed TPAF FICA Contributions (non-budgeted)				1,301,419	(1,301,419)
Total On-Behalf Benefits				<u>3,710,470</u>	<u>(3,710,470)</u>
Total Personal Services - Employee Benefits	<u>\$ 6,974,238</u>	<u>\$ (314,200)</u>	<u>\$ 6,660,038</u>	<u>9,586,604</u>	<u>(2,926,566)</u>
Total Undistributed Expenditures	<u>19,781,574</u>	<u>(60,573)</u>	<u>19,721,001</u>	<u>21,903,521</u>	<u>(2,182,520)</u>
 TOTAL GENERAL CURRENT EXPENSE	 <u>37,294,279</u>	 <u>(145,082)</u>	 <u>37,149,197</u>	 <u>38,607,631</u>	 <u>(1,458,434)</u>
CAPITAL OUTLAY					
Equipment:					
Grades 1-5	3,684		3,684	3,684	
Grades 6-8		15,061	15,061	15,061	
Grades 9-12	5,000	5,100	10,100	10,055	45
Multiple Disabilities		3,500	3,500	2,438	1,062
School-Sponsored Cocurricular Activities	43,166	14,040	57,206	46,055	11,151
Central Services	3,258		3,258	3,257	1
General Administration		2,596	2,596	2,596	
Administration Information Technology		100,181	100,181	100,181	
Custodial Services	20,250	7,200	27,450	27,450	
Non-Instructional Equipment	50,000	(49,274)	726		726
School Buses - Special	50,000	46,678	96,678	96,678	
Total Equipment	<u>175,358</u>	<u>145,082</u>	<u>320,440</u>	<u>307,455</u>	<u>12,985</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services:					
Assessment for Debt Service SDA Funding	\$ 93,839		\$ 93,839	\$ 93,839	
Total Facilities Acquisition and Construction Services	93,839		93,839	93,839	
TOTAL CAPITAL OUTLAY	269,197	\$ 145,082	414,279	401,294	\$ 12,985
TOTAL EXPENDITURES	37,563,476		37,563,476	39,008,925	(1,445,449)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(589,521)		(589,521)	1,874,534	2,464,055
Other Financing Sources/(Uses):					
Transfer to Capital Projects Fund from Capital Reserve	(418,104)	(58,000)	(476,104)	(476,104)	
Transfer to Debt Service Fund from Capital Reserve	(338,147)		(338,147)	(338,147)	
Transfer to Capital Projects Fund from Capital Outlay	(240,000)		(240,000)	(240,000)	
Total Other Financing Sources/(Uses)	(996,251)	(58,000)	(1,054,251)	(1,054,251)	
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing (Uses)	(1,585,772)	(58,000)	(1,643,772)	820,283	2,464,055
Fund Balance, July 1	5,817,907		5,817,907	5,817,907	
Fund Balance, June 30	\$ 4,232,135	\$ (58,000)	\$ 4,174,135	\$ 6,638,190	\$ 2,464,055

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Analysis of Balance:					
Restricted Fund Balance:					
Capital Reserve				\$ 1,644,558	
Maintenance Reserve				200,409	
Excess Surplus				749,947	
Excess Surplus - Designated for Subsequent Year's Expenditures				769,865	
Tuition Reserve - Designated for 2015-16 School Year				993,835	
Tuition Reserve - Designated for 2016-17 School Year				1,014,007	
Assigned Fund Balance:					
Year-End Encumbrances				88,870	
Designated for Subsequent Year's Expenditures				350,000	
Unassigned Fund Balance				826,699	
Fund Balance per Governmental Funds (Budgetary Basis)				6,638,190	
 Reconciliation to Governmental Funds Statements (GAAP):					
Less: Last state aid payments not recognized on a GAAP basis				527,025	
Fund Balance per Governmental Funds (GAAP)				\$ 6,111,165	

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources		\$ 52,396	\$ 52,396	\$ 30,268	\$ (22,128)
State Sources	\$ 1,096,329	23,227	1,119,556	1,018,094	(101,462)
Federal Sources	774,964	700,847	1,475,811	1,016,828	(458,983)
Total Revenues	<u>1,871,293</u>	<u>776,470</u>	<u>2,647,763</u>	<u>2,065,190</u>	<u>(582,573)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,098,477	(175,061)	923,416	852,244	71,172
Other Salaries for Instruction	223,767	6,992	230,759	136,763	93,996
Purchased Professional and Technical Services	217,960	(134,615)	83,345	65,212	18,133
Other Purchased Services		276,425	276,425	251,784	24,641
General Supplies	30,988	59,642	90,630	82,833	7,797
Textbooks	61,816	(2,772)	59,044	31,681	27,363
Other Objects		12,824	12,824	905	11,919
Total Instruction	<u>1,633,008</u>	<u>43,435</u>	<u>1,676,443</u>	<u>1,421,422</u>	<u>255,021</u>
Support Services:					
Personal Services - Salaries	22,229	140,769	162,998	129,065	33,933
Salaries of Supervisors of Instruction	10,000	10,000	20,000	8,333	11,667
Salaries of Other Professional Staff	2,500		2,500	2,500	
Salaries of Secretaries and Clerical Assistants	48,521		48,521	47,983	538

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Support Services: (Cont'd)					
Other Salaries		\$ 29,432	\$ 29,432	\$ 12,229	\$ 17,203
Personal Services – Employee Benefits	\$ 125,608	110,864	236,472	196,753	39,719
Purchased Professional Educational Services	15,427	298,115	313,542	114,321	199,221
Rentals	3,000	8,456	11,456	11,429	27
Other Purchased Services		121,129	121,129	113,241	7,888
Supplies and Materials	10,000	13,112	23,112	7,914	15,198
Other Objects	1,000	1,158	2,158		2,158
 Total Support Services	 <u>238,285</u>	 <u>733,035</u>	 <u>971,320</u>	 <u>643,768</u>	 <u>327,552</u>
 Total Expenditures	 <u>\$ 1,871,293</u>	 <u>\$ 776,470</u>	 <u>\$ 2,647,763</u>	 <u>\$ 2,065,190</u>	 <u>\$ 582,573</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

Note A - Explanation of Differences Between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue"	\$ 40,883,459	\$ 2,065,190
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		96,102
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	523,783	60,536
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(527,025)	(53,994)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 40,880,217	\$ 2,167,834
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 39,008,925	\$ 2,065,190
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for Financial Reporting Purposes.		96,102
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 39,008,925	\$ 2,161,292

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ending June 30, 2015, was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

SOMERVILLE BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

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

	<u>Title I</u>	<u>Title II Part A</u>	<u>Title III</u>
REVENUE:			
Local Sources			
State Sources			
Federal Sources	\$ 376,167	\$ 82,600	\$ 31,538
Total Revenue	<u>376,167</u>	<u>82,600</u>	<u>31,538</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	278,097	63,795	25,099
Other Salaries for Instruction			
Purchased Professional and Technical Services			
Other Purchased Services	19,930		
General Supplies	13,262		3,123
Textbooks			
Other Objects			
Total Instruction	<u>311,289</u>	<u>63,795</u>	<u>28,222</u>
Support Services:			
Personal Services - Salaries	12,717		
Salaries of Program Directors			
Salaries of Other Professional Staff			
Salaries of Secretaries and Clerical Assistants			
Other Salaries			
Personal Services—Employee Benefits	46,719	13,780	3,316
Purchased Professional Educational Services	5,200	235	
Rentals			
Other Purchased Services		4,790	
Supplies and Materials	242		
Total Support Services	<u>64,878</u>	<u>18,805</u>	<u>3,316</u>
Total Expenditures	<u>\$ 376,167</u>	<u>\$ 82,600</u>	<u>\$ 31,538</u>

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

	<u>IDEA Part B Basic</u>	<u>IDEA Part B Preschool</u>	<u>Nonpublic Technology</u>
REVENUE:			
Local Sources			
State Sources			\$ 31,681
Federal Sources	\$ 524,368	\$ 2,155	
Total Revenue	<u>524,368</u>	<u>2,155</u>	<u>31,681</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	69,678		
Other Salaries for Instruction			
Purchased Professional and Technical Services			
Other Purchased Services	200,861		
General Supplies	31		
Textbooks			31,681
Other Objects			
Total Instruction	<u>270,570</u>		<u>31,681</u>
Support Services:			
Personal Services - Salaries	26,134		
Salaries of Program Directors			
Salaries of Other Professional Staff			
Salaries of Secretaries and Clerical Assistants			
Other Salaries			
Personal Services—Employee Benefits	7,330		
Purchased Professional Educational Services	108,886		
Rentals			
Other Purchased Services	108,451		
Supplies and Materials	2,997	2,155	
Total Support Services	<u>253,798</u>	<u>2,155</u>	
Total Expenditures	<u>\$ 524,368</u>	<u>\$ 2,155</u>	<u>\$ 31,681</u>

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

	Nonpublic		Nonpublic Handicapped Services
	Textbook Aid	Nursing Services	Supplementary Instruction
REVENUE:			
Local Sources			
State Sources	\$ 58,922	\$ 90,214	\$ 64,345
Federal Sources			
Total Revenue	<u>58,922</u>	<u>90,214</u>	<u>64,345</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers			64,345
Other Salaries for Instruction			
Purchased Professional and Technical Services			
Other Purchased Services			
General Supplies	58,922		
Textbooks			
Other Objects			
Total Instruction	<u>58,922</u>		<u>64,345</u>
Support Services:			
Personal Services - Salaries		90,214	
Salaries of Program Directors			
Salaries of Other Professional Staff			
Salaries of Secretaries and Clerical Assistants			
Other Salaries			
Personal Services—Employee Benefits			
Purchased Professional Educational Services			
Rentals			
Other Purchased Services			
Supplies and Materials			
Total Support Services		<u>90,214</u>	
Total Expenditures	<u>\$ 58,922</u>	<u>\$ 90,214</u>	<u>\$ 64,345</u>

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

	<u>Nonpublic Handicapped Services</u>		<u>Nonpublic</u>
	<u>Corrective</u>	<u>Examination &</u>	<u>Auxiliary Services</u>
	<u>Speech</u>	<u>Classification</u>	<u>Compensatory</u>
			<u>Education Aid</u>
REVENUE:			
Local Sources			
State Sources	\$ 29,156	\$ 65,212	\$ 96,118
Federal Sources			
Total Revenue	<u>29,156</u>	<u>65,212</u>	<u>96,118</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	29,156		96,118
Other Salaries for Instruction			
Purchased Professional and Technical Services		65,212	
Other Purchased Services			
General Supplies			
Textbooks			
Other Objects			
Total Instruction	<u>29,156</u>	<u>65,212</u>	<u>96,118</u>
Support Services:			
Personal Services - Salaries			
Salaries of Program Directors			
Salaries of Other Professional Staff			
Salaries of Secretaries and Clerical Assistants			
Other Salaries			
Personal Services—Employee Benefits			
Purchased Professional Educational Services			
Rentals			
Other Purchased Services			
Supplies and Materials			
Total Support Services			
Total Expenditures	<u>\$ 29,156</u>	<u>\$ 65,212</u>	<u>\$ 96,118</u>

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

	Nonpublic Auxiliary		Preschool Education Aid
	Services Aid	Transportation Aid	
	ESL		
REVENUE:			
Local Sources			
State Sources	\$ 639	\$ 30,133	\$ 549,010
Federal Sources			
Total Revenue	<u>639</u>	<u>30,133</u>	<u>549,010</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	639		206,153
Other Salaries for Instruction			136,763
Purchased Professional and Technical Services			
Other Purchased Services		30,133	860
General Supplies			2,470
Textbooks			
Other Objects			
Total Instruction	<u>639</u>	<u>30,133</u>	<u>346,246</u>
Support Services:			
Personal Services - Salaries			
Salaries of Program Directors			8,333
Salaries of Other Professional Staff			2,500
Salaries of Secretaries and Clerical Assistants			47,983
Other Salaries			12,229
Personal Services—Employee Benefits			125,608
Purchased Professional Educational Services			
Rentals			3,694
Other Purchased Services			
Supplies and Materials			2,417
Total Support Services			<u>202,764</u>
Total Expenditures	<u>\$ 639</u>	<u>\$ 30,133</u>	<u>\$ 549,010</u>

