

SOMERVILLE BOROUGH SCHOOL DISTRICT

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

**Comprehensive Annual
Financial Report**

of the

Somerville Borough School District

Somerville, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by

Somerville Board of Education

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INTRODUCTORY SECTION

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Business Administrator/Board Secretary
Telephone: 908-218-4102

November 4, 2016

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, 2016, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES:

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

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 Township. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2015-2016 fiscal year with an enrollment of 2,404 students, which is an increase of 18 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:

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

3) MAJOR INITIATIVES:

District-Wide

Somerville has been nationally recognized for enhancing student performance through a personalized student assessment program (Digital Data Wall) 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 Digital Data Wall 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" video 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, I&RS teams use the shared Digital Data Wall to identify specific areas in need of support. Using a customized, student centered approach, classroom teachers are provided with specific intervention and classroom strategies that are 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 LaRue Public Relations agency, which specializes in promoting faction-related brands. The LaRue PR Academy provides invaluable internship opportunities for a group of seniors during the afterschool hours. As a culminating activity, the student interns will be able to participate in the New York Fashion Week alongside the LaRue PR employees

The Honorable President and Members of
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3) MAJOR INITIATIVES: (Cont'd)

Somerville High School

The district also utilizes Robert Wood Johnson University Hospital Somerset 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 that can be used in their other classes. Robotics and Scratch after school clubs are available to the students.

Van Derveer Elementary School

Van Derveer Elementary School has demonstrated tremendous growth on the school performance report and reading levels school wide. In an effort to maintain this growth, Van Derveer Elementary School 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
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Somerville Borough School District
November 4, 2016
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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 fifth 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 was recognized as an A+ Ideas Programs and Practices from the New Jersey School Boards Association.

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. With 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 School 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. Students in grades 3-5 participate in a 1:1 Chromebook initiative, while students in K-2 participate in a 2:1 MacBook/iPad initiative. 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 is 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 Smartboards and Smart TVs 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
the Board of Education
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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, 2016.

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
the Board of Education
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November 4, 2016
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8) RISK MANAGEMENT:

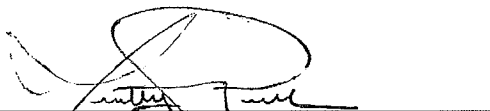
The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

9) OTHER INFORMATION:

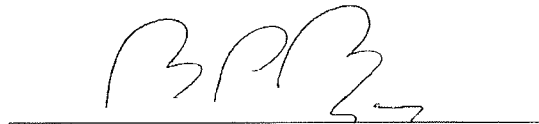
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education at its last organization meeting. In addition to meeting the requirements set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