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

	Nonpublic Auxiliary Services		
	Home Instruction	Local Grants	Totals
REVENUE:			
Local Sources		\$ 30,268	\$ 30,268
State Sources	\$ 2,664		1,018,094
Federal Sources			1,016,828
Total Revenue	2,664	30,268	2,065,190
EXPENDITURES:			
Instruction:			
Salaries of Teachers	2,664	16,500	852,244
Other Salaries for Instruction			136,763
Purchased Professional and Technical Services			65,212
Other Purchased Services			251,784
General Supplies		5,025	82,833
Textbooks			31,681
Other Objects		905	905
Total Instruction	2,664	22,430	1,421,422
Support Services:			
Personal Services - Salaries			129,065
Salaries of Program Directors			8,333
Salaries of Other Professional Staff			2,500
Salaries of Secretaries and Clerical Assistants			47,983
Other Salaries			12,229
Personal Services—Employee Benefits			196,753
Purchased Professional Educational Services			114,321
Rentals		7,735	11,429
Other Purchased Services			113,241
Supplies and Materials		103	7,914
Total Support Services		7,838	643,768
Total Expenditures	\$ 2,664	\$ 30,268	\$ 2,065,190

Exhibit E-2

SOMERVILLE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 210,513	\$ 206,153	\$ 4,360
Other Salaries for Instruction	136,763	136,763	
Other Purchased Services (400-500 series)	2,500	860	1,640
General Supplies	8,448	2,470	5,978
Total Instruction	<u>358,224</u>	<u>346,246</u>	<u>11,978</u>
Support Services:			
Salaries of Program Directors	20,000	8,333	11,667
Salaries of Other Professional Staff	2,500	2,500	
Salaries of Secretaries and Clerical Assistants	48,521	47,983	538
Other Salaries	12,229	12,229	
Personal Services—Employee Benefits	125,608	125,608	
Purchased Professional Educational Services	15,427		15,427
Rentals	3,721	3,694	27
Supplies and Materials	9,279	2,417	6,862
Other Objects	1,000		1,000
Total Support Services	<u>238,285</u>	<u>202,764</u>	<u>35,521</u>
Total Expenditures	<u>\$ 596,509</u>	<u>\$ 549,010</u>	<u>\$ 47,499</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2014-2015 Preschool Education Aid Allocation	\$ 618,344
Add: Actual PEA Carryover (June 30, 2014)	50,035
Total Preschool Education Aid Funds Available for 2014-2015 Budget	<u>668,379</u>
Less: 2014-2015 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	(596,509)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2015	<u>71,870</u>
Add: June 30, 2015 Unexpended Preschool Education Aid	47,499
2014-2015 Carryover - Preschool Education Aid	\$ 119,369
2014-2015 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2015-2016	<u>\$ 119,369</u>

CAPITAL PROJECTS FUND

Exhibit F-1

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES,
PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Revenue and Other Financing Sources:	
State Sources - SDA Grant	\$ 331,416
Transfer from Capital Reserve	476,104
Transfer from Capital Outlay	240,000
Interest Earned	185
Total Revenue and Other Financing Sources	<u>1,047,705</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	125,367
Construction Services	997,871
Operating Transfers Out - Debt Service Fund	185
Total Expenditures and Other Financing Uses	<u>1,123,423</u>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	(75,718)
Fund Balance - Beginning Balance	<u>3,482,139</u>
Fund Balance - Ending Balance	<u>\$ 3,406,421</u>
Reconciliation of Revenue from Budgetary Basis to GAAP Basis:	
SDA Grants Revenue (Budgetary Basis)	\$ 331,416
SDA Grants are Recognized as Revenue on the Budgetary Basis when awarded but are not Recognized on the GAAP Basis until Expended and Submitted for Reimbursement	<u>(185,005)</u>
SDA Grants Revenue (GAAP Basis)	<u>\$ 146,411</u>
<u>Recapitulation:</u>	
Committed Fund Balance:	
Year-End Encumbrances	\$ 327,583
Committed Fund Balance - Other Purposes	<u>2,804,534</u>
Total Committed Fund Balance	3,132,117
Restricted Fund Balance	<u>274,304</u>
	3,406,421
Reconciliation to Governmental Funds Statements (GAAP):	
SDA Grant Receivable not Recognized on GAAP Basis	<u>(1,026,553)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 2,379,868</u>

Exhibit F-1a

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
DECEMBER 2004 REFERENDUM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 9,397,547		\$ 9,397,547	\$ 9,397,547
Bond Proceeds and Transfers	15,412,000		15,412,000	15,412,000
Total Revenues	<u>24,809,547</u>		<u>24,809,547</u>	<u>24,809,547</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	2,829,840		2,829,840	2,869,232
Construction Services	21,312,687		21,312,687	21,547,599
Transfer to Debt Service Fund	392,716		392,716	392,716
Total Expenditures	<u>24,535,243</u>		<u>24,535,243</u>	<u>24,809,547</u>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 274,304</u>	<u>\$ -0-</u>	<u>\$ 274,304</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Numbers	4820-090-04-3000, 4820-055-04-2000, 4820-050-04-3000			
Grant Date	04/22/05			
Bond Authorization Date	12/14/04			
Bonds Authorized	\$ 15,412,000			
Bonds Issued	\$ 15,412,000			
Original Authorized Cost	\$ 24,949,833			
SDA Grant Cancelled	\$ (140,286)			
Revised Authorized Cost	<u>\$ 24,809,547</u>			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	98.89%			
Original Target Completion Date	August 2008			
Revised Target Completion Date	October 2015			

Exhibit F-1b

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VAN DERVEER SCHOOL FIVE CLASSROOM ADDITION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Outlay	\$ 2,200,000		\$ 2,200,000	\$ 2,200,000
Total Revenues	2,200,000		2,200,000	2,200,000
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	228,336	\$ 10,615	238,951	231,099
Construction Services	1,723,373	204,709	1,928,082	1,968,901
Total Expenditures	1,951,709	215,324	2,167,033	2,200,000
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	\$ 248,291	\$ (215,324)	\$ 32,967	\$ -0-

Additional Project Information:

Project Number:	N/A
Grant Date:	N/A
Bond Authorization Date:	N/A
Bonds Authorized:	N/A
Bonds Issued:	N/A
Original Authorized Cost:	\$ 2,200,000
Additional Authorized Cost:	\$ -0-
Revised Authorized Cost:	\$ 2,200,000
Percentage Increase over Original Authorized Cost:	0.00%
Percentage Completion:	98.50%
Original Target Completion Date:	January 2014
Revised Target Completion Date:	October 2015

Exhibit F-1c

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
SOMERVILLE MIDDLE SCHOOL ROOF REPLACEMENT ANNEX AND MEDIA CENTER
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 306,454		\$ 306,454	\$ 306,454
Transfer from Capital Outlay	725,000		725,000	725,000
Total Revenues	<u>1,031,454</u>		<u>1,031,454</u>	<u>1,031,454</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	65,100		65,100	78,211
Construction Services	729,116		729,116	953,243
Total Expenditures	<u>794,216</u>		<u>794,216</u>	<u>1,031,454</u>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 237,238</u>	<u>\$ -0-</u>	<u>\$ 237,238</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number:	4820-055-10-1004			
Grant Date:	01/12/11			
Bond Authorization Date:	N/A			
Bonds Authorized:	N/A			
Bonds Issued:	N/A			
Original Authorized Cost:	\$ 691,234			
Additional Authorized Cost:	<u>\$ 340,220</u>			
Revised Authorized Cost:	<u>\$ 1,031,454</u>			
Percentage Increase over Original Authorized Cost:	32.98%			
Percentage Completion:	77.00%			
Original Target Completion Date:	September 2011			
Revised Target Completion Date:	December 2015			

Exhibit F-1d

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
SOMERVILLE HIGH SCHOOL AUDITORIUM AIR CONDITIONING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 102,412		\$ 102,412	\$ 102,412
Transfer from Capital Reserve	306,000		306,000	306,000
Total Revenues	<u>408,412</u>		<u>408,412</u>	<u>408,412</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	36,721		36,721	37,128
Construction Services	307,223		307,223	371,284
Total Expenditures	<u>343,944</u>		<u>343,944</u>	<u>408,412</u>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 64,468</u>	<u>\$ -0-</u>	<u>\$ 64,468</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number:	4820-050-10-1001			
Grant Date:	01/12/11			
Bond Authorization Date:	N/A			
Bonds Authorized:	N/A			
Bonds Issued:	N/A			
Original Authorized Cost:	\$ 231,000			
Additional Authorized Cost:	<u>\$ 177,412</u>			
Revised Authorized Cost:	<u>\$ 408,412</u>			
Percentage Increase over Original Authorized Cost:	43.44%			
Percentage Completion:	84.21%			
Original Target Completion Date:	September 2011			
Revised Target Completion Date:	October 2015			

Exhibit F-1e

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
SOMERVILLE HIGH SCHOOL PARTIAL ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDAGrant	\$ 139,586		\$ 139,586	\$ 139,586
Transfer from Capital Reserve	200,261		200,261	200,261
Total Revenues	<u>339,847</u>		<u>339,847</u>	<u>339,847</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	28,195		28,195	31,481
Construction Services	300,724		300,724	308,366
Total Expenditures	<u>328,919</u>		<u>328,919</u>	<u>339,847</u>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 10,928</u>	<u>\$ -0-</u>	<u>\$ 10,928</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number:	4820-050-10-1002
Grant Date:	01/12/11
Bond Authorization Date:	N/A
Bonds Authorized:	N/A
Bonds Issued:	N/A
Original Authorized Cost:	\$ 314,847
Additional Authorized Cost:	25,000
Revised Authorized Cost:	<u>\$ 339,847</u>
Percentage Increase over Original Authorized Cost:	7.36%
Percentage Completion:	96.78%
Original Target Completion Date:	September 2011
Revised Target Completion Date:	October 2015

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
SOMERVILLE HIGH SCHOOL MAIN FLOOR HVAC RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 187,778	\$ (21,230)	\$ 166,548	\$ 166,548
Transfer from Capital Reserve	235,772		235,772	235,772
Total Revenues	<u>423,550</u>	<u>(21,230)</u>	<u>402,320</u>	<u>402,320</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	38,362		38,362	38,363
Construction Services	337,000		337,000	363,957
Total Expenditures	<u>375,362</u>		<u>375,362</u>	<u>402,320</u>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 48,188</u>	<u>\$ (21,230)</u>	<u>\$ 26,958</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number:	4820-050-10-1003			
Grant Date:	01/12/11			
Bond Authorization Date:	N/A			
Bonds Authorized:	N/A			
Bonds Issued:	N/A			
Original Authorized Cost:	\$ 423,550			
Additional Authorized Cost:	\$ (21,230)			
Revised Authorized Cost:	<u>\$ 402,320</u>			
Percentage Increase over Original Authorized Cost:	0.00%			
Percentage Completion:	93.30%			
Original Target Completion Date:	September 2011			
Revised Target Completion Date:	October 2015			