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,



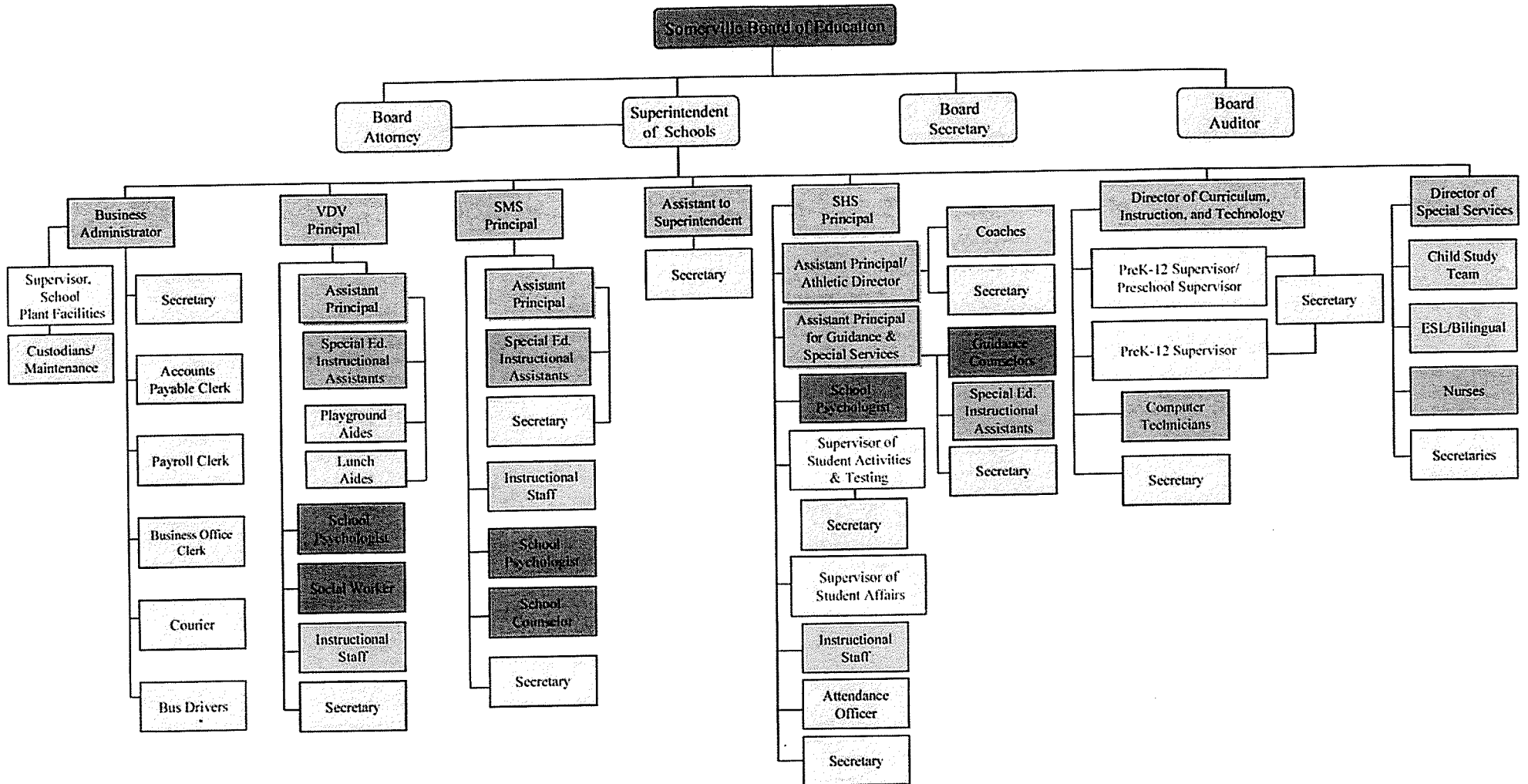
Dr. Timothy J. Purcell
Superintendent



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, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Norman Chin, President	2017
Melissa Sadin, Vice President	2016
Kenneth Cornell	2018
Daniel Puntillo, Jr.	2018
Linda Olson	2016
Lucien Sergile, Jr.	2016
Carmela Noto *	2016
Dianne Durland	2017
James Jones	2017
John Prudente	2018

Other Officers

Timothy J. Purnell, Superintendent of Schools

Bryan P. Boyce, School Business Administrator/Board Secretary

* Branchburg Board of Education Member

SOMERVILLE BOROUGH SCHOOL DISTRICT
Consultants and Advisors

Architect

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Fogarty & Hara, Esqs.
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Fair Lawn, NJ 07410

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

Audit Firm

Nisivoccia LLP CPAs
Mount Arlington Corporate Center
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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

FINANCIAL SECTION



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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, 2016, 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, 2016, 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.

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 pension schedules in Exhibits L-1 through L-4 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, 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 and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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 4, 2016 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 4, 2016
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, 2016
(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, 2016. 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 2015/2016 school year are as follows:

- Overall revenue was \$52.00 million.
- Overall expenditures were \$50.48 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 all funds of the District. The General Fund is by far the most significant fund.

Overview of the Financial Statements

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

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the district's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the district, reporting the district's operations in *more* detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds statements* offer *short-* and *long-term* financial information about the activities the district operates like a business, such as food services.
- *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, 2016
(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.

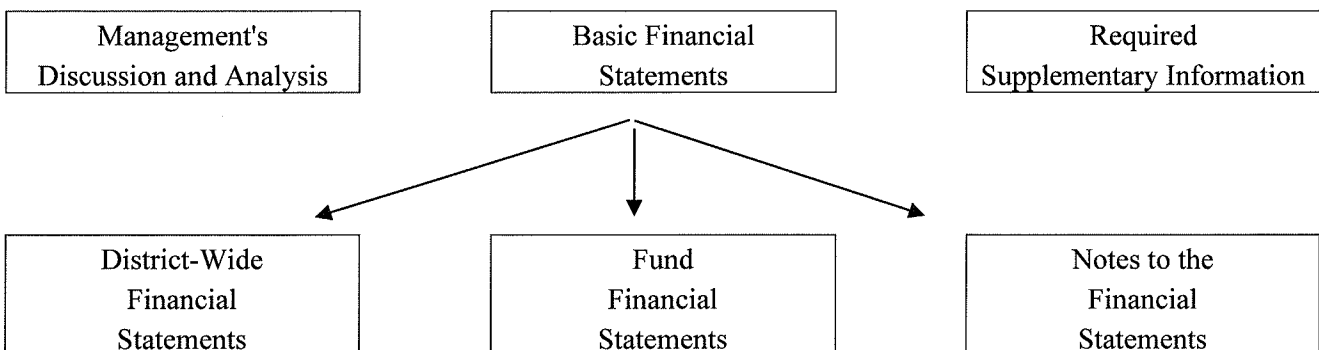
In the Statement of Net Position and the Statement of Activities, the District is divided into two distinct types of activities:

- 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, 2016
(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
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(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, 2016. The District's combined net position was \$26,233,435 on June 30, 2016, \$1,515,160 or 6.13% more than it was the year before. Net Investment in capital assets increased due to the acquisitions of district assets combined with the continued pay down of the school debt offset by depreciation expense. The increase in restricted net position is attributable to the increase in the capital and maintenance reserves, offset by a decrease in excess surplus. The decrease in unrestricted net position was primarily attributable to an increase 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, 2016
(UNAUDITED)**

Figure A-3

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	
Current and Other Assets	\$ 9,642,186	\$ 9,514,153	\$ 231,533	\$ 160,729	\$ 9,873,719	\$ 9,674,882	2.06%
Capital Assets, Net	48,055,427	47,430,104	106,516	107,596	48,161,943	47,537,700	1.31%
Total Assets	<u>57,697,613</u>	<u>56,944,257</u>	<u>338,049</u>	<u>268,325</u>	<u>58,035,662</u>	<u>57,212,582</u>	1.44%
Deferred Outflow of Resources	3,752,052	1,480,795			3,752,052	1,480,795	153.38%
Other Liabilities	2,009,408	1,372,705	22,066	247	2,031,474	1,372,952	47.96%
Long-Term Liabilities	33,335,321	32,054,909			33,335,321	32,054,909	3.99%
Total Liabilities	<u>35,344,729</u>	<u>33,427,614</u>	<u>22,066</u>	<u>247</u>	<u>35,366,795</u>	<u>33,427,861</u>	5.80%
Deferred Inflow of Resources	187,484	547,241			187,484	547,241	-65.74%
Net Position							
Net Investment in Capital Assets	30,303,213	26,525,104	106,516	107,596	30,409,729	26,632,700	14.18%
Restricted	5,746,020	5,647,393			5,746,020	5,647,393	1.75%
Unrestricted/(Deficit)	<u>(10,131,781)</u>	<u>(7,722,300)</u>	<u>209,467</u>	<u>160,482</u>	<u>(9,922,314)</u>	<u>(7,561,818)</u>	-31.22%
Total Net Position	<u>\$ 25,917,452</u>	<u>\$ 24,450,197</u>	<u>\$ 315,983</u>	<u>\$ 268,078</u>	<u>\$ 26,233,435</u>	<u>\$ 24,718,275</u>	6.13%

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
	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	
Revenue:							
Program Revenue:							
Charges for Services	\$ 10,941,121	\$ 10,910,435	\$ 365,734	\$ 323,756	\$ 11,306,855	\$ 11,234,191	0.65%
Operating Grants & Contributions	12,613,093	10,999,893	345,204	312,052	12,958,297	11,311,945	14.55%
Capital Grants & Contributions	472,099	146,411			472,099	146,411	222.45%
General Revenue:							
Property Taxes	22,225,708	22,225,708			22,225,708	22,225,708	0.00%
Federal and State Aid	4,806,051	4,780,164			4,806,051	4,780,164	0.54%
Other	229,602	95,689			229,602	95,689	139.95%
Total Revenue	<u>51,287,674</u>	<u>49,158,300</u>	<u>710,938</u>	<u>635,808</u>	<u>51,998,612</u>	<u>49,794,108</u>	4.43%
Expenses:							
Instruction	31,363,497	29,277,713			31,363,497	29,277,713	7.12%
Pupil and Instruction Services	7,674,992	6,942,151			7,674,992	6,942,151	10.56%
Administrative and Business	5,125,167	4,963,183			5,125,167	4,963,183	3.26%
Maintenance and Operations	3,219,038	2,798,045			3,219,038	2,798,045	15.05%
Transportation	908,332	1,147,465			908,332	1,147,465	-20.84%
Other	1,529,393	1,663,477	663,033	595,302	2,192,426	2,258,779	-2.94%
Total Expenses	<u>49,820,419</u>	<u>46,792,034</u>	<u>663,033</u>	<u>595,302</u>	<u>50,483,452</u>	<u>47,387,336</u>	6.53%
Increase/(Decrease) in Net Position	<u>\$ 1,467,255</u>	<u>\$ 2,366,266</u>	<u>\$ 47,905</u>	<u>\$ 40,506</u>	<u>\$ 1,515,160</u>	<u>\$ 2,406,772</u>	-37.05%