Exhibit F-1g

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VAN DERVEER ELEMENTARY SCHOOL HVAC REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 451,817		\$ 451,817	\$ 451,817
Transfer from Capital Reserve	535,683		535,683	535,683
Total Revenues	<u>987,500</u>		<u>987,500</u>	<u>987,500</u>
Expenditures and Other Financing Uses:				
Construction Services				987,500
Total Expenditures				<u>987,500</u>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 987,500</u>	<u>\$ -0-</u>	<u>\$ 987,500</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number:	4820-090-14-1004
Grant Date:	01/06/14
Bond Authorization Date:	N/A
Bonds Authorized:	N/A
Bonds Issued:	N/A
Original Authorized Cost:	<u>\$ 987,500</u>
Revised Authorized Cost:	<u>\$ 987,500</u>
Percentage Increase over Original Authorized Cost:	N/A
Percentage Completion:	0.00%
Original Target Completion Date:	June 2017

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VAN DERVEER ELEMENTARY WATER LINE REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 34,315		\$ 34,315	\$ 40,685
Transfer from Capital Reserve	40,685		40,685	34,315
Total Revenues	75,000		75,000	75,000
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services		\$ 5,786	5,786	5,786
Construction Services		45,005	45,005	69,214
Total Expenditures		50,791	50,791	75,000
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	\$ 75,000	\$ (50,791)	\$ 24,209	\$ -0-

Additional Project Information:

Project Number:	4820-090-14-1005
Grant Date:	01/06/14
Bond Authorization Date:	N/A
Bonds Authorized:	N/A
Bonds Issued:	N/A
Original Authorized Cost:	\$ 75,000
Revised Authorized Cost:	\$ 75,000
Percentage Increase over Original Authorized Cost:	N/A
Percentage Completion:	67.72%
Original Target Completion Date:	October 2015

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
SOMERVILLE HIGH SCHOOL LOBBY
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 72,700		\$ 72,700	\$ 72,700
Total Revenues	72,700		72,700	72,700
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	229	\$ 7,716	7,945	7,945
Construction Services		47,300	47,300	64,755
Total Expenditures	229	55,016	55,245	72,700
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	\$ 72,471	\$ (55,016)	\$ 17,455	\$ -0-
Additional Project Information:				
Project Number:	N/A			
Grant Date:	N/A			
Bond Authorization Date:	N/A			
Bonds Authorized:	N/A			
Bonds Issued:	N/A			
Original Authorized Cost:	\$ 72,700			
Revised Authorized Cost:	\$ 72,700			
Percentage Increase over Original Authorized Cost:	N/A			
Percentage Completion:	75.99%			
Original Target Completion Date:	October 2015			

Exhibit F-1j

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
SOMERVILLE HIGH SCHOOL BATHROOM RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 183,014		\$ 183,014	\$ 183,014
Transfer from Capital Outlay	150,000		150,000	150,000
Transfer from Capital Reserve	66,986		66,986	66,986
Total Revenues	<u>400,000</u>		<u>400,000</u>	<u>400,000</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	1,654	\$ 32,913	34,567	58,654
Construction Services		316,313	316,313	341,346
Total Expenditures	<u>1,654</u>	<u>349,226</u>	<u>350,880</u>	<u>400,000</u>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 398,346</u>	<u>\$ (349,226)</u>	<u>\$ 49,120</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number:	4820-050-14-1001
Grant Date:	01/06/14
Bond Authorization Date:	N/A
Bonds Authorized:	N/A
Bonds Issued:	N/A
Original Authorized Cost:	<u>\$ 400,000</u>
Revised Authorized Cost:	<u>\$ 400,000</u>
Percentage Increase over Original Authorized Cost:	N/A
Percentage Completion:	87.72%
Original Target Completion Date:	October 2015

Exhibit F-1k

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VAN DERVEER ELEMENTARY SCHOOL SECURITY UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 42,347		\$ 42,347	\$ 42,347
Transfer from Capital Reserve	50,207		50,207	50,207
Total Revenues	<u>92,554</u>		<u>92,554</u>	<u>92,554</u>
Expenditures and Other Financing Uses:				
Construction Services				92,554
Total Expenditures				<u>92,554</u>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 92,554</u>	<u>\$ -0-</u>	<u>\$ 92,554</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number:	4820-090-14-1009
Grant Date:	01/06/14
Bond Authorization Date:	N/A
Bonds Authorized:	N/A
Bonds Issued:	N/A
Original Authorized Cost:	<u>\$ 92,554</u>
Revised Authorized Cost:	<u>\$ 92,554</u>
Percentage Increase over Original Authorized Cost:	N/A
Percentage Completion:	0.00%
Original Target Completion Date:	June 2016

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
SOMERVILLE MIDDLE SCHOOL SECURITY UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 34,888		\$ 34,888	\$ 34,888
Transfer from Capital Reserve	41,364		41,364	41,364
Total Revenues	<u>76,252</u>		<u>76,252</u>	<u>76,252</u>
Expenditures and Other Financing Uses:				
Construction Services				76,252
Total Expenditures				<u>76,252</u>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 76,252</u>	<u>\$ -0-</u>	<u>\$ 76,252</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number:	4820-090-14-1009
Grant Date:	01/06/14
Bond Authorization Date:	N/A
Bonds Authorized:	N/A
Bonds Issued:	N/A
Original Authorized Cost:	<u>\$ 76,252</u>
Revised Authorized Cost:	<u>\$ 76,252</u>
Percentage Increase over Original Authorized Cost:	N/A
Percentage Completion:	0.00%
Original Target Completion Date:	June 2016

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
SOMERVILLE HIGH SCHOOL SECURITY UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 73,937		\$ 73,937	\$ 73,937
Transfer from Capital Reserve	87,662		87,662	87,662
Total Revenues	161,599		161,599	161,599
Expenditures and Other Financing Uses:				
Construction Services				161,599
Total Expenditures				161,599
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	\$ 161,599	\$ -0-	\$ 161,599	\$ -0-

Additional Project Information:

Project Number:	4820-050-14-1007
Grant Date:	01/06/14
Bond Authorization Date:	N/A
Bonds Authorized:	N/A
Bonds Issued:	N/A
Original Authorized Cost:	\$ 161,599
Revised Authorized Cost:	\$ 161,599
Percentage Increase over Original Authorized Cost:	N/A
Percentage Completion:	0.00%
Original Target Completion Date:	June 2016

Exhibit F-1n

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
SOMERVILLE MIDDLE SCHOOL ANNEX CLASSROOMS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Outlay	\$ 372,274		\$ 372,274	\$ 372,274
Transfer from Capital Reserve	362,726	\$ 58,000	420,726	420,726
Total Revenues	<u>735,000</u>	<u>58,000</u>	<u>793,000</u>	<u>793,000</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services		68,337	68,337	91,250
Construction Services		384,544	384,544	701,750
Total Expenditures		<u>452,881</u>	<u>452,881</u>	<u>793,000</u>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 735,000</u>	<u>\$ (394,881)</u>	<u>\$ 340,119</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number:	4820-050-14-1007
Grant Date:	01/06/14
Bond Authorization Date:	N/A
Bonds Authorized:	N/A
Bonds Issued:	N/A
Original Authorized Cost:	\$ 735,000
Cancelled to General Fund - Capital Outlay	\$ 58,000
Revised Authorized Cost:	<u>\$ 793,000</u>
Percentage Increase over Original Authorized Cost:	7.89%
Percentage Completion:	57.11%
Original Target Completion Date:	December 2015

Exhibit F-1o

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
SOMERVILLE HIGH SCHOOL HVAC UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 352,646	\$ 352,646	\$ 352,646
Transfer from Capital Reserve		418,104	418,104	418,104
Total Revenues		770,750	770,750	770,750
Expenditures and Other Financing Uses:				
Construction Services				770,750
Total Expenditures				770,750
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	\$ -0-	\$ 770,750	\$ 770,750	\$ -0-

Additional Project Information:

Project Number:	4820-050-14-1006
Grant Date:	01/06/14
Bond Authorization Date:	N/A
Bonds Authorized:	N/A
Bonds Issued:	N/A
Original Authorized Cost:	\$ 770,750
Revised Authorized Cost:	\$ 770,750
Percentage Increase over Original Authorized Cost:	N/A
Percentage Completion:	0.00%
Original Target Completion Date:	June 2017

Exhibit F-1p

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
SOMERVILLE HIGH SCHOOL - RFID CONSTRUCTION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:				
Transfer from Capital Outlay		\$ 240,000	\$ 240,000	\$ 240,000
Total Revenues		240,000	240,000	240,000
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services				240,000
Total Expenditures				240,000
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	\$ -0-	\$ 240,000	\$ 240,000	\$ -0-
Additional Project Information:				
Project Number:	N/A			
Grant Date:	N/A			
Bond Authorization Date:	N/A			
Bonds Authorized:	N/A			
Bonds Issued:	N/A			
Original Authorized Cost:	\$ 240,000			
Revised Authorized Cost:	\$ 240,000			
Percentage Increase over Original Authorized Cost:	N/A			
Percentage Completion:	0.00%			
Original Target Completion Date:	June 2016			

PROPRIETARY FUNDS

Exhibit G-1

SOMERVILLE BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS:

Current Assets:		
Cash and Cash Equivalents		\$ 103,025
Accounts Receivable:		
Federal Government		50,031
State Government		1,181
Inventories		6,492
		160,729
Total Current Assets		160,729
Non-Current Assets:		
Capital Assets		271,190
Less: Accumulated Depreciation		(163,594)
		107,596
Total Non-Current Assets		107,596
Total Assets		268,325
LIABILITIES:		
Unearned Revenue		247
		247
Total Liabilities		247
NET POSITION:		
Net Investment in Capital Assets		107,596
Unrestricted		160,482
		\$ 268,078
Total Net Position		\$ 268,078

Exhibit G-2

SOMERVILLE BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Operating Revenue:	
Daily Sales	\$ 323,756
	<hr/>
Total Operating Revenue	323,756
	<hr/>
Operating Expenses:	
Cost of Sales	306,312
Management Fee	13,572
Salaries, Benefits & Payroll Taxes	240,269
Other	21,989
Depreciation Expense	13,160
	<hr/>
Total Operating Expenses	595,302
	<hr/>
Operating Loss	(271,546)
	<hr/>
Non-Operating Revenue:	
Federal Sources:	
School Breakfast Program	25,099
National School Lunch Program	253,873
Food Distribution Program	26,474
State Sources:	
School Lunch Program	6,606
	<hr/>
Total Non-Operating Revenue	312,052
	<hr/>
Change in Net Position	40,506
	<hr/>
Net Position - Beginning of Year	227,572
	<hr/>
Net Position - End of Year	\$ 268,078
	<hr/> <hr/>

Exhibit G-3

SOMERVILLE BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 323,756
Payments to Employees	(240,269)
Payments to Suppliers	(351,801)
	<hr/>
Net Cash Used for Operating Activities	(268,314)
	<hr/>
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal and State Reimbursements	255,884
	<hr/>
Net Cash Provided by Noncapital Financing Activities	255,884
	<hr/>
Net Decrease in Cash and Cash Equivalents	(12,430)
	<hr/>
Cash and Cash Equivalents, July 1	115,455
	<hr/>
Cash and Cash Equivalents, June 30	\$ 103,025
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (271,546)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	13,160
Federal Food Distribution Program	26,474
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	(718)
Increase/(Decrease) in Accounts Payable	(35,899)
Increase/(Decrease) in Unearned Revenue	215
	<hr/>
Net Cash Used for Operating Activities	\$ (268,314)
	<hr/> <hr/>

Non-Cash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$26,689 and used \$26,474 of those commodities during the fiscal year.

FIDUCIARY FUNDS

Exhibit H-1

SOMERVILLE BOROUGH SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

	Trust	Agency		
	Unemployment Compensation Trust	Student Activity	Payroll	Total
ASSETS:				
Cash and Cash Equivalents	\$ 186,748	\$ 251,590	\$ 171,921	\$ 423,511
Interfund Receivable	144,709			
Total Assets	<u>331,457</u>	<u>251,590</u>	<u>171,921</u>	<u>423,511</u>
LIABILITIES:				
Payroll Deductions and Withholdings			27,212	27,212
Interfund Payable			144,709	144,709
Due to Student Groups		251,590		251,590
Total Liabilities		<u>251,590</u>	<u>171,921</u>	<u>423,511</u>
NET POSITION:				
Held in Trust for Unemployment Claims	<u>331,458</u>			
Total Net Position	<u>\$ 331,458</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Exhibit H-2

SOMERVILLE BOROUGH SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Unemployment Compensation Trust</u>
Additions:	
Contributions:	
Employee State Unemployment Insurance Deductions	<u>\$ 34,898</u>
Total Contributions	<u>34,898</u>
Investment Earnings:	
Interest	<u>90</u>
Net Investment Earnings	<u>90</u>
Total Additions	<u>34,988</u>
Deductions:	
State of New Jersey Unemployment Agency Payments	<u>64,080</u>
Total Deductions	<u>64,080</u>
Change in Net Position	(29,092)
Net Position—Beginning of the Year	<u>360,550</u>
Net Position—End of the Year	<u><u>\$ 331,458</u></u>

Exhibit H-3

SOMERVILLE BOROUGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS:				
Cash and Cash Equivalents	\$ 230,985	\$ 538,514	\$ 517,909	\$ 251,590
Total Assets	<u>\$ 230,985</u>	<u>\$ 538,514</u>	<u>\$ 517,909</u>	<u>\$ 251,590</u>
LIABILITIES:				
Due to Student Groups	\$ 230,985	\$ 538,514	\$ 517,909	\$ 251,590
Total Liabilities	<u>\$ 230,985</u>	<u>\$ 538,514</u>	<u>\$ 517,909</u>	<u>\$ 251,590</u>

Exhibit H-4

SOMERVILLE BOROUGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
Van Derveer Elementary School	\$ 61,794	\$ 33,794	\$ 50,128	\$ 45,460
Somerville Middle School	59,154	47,093	56,965	49,282
Somerville High School	<u>110,037</u>	<u>457,627</u>	<u>410,816</u>	<u>156,848</u>
Total All Schools	<u>\$ 230,985</u>	<u>\$ 538,514</u>	<u>\$ 517,909</u>	<u>\$ 251,590</u>

Exhibit H-5

SOMERVILLE BOROUGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS:				
Cash and Cash Equivalents	\$ 114,959	\$ 12,142,001	\$ 12,085,039	\$ 171,921
Total Assets	<u>\$ 114,959</u>	<u>\$ 12,142,001</u>	<u>\$ 12,085,039</u>	<u>\$ 171,921</u>
 LIABILITIES:				
Payroll Deductions and Withholdings	\$ 5,148	\$ 12,107,103	\$ 12,085,039	\$ 27,212
Interfund Payable	109,811	34,898		144,709
Total Liabilities	<u>\$ 114,959</u>	<u>\$ 12,142,001</u>	<u>\$ 12,085,039</u>	<u>\$ 171,921</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2015		Interest Rate	Balance June 30, 2014	Issued	Retired or Matured	Balance June 30, 2015
			Date	Amount					
Pension Refunding	7/13/2003	\$ 2,705,000	07/15/15	\$ 240,000	6.00%	\$ 990,000		\$ 220,000	\$ 770,000
			07/15/16	255,000	6.00%				
			07/15/17	275,000	6.00%				
School Renovations	2/15/2005	15,412,000				725,000		725,000	
School Refunding Bonds	3/2/2006	13,710,000	07/15/15	535,000	4.000%				
			07/15/16	560,000	4.000%				
			07/15/17	585,000	4.250%				
			07/15/18	610,000	4.000%				
			07/15/19	640,000	4.100%				
			07/15/20	665,000	4.100%				
			07/15/21	690,000	4.125%				
			07/15/22	720,000	4.200%				
			07/15/23	750,000	4.200%				
			07/15/24	785,000	4.125%				
			07/15/25	820,000	4.375%				
			07/15/26	855,000	4.375%				
			07/15/27	890,000	4.375%				
			07/15/28	930,000	4.375%				
07/15/29	975,000	4.375%	11,520,000	510,000	11,010,000				

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2015		Interest Rate	Balance June 30, 2014	Issued	Retired or Matured	Balance June 30, 2015
			Date	Amount					
School Refunding Bonds	4/30/2013	\$ 9,240,000	02/15/16	\$ 745,000	3.000%				
			02/15/17	765,000	3.000%				
			02/15/18	830,000	3.000%				
			02/15/19	860,000	3.000%				
			02/15/20	885,000	4.000%				
			02/15/21	925,000	4.000%				
			02/15/22	970,000	4.000%				
			02/15/23	1,005,000	4.000%				
			02/15/24	1,055,000	2.400%				
			02/15/25	1,085,000	4.000%				
					\$ 9,125,000			\$ 9,125,000	
					<u>\$22,360,000</u>	<u>\$ -0-</u>	<u>\$ 1,455,000</u>	<u>\$20,905,000</u>	

Exhibit I-2

SOMERVILLE BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOT APPLICABLE

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,752,268		\$ 1,752,268	\$ 1,752,268	
State Sources:					
Debt Service Aid Type II	236,465		236,465	236,465	
Total Revenues	1,988,733		1,988,733	1,988,733	
EXPENDITURES:					
Regular Debt Service:					
Interest on Early Retirement Bonds	52,800		52,800	52,800	
Interest on Bonds	820,772		820,772	820,771	\$ 1
Redemption of Principal	1,235,000		1,235,000	1,235,000	
Redemption of Principal - ERIP	220,000		220,000	220,000	
Total Regular Debt Service	2,328,572		2,328,572	2,328,571	1
Total Expenditures	2,328,572		2,328,572	2,328,571	1
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(339,839)		(339,839)	(339,838)	1

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Financing Sources:					
Operating Transfers In - General Fund	\$ 338,147		\$ 338,147	\$ 338,147	
Operating Transfers In - Capital Projects Fund				185	\$ 185
Total Other Financing Sources	<u>338,147</u>		<u>338,147</u>	<u>338,332</u>	<u>185</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	(1,692)		(1,692)	(1,506)	186
Fund Balance, July 1	<u>1,974</u>		<u>1,974</u>	<u>1,974</u>	
Fund Balance, June 30	<u>\$ 282</u>	<u>\$ -0-</u>	<u>\$ 282</u>	<u>\$ 468</u>	<u>\$ 186</u>
<u>Recapitulation:</u>					
Restricted Fund Balance - For Subsequent Year's Expenditures				\$ 282	
Restricted Fund Balance				<u>186</u>	
				<u>\$ 468</u>	

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents

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

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

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

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014 *	2015
Governmental Activities:										
Net Investment in Capital Assets	\$ 2,609,379	\$ 3,068,835	\$ 5,707,897	\$ 12,989,685	\$ 13,798,944	\$ 15,869,670	\$ 19,929,605	\$ 22,785,085	\$ 24,519,577	\$ 26,525,104
Restricted	3,483,898	6,705,360	9,570,950	6,445,610	5,965,930	4,986,233	5,105,023	4,522,430	4,060,067	5,647,393
Unrestricted/(Deficit)	(2,781,920)	(3,223,761)	(3,029,490)	(3,374,507)	(2,794,727)	(154,516)	(145,481)	321,331	(6,495,713)	(7,722,300)
Total Governmental Activities Net Position	<u>\$ 3,311,357</u>	<u>\$ 6,550,434</u>	<u>\$ 12,249,357</u>	<u>\$ 16,060,788</u>	<u>\$ 16,970,147</u>	<u>\$ 20,701,387</u>	<u>\$ 24,889,147</u>	<u>\$ 27,628,846</u>	<u>\$ 22,083,931</u>	<u>\$ 24,450,197</u>
Business-Type Activities:										
Net Investment in Capital Assets	\$ 17,169	\$ 18,964	\$ 20,906	\$ 131,820	\$ 119,580	\$ 106,583	\$ 120,158	\$ 106,443	\$ 120,756	\$ 107,596
Unrestricted	39,610	64,147	84,471	93,842	80,864	97,872	99,291	133,556	106,816	160,482
Total Business-Type Activities Net Position	<u>\$ 56,779</u>	<u>\$ 83,111</u>	<u>\$ 105,377</u>	<u>\$ 225,662</u>	<u>\$ 200,444</u>	<u>\$ 204,455</u>	<u>\$ 219,449</u>	<u>\$ 239,999</u>	<u>\$ 227,572</u>	<u>\$ 268,078</u>
District-Wide:										
Net Investment in Capital Assets	\$ 2,626,548	\$ 3,087,799	\$ 5,728,803	\$ 13,121,505	\$ 13,918,524	\$ 15,976,253	\$ 20,049,763	\$ 22,891,528	\$ 24,640,333	\$ 26,632,700
Restricted	3,483,898	6,705,360	9,570,950	6,445,610	5,965,930	4,986,233	5,105,023	4,522,430	4,060,067	5,647,393
Unrestricted/(Deficit)	(2,742,310)	(3,159,614)	(2,945,019)	(3,280,665)	(2,713,863)	(56,644)	(46,190)	454,887	(6,388,897)	(7,561,818)
Total District Net Position	<u>\$ 3,368,136</u>	<u>\$ 6,633,545</u>	<u>\$ 12,354,734</u>	<u>\$ 16,286,450</u>	<u>\$ 17,170,591</u>	<u>\$ 20,905,842</u>	<u>\$ 25,108,596</u>	<u>\$ 27,868,845</u>	<u>\$ 22,311,503</u>	<u>\$ 24,718,275</u>

* - Restated

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental Activities:										
Instruction	\$ 18,967,842	\$ 21,824,996	\$ 21,430,644	\$ 21,935,221	\$ 23,719,403	\$ 24,042,184	\$ 24,084,529	\$ 25,449,684	\$ 25,453,035	\$ 29,277,713
Support Services:										
Tuition	1,989,591	2,192,271	2,564,707	2,309,113	2,198,874	1,836,656	1,973,771	2,081,521	1,864,473	1,636,448
Student & Instruction Related Services	5,023,196	3,828,002	5,529,401	5,402,195	4,151,442	3,905,097	4,250,272	4,789,418	4,743,399	5,305,703
General Administrative Services	1,092,058	1,111,885	1,219,150	1,115,342	1,002,633	677,996	1,034,397	798,512	711,104	806,049
School Administrative Services	1,486,782	1,514,303	1,703,809	1,640,904	1,972,290	2,144,127	2,063,933	2,088,203	2,117,831	2,865,374
Central Services	545,818	516,459	553,104	559,273	608,104	539,778	555,433	532,911	557,222	635,172
Administration Information Technology	323,420	331,891	232,324	395,336	311,042	441,476	503,046	538,827	674,007	656,588
Plant Operations And Maintenance	3,053,871	3,040,276	2,904,476	2,657,479	2,851,398	2,572,196	2,617,512	2,588,691	2,587,776	2,798,045
Pupil Transportation	644,677	694,968	779,217	906,164	925,207	913,937	899,933	908,718	1,029,868	1,147,465
Interest On Long-Term Debt	1,255,980	1,447,151	1,276,981	1,247,328	1,302,094	1,067,482	1,093,390	983,201	869,222	850,781
Unallocated Depreciation	542,167	550,459	556,167	582,877	616,168	211,594	616,168	637,815	606,616	611,931
Capital Outlay					406,837		49,184	78,645	93,839	200,765
Transfer to Charter School		9,281	10,266	17,345	34,371	31,300	19,054	17,231		
Total Governmental Activities Expenses	<u>34,925,402</u>	<u>37,061,942</u>	<u>38,760,246</u>	<u>38,768,577</u>	<u>40,099,863</u>	<u>38,383,823</u>	<u>39,760,622</u>	<u>41,493,377</u>	<u>41,308,392</u>	<u>46,792,034</u>
Business-Type Activities:										
Food Service	529,479	494,093	535,880	526,946	633,191	619,463	667,946	617,778	643,605	595,302
Total Business-Type Activities Expense	<u>529,479</u>	<u>494,093</u>	<u>535,880</u>	<u>526,946</u>	<u>633,191</u>	<u>619,463</u>	<u>667,946</u>	<u>617,778</u>	<u>643,605</u>	<u>595,302</u>
Total District Expenses	<u>35,454,881</u>	<u>37,556,035</u>	<u>39,296,126</u>	<u>39,295,523</u>	<u>40,733,054</u>	<u>39,003,286</u>	<u>40,428,568</u>	<u>42,111,155</u>	<u>41,951,997</u>	<u>47,387,336</u>