**SOMERVILLE BOROUGH SCHOOL DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2016
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Revenue Sources. The District's total revenue for the 2015/2016 school year was \$51,998,612 (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 42.74 percent. Another 35.08 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 2016**

Sources of Income	Amount	Percentage
Grants and Contributions	\$ 13,430,396	25.84%
Property Taxes	22,225,708	42.74%
Federal and State Unrestricted Aid	4,806,051	9.24%
Charges for Services	11,306,855	21.74%
Other	229,602	0.44%
	<u>\$ 51,998,612</u>	<u>100.00%</u>

The total cost of all programs and services was \$50,483,452. The District's expenses are predominantly related to instruction, pupil services and transportation (79.13%). (See Figure A-6). The District's administrative services, including plant operations and maintenance accounted for 16.53% 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 2016**

Expense Category	Amount	Percentage
Instruction	\$ 31,363,497	62.13%
Pupil and Instruction Services	7,674,992	15.20%
Administrative and Business	5,125,167	10.15%
Maintenance and Operations	3,219,038	6.38%
Transportation	908,332	1.80%
Other	2,192,426	4.34%
	<u>\$ 50,483,452</u>	<u>100.00%</u>

**SOMERVILLE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District remains strong. However; 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 expenses 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
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**Figure A-7
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2015/2016	2014/2015	2015/2016	2014/2015
Instruction	\$ 31,363,497	\$ 29,277,713	\$ 10,114,677	\$ 9,052,946
Pupil and Instruction Services	7,674,992	6,942,151	6,213,262	5,980,401
Administrative and Business	5,125,167	4,963,183	4,338,677	4,302,905
Maintenance and Operations	3,219,038	2,798,045	2,746,939	2,651,634
Transportation	908,332	1,147,465	851,158	1,083,932
Other	1,529,393	1,663,477	1,529,393	1,663,477
	<u>\$ 49,820,419</u>	<u>\$ 46,792,034</u>	<u>\$ 25,794,106</u>	<u>\$ 24,735,295</u>

- The cost of all governmental activities this year was \$49,820,419.
- 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 \$47,905 (Refer to Figure A-4). Factors contributing to these results included:

- Food services revenue exceeded expenses by \$47,905 accounting for all the increase in the unrestricted net position of the business-type activities primarily as a result of an increases in student participation and subsidy reimbursements.

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 2013, 2014, 2015 and 2016 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
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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 the capital reserve 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 Long-Term Liabilities

Figure A-8

Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	
Land	\$ 20,079	\$ 20,079			\$ 20,079	\$ 20,079	0.00%
Construction in Progress	4,223,616	29,061,797			4,223,616	29,061,797	-85.47%
Site Improvements	412,800				412,800		100.00%
Buildings and Building Improvements	41,157,122	15,997,308			41,157,122	15,997,308	157.28%
Machinery and Equipment	2,241,810	2,350,920	\$ 106,516	\$ 107,596	2,348,326	2,458,516	-4.48%
Total Capital Assets (Net of Depreciation)	<u>\$48,055,427</u>	<u>\$47,430,104</u>	<u>\$ 106,516</u>	<u>\$ 107,596</u>	<u>\$48,161,943</u>	<u>\$47,537,700</u>	1.31%

During the 2015/2016 school year the District continued work on the District's facilities related to the 2004 referendum and other projects in the District.

**SOMERVILLE BOROUGH SCHOOL DISTRICT
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(UNAUDITED)**

Long-term Liabilities

At year-end, the District had \$18,735,000 in general obligation bonds as shown in Figure A-9.