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program Revenues:										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 8,370,188	\$ 9,288,525	\$ 8,726,420	\$ 9,326,630	\$ 8,524,928	\$ 10,566,778	\$ 10,273,503	\$ 10,454,978	\$ 10,602,699	\$ 10,930,843
Operating Grants and Contributions	6,553,752	7,776,719	8,082,075	5,710,628	5,606,807	5,913,137	6,369,807	6,843,376	6,581,343	10,979,485
Capital Grants and Contributions	86,924	776,563	4,583,486	891,578	1,765,590	817,741	471,767	579,558	336,782	146,411
Total Governmental Activities Program Revenues	<u>15,010,864</u>	<u>17,841,807</u>	<u>21,391,981</u>	<u>15,928,836</u>	<u>15,897,325</u>	<u>17,297,656</u>	<u>17,115,077</u>	<u>17,877,912</u>	<u>17,520,824</u>	<u>22,056,739</u>
Business-Type Activities:										
Charges for Services:										
Food Service	301,740	265,606	297,289	254,596	285,851	304,032	322,611	296,745	279,406	323,756
Operating Grants and Contributions	234,817	254,819	260,857	295,796	322,122	319,442	361,370	341,583	351,772	312,052
Total Business Type Activities Program Revenues	<u>536,557</u>	<u>520,425</u>	<u>558,146</u>	<u>550,392</u>	<u>607,973</u>	<u>623,474</u>	<u>683,981</u>	<u>638,328</u>	<u>631,178</u>	<u>635,808</u>
Total District Program Revenues	<u>15,547,421</u>	<u>18,362,232</u>	<u>21,950,127</u>	<u>16,479,228</u>	<u>16,505,298</u>	<u>17,921,130</u>	<u>17,799,058</u>	<u>18,516,240</u>	<u>18,152,002</u>	<u>22,692,547</u>
Net (Expense)/Revenue:										
Governmental Activities	(19,914,538)	(19,220,135)	(17,368,265)	(22,839,741)	(24,202,538)	(21,086,167)	(22,645,545)	(23,615,465)	(23,787,568)	(24,735,295)
Business-Type Activities	7,078	26,332	22,266	23,446	(25,218)	4,011	16,035	20,550	(12,427)	40,506
Total District-Wide Net Expense	<u>(19,907,460)</u>	<u>(19,193,803)</u>	<u>(17,345,999)</u>	<u>(22,816,295)</u>	<u>(24,227,756)</u>	<u>(21,082,156)</u>	<u>(22,629,510)</u>	<u>(23,594,915)</u>	<u>(23,799,995)</u>	<u>(24,694,789)</u>

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 16,087,168	\$ 17,153,021	\$ 17,842,058	\$ 18,555,740	\$ 19,277,969	\$ 19,188,561	\$ 19,476,385	\$ 19,710,100	\$ 20,371,582	\$ 20,473,440
Taxes Levied for Debt Service	1,999,460	1,240,876	1,568,598	1,570,214	1,810,440	1,901,440	1,901,440	1,989,439	1,752,268	1,752,268
Unrestricted Grants and Contributions	2,588,724	2,582,827	2,930,421	4,564,441	3,801,589	3,578,463	4,098,408	4,503,683	4,730,049	4,780,164
Interest and Miscellaneous Income	1,265,236	1,482,488	726,111	276,586	221,899	148,943	150,985	151,942	340,762	95,689
Special Item - Change in Capitalization Threshold	340,673									
Total Governmental Activities	<u>22,281,261</u>	<u>22,459,212</u>	<u>23,067,188</u>	<u>24,966,981</u>	<u>25,111,897</u>	<u>24,817,407</u>	<u>25,627,218</u>	<u>26,355,164</u>	<u>27,194,661</u>	<u>27,101,561</u>
 Total District-Wide	 <u>22,281,261</u>	 <u>22,459,212</u>	 <u>23,067,188</u>	 <u>24,966,981</u>	 <u>25,111,897</u>	 <u>24,817,407</u>	 <u>25,627,218</u>	 <u>26,355,164</u>	 <u>27,194,661</u>	 <u>27,101,561</u>
 Change in Net Position										
Governmental Activities	2,366,723	3,239,077	5,698,923	2,127,240	909,359	3,731,240	2,981,673	2,739,699	3,407,093	2,366,266
Business-Type Activities	7,078	26,332	22,266	23,446	(25,218)	4,011	16,035	20,550	(12,427)	40,506
Total District	<u>\$ 2,373,801</u>	<u>\$ 3,265,409</u>	<u>\$ 5,721,189</u>	<u>\$ 2,150,686</u>	<u>\$ 884,141</u>	<u>\$ 3,735,251</u>	<u>\$ 2,997,708</u>	<u>\$ 2,760,249</u>	<u>\$ 3,394,666</u>	<u>\$ 2,406,772</u>

Source: School District Financial Reports

SOMERVILLE BOROUGH SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved/Restricted	\$ 2,666,544	\$ 4,779,288	\$ 6,011,363	\$ 6,997,411	\$ 5,722,573	\$ 4,483,954	\$ 5,008,027	\$ 4,204,422	\$ 3,783,789	\$ 5,372,621
Assigned						1,280,056	1,098,508	461,319	1,217,868	438,870
Unassigned						380,238	351,136	300,773	292,467	299,674
Unreserved	<u>747,754</u>	<u>908,709</u>	<u>471,569</u>	<u>396,329</u>	<u>480,394</u>					
Total General Fund	<u>\$ 3,414,298</u>	<u>\$ 5,687,997</u>	<u>\$ 6,482,932</u>	<u>\$ 7,393,740</u>	<u>\$ 6,202,967</u>	<u>\$ 6,144,248</u>	<u>\$ 6,457,671</u>	<u>\$ 4,966,514</u>	<u>\$ 5,294,124</u>	<u>\$ 6,111,165</u>
All Other Governmental Funds/(Deficit)										
Reserved/Restricted	\$ 5,109,013	\$ 12,775,729	\$ 3,997,585	\$ 1,715,580	\$ 393,820	\$ 232,574	\$ 96,996	\$ 668,851	\$ 276,278	\$ 274,772
Committed						322,401	183,039	739,951	2,366,287	2,105,564
Unassigned						(52,696)	(60,052)	(59,226)	(60,536)	(53,994)
Unreserved, Reported In:										
Special Revenue Fund	(69,394)	(69,394)	(70,816)	(47,124)	(57,282)					
Capital Projects Fund	10,495,281	(1,248,505)	61,336	(1,346,061)	(59,209)					
Debt Service Fund	<u>762,185</u>	<u>669,452</u>	<u>552,542</u>	<u>106,864</u>	<u>12,571</u>					
Total All Other Governmental Funds	<u>\$ 16,297,085</u>	<u>\$ 12,127,282</u>	<u>\$ 4,540,647</u>	<u>\$ 429,259</u>	<u>\$ 289,900</u>	<u>\$ 502,279</u>	<u>\$ 219,983</u>	<u>\$ 1,349,576</u>	<u>\$ 2,582,029</u>	<u>\$ 2,326,342</u>
Total All Government Funds	<u>\$ 19,711,383</u>	<u>\$ 17,815,279</u>	<u>\$ 11,023,579</u>	<u>\$ 7,822,999</u>	<u>\$ 6,492,867</u>	<u>\$ 6,646,527</u>	<u>\$ 6,677,654</u>	<u>\$ 6,316,090</u>	<u>\$ 7,876,153</u>	<u>\$ 8,437,507</u>

Source: School District Financial Reports

SOMERVILLE BOROUGH SCHOOL DISTRICT
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 UNAUDITED
 (modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Tax Levy	\$ 18,086,628	\$ 18,393,897	\$ 19,410,656	\$ 20,125,954	\$ 21,088,409	\$ 21,090,001	\$ 21,377,825	\$ 21,699,539	\$ 22,123,850	\$ 22,225,708
Tuition Charges	8,370,188	9,288,525	8,726,420	9,326,630	8,524,928	10,566,778	10,273,503	10,471,936	10,602,699	10,922,882
Interest Earnings	829,184	1,007,774	644,271	3,516	1,237	800	219	394	1,621	822
Miscellaneous	460,720	508,797	142,267	337,037	273,840	217,210	212,940	227,696	366,501	115,140
State Sources	8,122,037	9,829,835	14,204,500	9,937,719	8,712,328	8,877,333	9,504,635	10,957,015	10,266,765	10,724,555
Federal Sources	1,082,696	1,272,191	1,331,055	1,164,962	2,408,480	1,362,941	1,373,173	876,496	1,354,049	1,194,273
Total Revenue	36,951,453	40,301,019	44,459,169	40,895,818	41,009,222	42,115,063	42,742,295	44,233,076	44,715,485	45,183,380
Expenditures										
Regular Instruction	14,340,799	14,397,119	15,081,072	15,999,651	17,948,006	17,776,273	18,011,856	18,693,897	18,906,836	18,835,269
Support Services:										
Tuition	1,989,591	2,192,271	2,564,707	2,309,113	2,198,874	1,836,656	1,973,771	2,081,521	1,864,473	1,636,448
Student & Instruction Related Services	3,567,389	3,936,978	4,125,929	4,116,054	3,043,547	2,810,853	3,042,475	3,360,018	3,411,150	3,639,209
General Administrative Services	708,468	769,493	774,822	805,885	833,411	623,696	961,730	699,272	607,077	694,092
School Administrative Services	1,038,225	1,074,395	1,171,163	1,153,413	1,400,811	1,479,224	1,472,972	1,465,406	1,471,985	1,744,542
Central Services	392,268	390,827	385,953	415,224	436,656	418,789	421,988	445,612	441,608	501,025
Administration Information Technology	241,852	296,505	197,951	339,437	286,424	373,836	435,508	471,474	599,667	582,688
Plant Operations And Maintenance	2,501,774	2,568,963	2,483,766	2,308,067	2,488,333	2,507,571	2,548,105	2,402,197	2,608,189	2,711,624
Pupil Transportation	545,309	597,803	650,863	799,830	819,240	656,880	653,842	643,288	741,853	837,422
Unallocated Benefits	7,584,028	8,519,993	9,291,955	8,335,976	8,219,596	8,398,444	8,587,819	9,369,802	9,136,034	9,586,604
Capital Outlay	1,828,279	5,109,000	12,192,818	5,175,169	2,171,871	2,686,586	2,213,130	2,568,341	985,265	1,524,532
Debt Service:										
Principal	900,000	1,080,000	1,035,000	1,080,000	1,165,000	1,215,000	1,275,000	1,335,000	1,510,000	1,455,000
Interest And Other Charges	1,424,699	1,254,495	1,284,604	1,241,234	1,293,214	1,146,295	1,093,918	1,041,581	871,284	873,571
Transfer to Charter School		9,281	10,266	17,345	34,371	31,300	19,054	17,231		
Total Expenditures	37,062,681	42,197,123	51,250,869	44,096,398	42,339,354	41,961,403	42,711,168	44,594,640	43,155,421	44,622,026
Excess/(Deficiency) Of Revenues Over/(Under) Expenditures	(111,228)	(1,896,104)	(6,791,700)	(3,200,580)	(1,330,132)	153,660	31,127	(361,564)	1,560,064	561,354
Other Financing Sources (Uses)										
Bond Proceeds										
Transfers In	730,408	716,527	358,088	29,321	765,720	1,541,855	503,795	2,350,000	2,173,012	1,054,436
Transfers Out	(730,408)	(716,527)	(358,088)	(29,321)	(765,720)	(1,541,855)	(503,795)	(2,350,000)	(2,173,012)	(1,054,436)
Total Other Financing Sources (Uses)										
Net Change In Fund Balances	\$ (111,228)	\$ (1,896,104)	\$ (6,791,700)	\$ (3,200,580)	\$ (1,330,132)	\$ 153,660	\$ 31,127	\$ (361,564)	\$ 1,560,064	\$ 561,354
Debt Service As A Percentage Of Noncapital Expenditures	6.60%	6.29%	5.94%	5.96%	6.12%	6.01%	5.85%	5.65%	5.65%	5.40%

Source: School District Financial Reports

Exhibit J-5

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

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Rentals- Use of Facilities	Prior Year Refunds	Other	Total
2006	\$ 206,068	\$ 8,370,188	\$ 2,000	\$ 24,966	\$ 409,086	\$ 9,012,308
2007	291,247	9,288,525		39,708	435,056	10,054,536
2008	271,241	8,726,420		13,245	83,537	9,094,443
2009	82,150	9,326,630	9,000	21,674	134,441	9,573,895
2010	19,100	8,524,928	750		195,290	8,740,068
2011	4,646	10,566,778	19,144		124,509	10,715,077
2012	607	10,273,503	11,649		138,592	10,424,351
2013	394	10,445,978	15,723	11,796	131,339	10,605,230
2014	1,621	10,602,699	7,131	34,723	297,278	10,943,452
2015	4,416	10,922,882	8,983	4,400	98,163	11,038,844

Source: Somerville Borough School District records

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

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2004	\$ 4,367,800	\$ 391,768,700	\$ 199,806,800	\$ 11,328,800	\$ 41,910,200	\$ 649,182,300	\$ 251,829,000	\$ 7,275,656	\$ 656,457,956	\$ 2.61	\$ 894,759,025
2005	5,128,500	390,890,100	194,404,300	11,356,200	41,900,300	643,679,400	249,140,900	8,713,671	652,393,071	2.65	993,534,676
2006	4,575,300	392,274,700	202,211,000	11,328,800	41,910,100	652,299,900	254,584,000	6,751,695	659,051,595	2.76	1,108,610,266
2007	5,053,500	394,527,400	200,951,850	11,352,900	41,845,600	653,731,250	254,150,350	5,261,205	658,992,455	2.89	1,278,354,529
2008	4,189,400	395,145,400	200,311,950	11,187,900	41,843,600	652,678,250	253,343,450	5,580,114	658,258,364	3.00	1,434,238,715
2009	3,450,900	395,255,400	205,064,950	10,187,900	41,093,600	655,052,750	260,914,100	5,999,725	661,052,475	3.12	1,459,063,364
2010	3,263,100	395,574,700	204,521,850	9,937,900	40,468,500	653,766,050	255,490,400	5,665,501	659,431,551	3.20	1,399,556,602
2011	* 9,120,400	740,887,600	367,607,750	21,167,200	93,501,100	1,232,284,050	414,585,900	11,806,377	1,244,090,427	1.71	1,328,047,945
2012	23,385,600	739,999,700	324,527,100	20,144,200	83,404,700	1,191,461,300	421,421,600	10,006,498	1,201,467,798	1.79	1,265,162,946
2013	23,183,500	722,754,500	316,096,600	19,730,500	82,760,000	1,164,525,100	419,865,300	8,695,054	1,173,220,154	1.87	1,221,366,079
2014	24,636,000	720,768,100	316,826,900	19,730,500	80,544,200	1,162,505,700	433,993,200	7,763,347	1,170,269,047	1.90	1,201,186,258

* - A revaluation was effective in this year.

Source: Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

Exhibit J-7

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

Year Ended December 31,	Somerville Borough School District			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Direct Rate			Borough of Somerville	Somerset County	
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct			
2005	\$ 2.452	\$ 0.193	\$ 2.645	\$ 1.122	\$ 0.523	\$ 4.290
2006	2.573	0.186	2.759	1.213	0.548	4.520
2007	2.657	0.234	2.891	1.349	0.590	4.830
2008	2.768	0.235	3.003	1.395	0.657	5.055
2009	2.849	0.268	3.117	1.496	0.652	5.265
2010	2.910	0.288	3.198	1.653	0.626	5.478
2011*	1.555	0.152	1.707	0.889	0.380	2.976
2012	1.629	0.164	1.793	0.955	0.386	3.134
2013	1.713	0.155	1.868	0.982	0.391	3.241
2014	1.749	0.150	1.899	0.982	0.404	3.285

* - A revaluation was effective in this year.

Source: Municipal Tax Collector and School Business Administrator

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

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

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

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

BOROUGH OF SOMERVILLE

2015			2006		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Brookside Invest Assoc.	\$ 44,067,700	6.68%	Brookside at Soverville, LLC	\$ 19,567,116	1.97%
Health Care REIT Inc	13,720,400	2.08%	JSMat Somerville, LLC	12,259,813	1.23%
1034/1044/1050 Route #22 LLC	10,988,700	1.67%	Verizon	8,270,279	0.83%
Somerville TIC I LLC	10,833,900	1.64%	Somerville TLC, LLC	73,651,333	7.41%
NJ Bell Telephone-C/O Verizon	9,019,738	1.37%	DeSapio Properties #7 LLC	6,927,875	0.70%
DeSapio Properties #10 LLC	9,000,000	1.36%	Route 22, LLC	6,648,836	0.67%
Warren Street Partners, LLC	7,605,700	1.15%	DeSapio Properties #10 LLC	4,635,004	0.47%
Somerville Town Center UR, LLC	6,825,000	1.03%	Courthouse Square Associates	4,273,770	0.43%
75 Veterans Memorial Associates	6,465,200	0.98%	Kirby Avennue Realty	3,559,181	0.36%
DeSapio Properties #7 LLC	6,000,000	0.91%	Main Associates c/o NY Urban, LLC	3,426,305	0.34%
	<u>\$ 124,526,338</u>	<u>18.88%</u>		<u>\$ 143,219,512</u>	<u>14.41%</u>

Source: Municipal Tax Assessor

Exhibit J-9

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy^a</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2006	\$ 18,086,628	\$ 18,086,628	100.00%	-0-
2007	18,393,897	18,393,897	100.00%	-0-
2008	19,410,656	19,410,656	100.00%	-0-
2009	20,125,954	20,125,954	100.00%	-0-
2010	21,088,409	21,088,409	100.00%	-0-
2011	21,090,001	21,090,001	100.00%	-0-
2012	21,377,825	21,377,825	100.00%	-0-
2013	21,699,539	21,699,539	100.00%	-0-
2014	22,123,850	22,123,850	100.00%	-0-
2015	22,225,708	22,225,708	100.00%	-0-

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

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

Exhibit J-10

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Capital Leases			
2006	\$ 32,202,000	\$ 7,137	\$ 32,209,137	3.85%	2,622
2007	31,122,000	- 0 -	31,122,000	3.52%	2,525
2008	30,087,000	- 0 -	30,087,000	3.34%	2,439
2009	29,007,000	- 0 -	29,007,000	3.36%	2,329
2010	27,842,000	- 0 -	27,842,000	3.29%	2,297
2011	26,627,000	- 0 -	26,627,000	3.01%	2,188
2012	25,352,000	- 0 -	25,352,000	2.70%	2,077
2013	23,870,000	- 0 -	23,870,000	2.52%	1,957
2014	22,360,000	- 0 -	22,360,000	2.37%	1,840
2015	20,905,000	- 0 -	20,905,000	2.21%	1,720

Source: School District Financial Reports

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

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

Exhibit J-11

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds ^c	Deductions	Net General Bonded Debt Outstanding		
2006	\$ 32,202,000	-0-	\$ 32,202,000	4.936%	\$ 2,622
2007	31,122,000	-0-	31,122,000	4.722%	2,525
2008	30,087,000	-0-	30,087,000	4.566%	2,439
2009	29,007,000	-0-	29,007,000	4.407%	2,329
2010	27,842,000	-0-	27,842,000	4.212%	2,297
2011	26,627,000	-0-	26,627,000	4.038%	2,188
2012	25,352,000	-0-	25,352,000	2.038%	2,077
2013	23,870,000	-0-	23,870,000	1.987%	1,957
2014	22,360,000	-0-	22,360,000	1.906%	1,840
2015	20,905,000	-0-	20,905,000	1.786%	1,720

Source: School District Financial Reports

- Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.
- a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.
- b Population data can be found in on J-14. This ratio is calculated using net valuation taxable data for the prior calendar year.
- c Includes ERIP bonds.

Exhibit J-12

SOMERVILLE BOROUGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2014
UNAUDITED

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable ^a</u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
Debt Repaid With Property Taxes			
Borough of Somerville	\$ 21,651,812	100.00%	\$ 21,651,812
Somerset County General Obligation Debt	170,821,882	2.19%	3,745,772
Somerset County Improvement Authority Debt	162,588,290	2.19%	<u>3,565,226</u>
Subtotal, Overlapping Debt			28,962,810
Somerville Borough School District Direct Debt			<u>23,145,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 52,107,810</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2015

	Somerville Borough
Equalized Valuation Basis	
2012	1,228,437,262
2013	1,183,340,209
2014	1,203,700,816
	\$3,615,478,287
Average Equalized Valuation of Taxable Property	\$1,205,159,429
Debt Limit ^a (4% of average equalization value)	\$ 48,206,377
Net Bonded School Debt as of June 30, 2015	22,360,000
Legal Debt Margin	\$ 25,846,377

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 34,578,742	\$ 39,282,110	\$ 44,245,746	\$ 50,261,176	\$ 54,917,340	\$ 56,030,656	\$ 54,055,736	\$ 52,091,637	\$ 49,341,903	\$ 48,206,377
Total Net Debt Applicable to Limit	32,522,000	32,202,000	31,122,000	30,087,000	27,842,000	26,627,000	25,352,000	23,870,000	22,360,000	22,360,000
Legal Debt Margin	\$ 2,056,742	\$ 7,080,110	\$ 13,123,746	\$ 20,174,176	\$ 27,075,340	\$ 29,403,656	\$ 28,703,736	\$ 28,221,637	\$ 26,981,903	\$ 25,846,377
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	94.05%	81.98%	70.34%	59.86%	50.70%	47.52%	46.90%	45.82%	45.32%	46.38%

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

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

Exhibit J-14

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

Year	Population ^a	Personal Income ^b	Somerset County Per Capita Personal Income ^c	Unemployment Rate ^d
2006	12,283	\$ 837,467,223	\$ 68,181	4.90%
2007	12,326	883,490,702	71,677	5.20%
2008	12,338	900,809,718	73,011	4.60%
2009	12,455	864,451,730	69,406	6.10%
2010	12,119	847,190,814	69,906	6.10%
2011	12,171	884,880,384	72,704	6.09%
2012	12,208	939,014,944	76,918	11.00%
2013	12,198	947,601,630	77,685	7.50%
2014	12,153	944,105,805 *	77,685 *	5.60%
2015	12,153 **	944,105,805 *	77,685 *	N/A

* - Latest Somerset County per capita personal income available (2013) was used for calculation purposes.