Figure A-9

Long-Term Liabilities

	Total School District		Percentage Change
	2015/2016	2014/2015	
General Obligation Bonds (Financed with Property Taxes)	\$ 18,735,000	\$ 20,905,000	-10.38%
Net Pension Liability	11,660,829	9,182,726	26.99%
Unamortized Bond Premiums	1,741,607	832,748	109.14%
Compensated Absences Payable	1,197,885	1,134,435	5.59%
	<u>\$ 33,335,321</u>	<u>\$ 32,054,909</u>	3.99%

- The District continued to pay down its debt, retiring \$2,170,000 of serial bonds
- The District advance refunded the 2006 Refunding Bonds, defeasing \$9,915,000 and issuing \$9,265,000 in new bonds.
- The District's compensated absences increased \$63,450.
- The District unamortized bond premiums increased \$908,859 as a result of the advance refunding.
- The District's net pension liability grew 27% or \$2,478,103.

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 unassigned 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% levy CAP for capital projects. As a result the District has adopted a strategy to fund facility improvements on an ongoing annual basis to achieve a goal of keeping the buildings safe, systems functioning and operating efficiently and appearances presentable so that students are not distracted from learning. The District engaged a professional demographer to perform an enrollment projection in July 2016. The purpose of the projection was to determine if the District's current facilities are adequate to accommodate future enrollment attributed to several planned redevelopment projects. The report concluded that enrollment will not increase materially over the next five years. The District will continue to closely monitor enrollment as the redevelopment projects are completed.

**SOMERVILLE BOROUGH SCHOOL DISTRICT
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(UNAUDITED)**

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, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 4,371,067	\$ 201,853	\$ 4,572,920
Receivables from Federal Government	280,732	24,980	305,712
Receivables from State Government	296,163	572	296,735
Other Receivables	67,791		67,791
Inventory		4,128	4,128
Unamortized Bond Discount	34,261		34,261
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	2,356,821		2,356,821
Maintenance Reserve Account - Cash and Cash Equivalents	200,897		200,897
Tuition Reserve Account - Cash and Cash Equivalents	2,034,454		2,034,454
Capital Assets, Net			
Site (Land) and Construction in Progress	4,243,695		4,243,695
Depreciable Buildings and Building Improvements & Machinery and Equipment	43,811,732	106,516	43,918,248
Total Assets	<u>57,697,613</u>	<u>338,049</u>	<u>58,035,662</u>
DEFERRED OUTFLOW OF RESOURCES			
Changes in Assumptions - Pensions	1,252,280		1,252,280
Changes in Proportions - Pensions	751,352		751,352
Difference Between Expected and Actual Experience - Pensions	278,186		278,186
Deferred Amount on the Refunding	982,786		982,786
District Contribution Subsequent to Measurement Date - Pensions	487,448		487,448
Total Deferred Outflows of Resources	<u>3,752,052</u>		<u>3,752,052</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	1,253,095	11,917	1,265,012
Accrued Interest Payable	344,585		344,585
Payable to State Government	44,877		44,877
Unearned Revenue	366,851	10,149	377,000
Noncurrent Liabilities:			
Due Within One Year	3,506,607		3,506,607
Due Beyond one Year	29,828,714		29,828,714
Total Liabilities	<u>35,344,729</u>	<u>22,066</u>	<u>35,366,795</u>
DEFERRED INFLOWS OF RESOURCES			
Investment Gains - Pensions	187,484		187,484
Total Deferred Inflows of Resources	<u>187,484</u>		<u>187,484</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
NET POSITION			
Net Investment in Capital Assets	\$ 30,303,213	\$ 106,516	\$ 30,409,729
Restricted for:			
Capital Projects	2,356,821		2,356,821
Maintenance Reserve	200,897		200,897
Tuition Reserve	2,034,454		2,034,454
Debt Service	12,660		12,660
Excess Surplus	1,141,188		1,141,188
Unrestricted/(Deficit)	<u>(10,131,781)</u>	<u>209,467</u>	<u>(9,922,314)</u>
Total Net Position	<u>\$ 25,917,452</u>	<u>\$ 315,983</u>	<u>\$ 26,233,435</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, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Regular Instruction	\$ 21,010,113	\$ 10,941,121	\$ 6,128,496		\$ (3,940,496)		\$ (3,940,496)
Special Education Instruction	8,082,615		3,632,011		(4,450,604)		(4,450,604)
Other Special Instruction	596,384		150,601		(445,783)		(445,783)
Other Instruction	1,674,385		396,591		(1,277,794)		(1,277,794)
Support services:							
Tuition	1,664,099				(1,664,099)		(1,664,099)
Student & Instruction Related Services	6,010,893		1,461,730		(4,549,163)		(4,549,163)
General Administrative Services	811,495				(811,495)		(811,495)
School Administrative Services	3,088,245		786,490		(2,301,755)		(2,301,755)
Central Services	644,566				(644,566)		(644,566)
Administration Information Technology	580,861				(580,861)		(580,861)
Plant Operations and Maintenance	3,219,038			\$ 472,099	(2,746,939)		(2,746,939)
Pupil Transportation	908,332		57,174		(851,158)		(851,158)
Unallocated Depreciation	611,931				(611,931)		(611,931)
Interest on Long-Term Debt	823,623				(823,623)		(823,623)
Capital Outlay	93,839				(93,839)		(93,839)
Total Governmental Activities	49,820,419	10,941,121	12,613,093	472,099	(25,794,106)		(25,794,106)
Business-Type Activities:							
Food Service	663,033	365,734	345,204			\$ 47,905	47,905
Total Business-Type Activities	663,033	365,734	345,204			47,905	47,905
Total Primary Government	\$ 50,483,452	\$ 11,306,855	\$ 12,958,297	\$ 472,099	(25,794,106)	47,905	(25,746,201)