** - Latest population data available (2014) was used for calculation purposes.

N/A - Information Unavailable

Source: School District Reports

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

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

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

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

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

<u>2015</u>			<u>2006</u>		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Robert Wood Johnson University Hosp	**	N/A	Somerset Medical Center	**	N/A
Somerset County Administration	**	N/A	Somerset County Administration	**	N/A
Somerville Board of Education	337	N/A	Somerville Board of Education	304	N/A
Borough of Somerville	69	N/A	Borough of Somerville	78	N/A

** - Number of employees is greater than 500

N/A - Total amount of employment is not available in order to calculate percentage of total employment.

Note: Although there are less than 10 principal employers, the ones listed above constitute more than 50% of employment in the District.

Source: Somerset County Chamber of Commerce.

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	161.0	163.0	163.0	164.0	164.0	164.0	164.0	163.0	163.0	162.0
Special Education	51.0	51.0	51.0	51.0	51.0	51.0	52.0	62.5	65.5	72.0
Support Services:										
Student & Instruction Related Services	36.0	36.0	37.0	40.0	40.0	40.0	40.0	39.5	43.5	49.5
School Administrative Services	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.4	18.0
General and Business Administrative Services	10.0	10.0	10.0	10.0	10.0	10.0	10.0	12.5	12.5	12.5
Plant Operations and Maintenance	25.5	25.5	13.0	13.0	13.0	13.0	13.0	13.0	13.0	16.5
Pupil Transportation	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Other Support Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	5.5	5.5	3.0
Total	<u>306.5</u>	<u>308.5</u>	<u>297.0</u>	<u>301.0</u>	<u>301.0</u>	<u>301.0</u>	<u>302.0</u>	<u>316.0</u>	<u>323.4</u>	<u>333.5</u>

Source: District Personnel Records

SOMERVILLE BOROUGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2006	2,173	\$ 32,909,703	\$ 15,144.82	6.40%	215	1:13.8	1:9.8	1:10.9	2,173	2,084	0.18%	95.90%
2007	2,206	34,753,628	15,754.14	4.02%	217	1:11.3	1:8.7	1:11.0	2,206	2,127	1.52%	96.42%
2008	2,281	36,738,447	16,106.29	2.24%	217	1:11.3	1:8.7	1:11.3	2,281	2,199	3.40%	96.41%
2009	2,351	36,599,995	15,567.84	-3.34%	218	1:10.12	1:8.0	1:11.7	2,351	2,266	3.07%	96.38%
2010	2,325	37,709,269	16,219.04	4.18%	218	1:12.0	1:8.0	1:11.7	2,325	2,233	-1.11%	96.05%
2011	2,401	36,913,522	15,374.23	-5.21%	218	1:12.0	1:8.0	1:11.7	2,401	2,283	3.27%	95.09%
2012	2,419	38,129,120	15,762.35	2.52%	219	1:12.0	1:8.0	1:11.7	2,419	2,291	0.75%	94.71%
2013	2,473	39,649,718	16,033.04	1.72%	225	1:12.3	1:8.0	1:11.4	2,473	2,325	2.23%	94.02%
2014	2,398	39,788,872	16,592.52	3.49%	228	1:14.3	1:9.2	1:13.1	2,398	2,260	-3.03%	94.25%
2015	2,386	40,768,923	17,086.72	2.98%	202	1:12.7	1:9.6	1:12.0	2,386	2,295	-0.50%	96.19%

Source: Somerville Borough School District records

Note: Enrollment based on annual average daily enrollment

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>District Building</u>										
Van Derveer School										
Square Feet	82,950	82,950	86,792	86,792	86,792	86,792	86,792	93,192	97,192	97,192
Capacity (students)	1,100	1,100	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175
Enrollment	731	724	705	753	839	861	926	945	913	910
Somerville Middle School										
Square Feet	96,750	96,750	97,350	97,350	97,350	97,350	97,350	97,350	97,350	97,350
Capacity (students)	1,600	1,600	1,600	1,600	1,600	1,600	1,600	501	501	501
Enrollment	353	358	356	414	319	318	308	333	323	347
Somerville High School										
Square Feet	153,250	153,250	153,250	153,250	153,250	153,250	153,250	153,250	153,250	153,250
Capacity (students)	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Enrollment	1,057	1,045	1,126	1,184	1,166	1,222	1,185	1,195	1,162	1,129
Central School										
Square Feet	67,400	67,400	67,400	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Capacity (students)	950	950	950	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Enrollment	95	92	94	-0-	-0-	-0-	-0-	-0-	-0-	-0-

Number of Schools at June 30, 2015

 Elementary =1

 Middle School = 1

 High School = 1

Note: Enrollment is based on the average daily enrollment

Source: Somerville Borough School District Facilities Office

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

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

<u>School Facilities</u>	<u>Project #</u>	<u>Fiscal Year Ended June 30,</u>									
		<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Van Derveer School	N/A	\$ 177,393	\$ 179,565	\$ 110,572	\$ 96,778	\$ 124,766	\$ 109,455	\$ 99,814	\$ 124,137	\$ 142,144	\$ 156,302
Somerville Middle School	N/A	101,698	102,943	193,192	136,130	185,372	157,372	161,471	159,443	158,545	174,336
Somerville High School	N/A	350,951	355,247	232,031	270,508	305,897	449,097	326,238	269,703	246,018	270,522
Central School	N/A	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total School Facilities		<u>\$ 630,042</u>	<u>\$ 637,755</u>	<u>\$ 535,795</u>	<u>\$ 503,416</u>	<u>\$ 616,035</u>	<u>\$ 715,924</u>	<u>\$ 587,523</u>	<u>\$ 553,283</u>	<u>\$ 546,707</u>	<u>\$ 601,160</u>

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

Source: Somerville Borough School District records

Exhibit J-20

SOMERVILLE BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2015
UNAUDITED

	Coverage	Deductible
<u>Commercial Package Policy - Selective Insurance Company:</u>		
Property - Blanket Buildings and Contents **	\$ 88,291,795	\$ 1,000
Turf Fields - Brooks Field	1,183,200	1,000
SHS Field	1,183,200	1,000
Systems Power Pac - Boiler and Machinery	Included	1,000
Crisis Response - Business Income	\$50,000/\$50,000	
Counseling	\$10,000/\$10,000	
Includes Elite Pac enhancements such as:		
Accounts Receivable	100,000	
Extra Expense	500,000	
Valuable Papers	100,000	250
Outdoor Fences	100,000	250
Outdoor Signs	100,000	250
Broadened Water-Direct Damage	100,000	1,000
Inland Marine		
Contractors Equipment per Schedule	111,850	250
Listening Device	7,288	250
Electronic Information Systems	1,000,000	250
Cameras, etc	150,000	250
Musical Instruments	500,000	250
Valuable Papers	50,000	250
General Liability	1,000,000 Each Occurrence 2,000,000 General Aggregate	
Employee Benefits Program Liability	1,000,000 Eaxh Employee 2,000,000 Annual Aggregate	1,000
Sexual Abuse/Molestation	1,000,000 Each Loss 1,000,000 Annual Aggregate	
Automobile Liability	1,000,000 CSL	
Comprehensive		250
Collision		500
Commercial Umbrella	15,000,000 Each Occurrence 15,000,000 Aggregate	
School Board Legal Liability - Selective Insurance Company	1,000,000 Per Claim	10,000
Claims Made	1,000,000 Annual Aggregate	10,000
Surety Bond - Selective Insurance Company		
Business Administrator	500,000	
Employee Theft	100,000	

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

Source: Somerville Board of Education

SINGLE AUDIT SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax
 Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Somerville Borough School District, in the County of Somerset (the "District") as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 25, 2015.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

November 25, 2015
Mount Arlington, New Jersey

NISIVOCCIA LLP



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



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax
 Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555

Report on Compliance For Each Major Federal and State Program:
 Report on Internal Control Over Compliance Required by OMB Circular A-133
 and New Jersey's OMB Circulars 04-04 and 15-08

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 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 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 District's compliance.

Opinion on Each Major Federal and State Program

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

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

Report on Internal Control Over Compliance

Management of the 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 the 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 and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 04-04 and 15-08, 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 District's internal control over compliance.

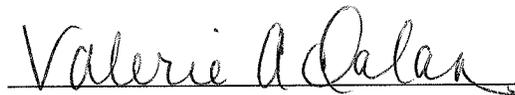
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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 or NJOMB 04-04 and 15-08. Accordingly, this report is not suitable for any other purpose.

November 25, 2015
Mount Arlington, New Jersey

NISIVOCIA LLP



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

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

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or Federal Project Number	Grant Period	Award Amount	Balance at June 30, 2014		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance June 30, 2015		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor
General Fund:												
U.S. Department of Health and Human Services												
Passed-Through State Department of Human Services:												
Medicaid Assistance Program	93.778	N/A	7/1/14-6/30/15	\$ 52,023				\$ 26,594	\$ (52,023)	\$ 25,429		
Medicaid Assistance Program-SEMI/ARRA	93.778	N/A	7/1/14-6/30/15	31,734				31,734	(31,734)			
Total U.S. Department of Health and Human Services								58,328	(83,757)	25,429		
Total General Fund								58,328	(83,757)	25,429		
Special Revenue Fund:												
U.S. Department of Education												
Passed-through State Department of Education:												
NCLB Consolidated:												
Title I	84.010A	NCLB4820-15	7/1/14-6/30/15	429,100			\$ 52,933	257,816	(376,167)	118,351		
Title I	84.010A	NCLB4820-14	7/1/13-6/30/14	734,835	\$ 296,897		(52,933)	296,897				
Title II - Part A	84.367A	NCLB4820-15	7/1/14-6/30/15	96,270			13,670	52,446	(82,600)	30,154		
Title II - Part A	84.367A	NCLB4820-14	7/1/13-6/30/14	90,048	24,472		(13,670)	24,472				
Title III	84.365A	NCLB4820-15	7/1/14-6/30/15	33,863			2,325	18,560	(31,538)	12,978		
Title III	84.365A	NCLB4820-14	7/1/13-6/30/14	36,526	4,992		(2,325)	4,992				
Special Education Cluster:												
I.D.E.A. Part B - Basic	84.027	IDEA4820-15	7/1/14-6/30/15	881,842			357,474	329,383	(524,368)	194,985		
I.D.E.A. Part B - Basic	84.027	IDEA4820-14	7/1/13-6/30/14	664,569	252,130		(357,474)	252,130				
I.D.E.A. Part B - Preschool	84.173	IDEA4820-15	7/1/14-6/30/15	33,063			16,165		(2,155)	2,155		
I.D.E.A. Part B - Preschool	84.173	IDEA4820-14	7/1/13-6/30/14	26,165	5,803		(16,165)	5,803				
Total Special Education Cluster					257,933			587,316	(526,523)	197,140		
Total Special Revenue Fund and U.S. Department of Education					584,294			1,242,499	(1,016,828)	358,623		

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

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or Federal Project Number	Grant Period	Award Amount	Balance at June 30, 2014		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance June 30, 2015		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor
Enterprise Fund:												
U.S. Department of Agriculture Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
Food Distribution Program	10.555	N/A	7/1/14-6/30/15	\$ 26,689				\$ 26,689	\$ (26,442)		\$ 247	
Food Distribution Program	10.555	N/A	7/1/13-6/30/14	28,317		\$ 31			(31)			
School Breakfast Program	10.553	N/A	7/1/14-6/30/15	25,099				20,505	(25,099)	\$ 4,594		
School Breakfast Program	10.553	N/A	7/1/13-6/30/14	33,387	\$ 2,529			2,529				
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	253,873				208,436	(253,873)	45,437		
National School Lunch Program	10.555	N/A	7/1/13-6/30/14	260,095	18,131			18,131				
Child Nutrition Cluster Subtotal					20,660	31		276,290	(305,445)	50,031	247	
Total Enterprise Fund and U.S. Department of Agriculture					20,660	31		276,290	(305,445)	50,031	247	
Total Federal Financial Awards					\$ 604,954	\$ 31	\$ -0-	\$ 1,577,117	\$ (1,406,030)	\$ 434,083	\$ 247	\$ -0-

N/A - Not Available/Applicable

SOMERVILLE BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014					Balance at June 30, 2015					MEMO	
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Adjustments	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	GAAP Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education															
General Fund:															
Equalization Aid	14-495-034-5120-078	7/1/13 - 6/30/14	4,204,707	\$ 411,641				\$ 411,641							\$ 4,204,707
Special Education Aid	14-495-034-5120-089	7/1/13 - 6/30/14	1,009,108	98,792				98,792							1,009,108
Security Aid	14-495-034-5120-084	7/1/13 - 6/30/14	87,461	8,562				8,562							87,461
Under Adequacy Aid	14-495-034-5120-096	7/1/13 - 6/30/14	15,501	1,518				1,518							15,501
Transportation Aid	14-495-034-5120-014	7/1/13 - 6/30/14	33,400	3,270				3,270							33,400
Extraordinary Special Education Costs	14-100-034-5120-473	7/1/13 - 6/30/14	186,899	184,967				186,899	\$ (1,932)						186,899
Homeless State Tuition		Not Available	20,408					18,554	(20,408)		\$ 1,854		\$ 1,854		20,408
Equalization Aid	15-495-034-5120-078	7/1/14 - 6/30/15	4,204,707					3,793,047	(4,204,707)					411,660	4,204,707
Special Education Aid	15-495-034-5120-089	7/1/14 - 6/30/15	1,009,108					910,312	(1,009,108)					98,796	1,009,108
Security Aid	15-495-034-5120-084	7/1/14 - 6/30/15	87,461					78,898	(87,461)					8,563	87,461
Under Adequacy Aid	15-495-034-5120-096	7/1/14 - 6/30/15	15,501					13,983	(15,501)					1,518	15,501
Transportation Aid	15-495-034-5120-014	7/1/14 - 6/30/15	33,400					30,130	(33,400)					3,270	33,400
PARCC Readiness Aid	15-495-034-5120-098	7/1/14 - 6/30/15	16,430					14,821	(16,430)					1,609	16,430
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14 - 6/30/15	16,430					14,821	(16,430)					1,609	16,430
Extraordinary Special Education Costs	15-100-034-5120-473	7/1/14 - 6/30/15	204,476						(204,476)		204,476			204,476	204,476
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14 - 6/30/15	1,301,419					1,210,796	(1,301,419)		90,623			90,623	1,301,419
Total General Fund State Aid				708,750				6,796,044	(6,911,272)		296,953			823,978	12,446,416
Special Revenue Fund:															
New Jersey Nonpublic Aid:															
Textbook Aid	14-100-034-5120-064	7/1/13 - 6/30/14	61,816			\$ 286					\$ 286				61,530
Nursing Aid	14-100-034-5120-070	7/1/13 - 6/30/14	87,004			3,937					3,937				83,067
Technology	14-100-034-5120-373	7/1/13 - 6/30/14	22,540			47					47				22,493
Textbook Aid	15-100-034-5120-064	7/1/14 - 6/30/15	59,044					59,044	(58,922)			\$ 122			58,922
Nursing Aid	15-100-034-5120-070	7/1/14 - 6/30/15	93,996					93,996	(90,214)			3,782			90,214
Technology	15-100-034-5120-373	7/1/14 - 6/30/15	31,712					31,712	(31,681)			31			31,681
New Jersey Nonpublic Auxiliary Services:															
English as a Second Language	14-100-034-5120-067	7/1/13 - 6/30/14	6,983				6,983				6,983				
Home Instruction	14-100-034-5120-067	7/1/13 - 6/30/14	3,336	3,336				3,336							3,336
Compensatory Education	15-100-034-5120-067	7/1/14 - 6/30/15	103,554					103,554	(96,118)			7,436			96,118
English as a Second Language	15-100-034-5120-067	7/1/14 - 6/30/15	639					639	(639)						639
Transportation	15-100-034-5120-067	7/1/14 - 6/30/15	30,133					30,133	(30,133)						30,133
Home Instruction	15-100-034-5120-067	7/1/14 - 6/30/15	2,664						(2,664)		2,664		2,664		2,664
New Jersey Nonpublic Handicapped:															
Corrective Speech	14-100-034-5120-066	7/1/13 - 6/30/14	57,809				22,655				22,655				35,154
Examination and Classification	14-100-034-5120-066	7/1/13 - 6/30/14	122,134			45,850					45,850				76,284
Supplemental Instruction	15-100-034-5120-066	7/1/14 - 6/30/15	78,470					78,470	(64,345)			14,125			64,345
Corrective Speech	14-100-034-5120-066	7/1/13 - 6/30/14	45,059					45,059	(29,156)			15,903			29,156
Examination and Classification	15-100-034-5120-066	7/1/14 - 6/30/15	79,996					79,996	(65,212)			14,784			65,212
Preschool Education Aid	13-495-034-5120-086	7/1/12 - 6/30/13	602,508		\$ 45,013					(45,013)					602,508
Preschool Education Aid	14-495-034-5120-086	7/1/13 - 6/30/14	618,344	60,536	85,785			60,536				\$ 85,785			532,559
Preschool Education Aid	15-495-034-5120-086	7/1/14 - 6/30/15	551,496					551,496	(503,997)			47,499		53,994	503,997
Anti-Bullying Bill of Rights Act		Not Available	1,199		404		\$ (404)								
Character Education Aid	06-100-034-5120-053	7/1/05 - 6/30/14	5,719		40		(40)								5,719
Total Special Revenue Fund				63,872	131,242	79,758	(444)	1,137,971	(1,018,094)		79,758	2,664	133,284	56,183	2,395,731

SOMERVILLE BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014					Balance at June 30, 2015					MEMO	
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Cancellation/ Adjustments	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	GAAP Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
Debt Service Fund:															
Debt Service Aid Type II	15-100-034-5120-125	7/1/14 - 6/30/15	\$ 236,465					\$ 236,465	\$ (236,465)						\$ 236,465
Total Debt Service Fund								236,465	(236,465)						236,465
Capital Projects Fund:															
New Jersey School Development Authority:															
Educational Financing Capital															
Somerville High School Main Floor HVAC Renovations	4820-050-10-1003	7/1/10 - 6/30/12	\$ 166,548	\$ 21,230			\$ 21,230								166,548
High School First Floor Bathroom Renovations	4820-050-10-1001	1/1/14 - 12/31/15	183,014	183,014				\$ 146,411	(146,411)					\$ 36,603	146,411
High School HVAC Upgrades	4820-050-10-1001	1/1/14 - 12/31/15	352,646											352,646	
VDV Security Upgrades	4820-050-10-1009	1/1/14 - 12/31/15	42,347	42,347										42,347	
VDV HVAC Upgrades	4820-050-10-1004	1/1/14 - 12/31/15	451,817	451,817										451,817	
Middle School Security Upgrades	4820-050-10-1008	1/1/14 - 12/31/15	34,888	34,888										34,888	
High School Security Upgrades	4820-050-10-1007	1/1/14 - 12/31/15	73,937	73,937										73,937	
VDV Waterline	4820-050-10-1005	1/1/14 - 12/31/15	34,315	34,315										34,315	
Total Capital Projects Fund				841,548			21,230	146,411	(146,411)					1,026,553	312,959
Enterprise Fund															
State Department of Agriculture:															
State School Lunch Program	14-100-010-3350-023	7/1/13- 6/30/14	7,506	858				858							7,506
State School Lunch Program	15-100-010-3350-023	7/1/14- 6/30/15	6,606					5,425	(6,606)		\$ 1,181			1,181	6,606
Total Enterprise Fund				858				6,283	(6,606)		1,181			1,181	14,112
Total State Financial Awards				\$ 1,615,028	\$ 131,242	\$ 79,758	\$ 20,786	\$ 8,323,174	\$ (8,318,848)	\$ 79,758	\$ 300,798	\$ 133,284	\$ 56,183	\$ 1,908,370	\$ 15,405,683

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of Borough of Somerville School District under programs of the federal and state governments for the fiscal year ended June 30, 2015. The information in these schedules are presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States, Local Governments and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile revenue from the budgetary basis to the GAAP basis is (\$3,242) for the General Fund, \$102,644 for the Special Revenue Fund (for which \$2,452 is for local assistance not included in the table on the following page), and (\$1,026,553) for the Capital Projects Fund. See Exhibit C-3 and F-1 for a reconciliation of revenue from the budgetary basis to the GAAP basis of accounting for the General, Special Revenue and Capital Projects Funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Post-Retirement Medical Benefits and Pension Contributions revenue of \$1,478,017 and \$931,034 respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page:

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 83,757	\$ 9,296,673	\$ 9,380,430
Special Revenue Fund	1,110,516	1,024,598	2,135,114
Capital Projects Fund		146,411	146,411
Debt Service Fund		236,465	236,465
Proprietary Fund	305,229	6,606	311,835
Total Financial Assistance	<u>\$ 1,499,502</u>	<u>\$ 10,710,753</u>	<u>\$ 12,210,255</u>

NOTE 4. FEDERAL AND STATE LOANS OUTSTANDING

Somerville Borough School District had no loan balances outstanding at June 30, 2015.

NOTE 5. NEW JERSEY SCHOOL DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has active grants awarded in the amount of \$1,339,512 from the School Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2015 \$312,959 has been expended and drawn down on a GAAP Basis. The District will continue to realize the grant revenue in the Capital Projects Fund on a GAAP Basis as it is submitted for reimbursement.

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2015. Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

SOMERVILLE BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circulars 04-04 and 15-08 or Section 510(a) of Federal OMB Circular A-133.
- The single audit thresholds identified in Federal OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 were \$500,000.
- The thresholds used for distinguishing between Type A and Type B federal and State programs was \$300,000.
- The District was determined to be a "low-risk" auditee under the provisions of section 530 of the federal Circular for both federal and state programs.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following:

<u>Federal Program</u>	<u>CFDA Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
NCLB Consolidated:				
Title I	84.010A	7/1/14-6/30/15	\$ 429,100	\$ 376,167
Child Nutrition Cluster:				
Food Distribution Program	10.555	7/1/14-6/30/15	26,689	26,442
Food Distribution Program	10.555	7/1/13-6/30/14	28,317	31
School Breakfast Program	10.553	7/1/14-6/30/15	25,099	25,099
National School Lunch Program	10.555	7/1/14-6/30/15	253,873	253,873

SOMERVILLE BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

Summary of Auditors' Results: (Cont'd)

<u>State Program</u>	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
State Aid - Public:				
Equalization Aid	495-034-5120-078	7/1/14-6/30/15	\$ 4,204,707	\$ 4,204,707
Special Education Aid	495-034-5120-089	7/1/14-6/30/15	1,009,108	1,009,108
Security Aid	495-034-5120-084	7/1/14-6/30/15	87,461	87,461
Under Adequacy Aid	495-034-5120-096	7/1/14-6/30/15	15,501	15,501
PARCC Readiness Aid	495-034-5120-098	7/1/14-6/30/15	16,430	16,430
Per Pupil Growth Aid	495-034-5120-097	7/1/14-6/30/15	16,430	16,430

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in section 510(a) of the federal Circular.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular or NJ OMB 04-04 and 15-08.

SOMERVILLE BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

Status of Prior Year Findings:

There were no prior year findings.