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 20,882,908		\$ 20,882,908
Property Taxes Levied for Debt Service	1,342,800		1,342,800
Federal and State Aid not Restricted	4,806,051		4,806,051
Interest and Miscellaneous Income	229,602		229,602
	27,261,361		27,261,361
Total General Revenues			
Change in Net Position	1,467,255	\$ 47,905	1,515,160
Net Position - Beginning	24,450,197	268,078	24,718,275
Net Position - Ending	\$ 25,917,452	\$ 315,983	\$ 26,233,435

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, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 3,007,799	\$ 217,330	\$ 1,137,835	\$ 8,103	\$ 4,371,067
Interfund Receivable			502,000	4,557	506,557
Receivables from Federal Government	29,509	251,223			280,732
Receivables from State Government	290,457	5,706			296,163
Other Receivables	67,791				67,791
Restricted Cash and Cash Equivalents	4,592,172				4,592,172
Total Assets	\$ 7,987,728	\$ 474,259	\$ 1,639,835	\$ 12,660	\$ 10,114,482
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable - Vendors	\$ 636,661	\$ 125,903	\$ 3,083		\$ 765,647
Interfund Payable	502,000		4,557		506,557
Payable to State Government		44,877			44,877
Unearned Revenue		366,851			366,851
Total Liabilities	1,138,661	537,631	7,640		1,683,932
Fund Balances:					
Restricted:					
Capital Reserve Account	2,356,821				2,356,821
Maintenance Reserve Account	200,897				200,897
Tuition Reserve Account	2,034,454				2,034,454
Excess Surplus	391,241				391,241
Excess Surplus - Subsequent Year's Expenditures	749,947				749,947
Debt Service Fund				\$ 12,660	12,660
Committed:					
Capital Projects Fund			1,632,195		1,632,195
Assigned:					
Year-End Encumbrances	274,869				274,869
Subsequent Year's Expenditures	500,000				500,000
Unassigned:					
General Fund	340,838				340,838
Special Revenue Fund/(Deficit)		(63,372)			(63,372)
Total Fund Balances/ (Deficit)	6,849,067	(63,372)	1,632,195	12,660	8,430,550
Total Liabilities and Fund Balances	\$ 7,987,728	\$ 474,259	\$ 1,639,835	\$ 12,660	\$ 10,114,482

SOMERVILLE BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

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

Total Fund Balances From Above	\$ 8,430,550
Capital assets used in governmental activities are not financial resources and therefore not reported in the Funds. The cost of the assets is \$63,284,973 and the accumulated depreciation is \$15,229,546.	48,055,427
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.	(19,932,885)
The deferred amount on the refunding is not reported as expenditures in the governmental funds in the year of the expenditures.	982,786
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(344,585)
Bond premiums are not reported as expenditures in the governmental funds in the year of the expenditure.	(1,741,607)
Bond issuance discounts are reported as revenue in the governmental funds in the year the bonds are sold.	34,261
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(11,660,829)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds.	
Change in Deferred Outflows:	
Changes in Assumptions - Pensions	1,252,280
Investments in Gains - Pensions	751,352
Difference Between Expected and Actual Experience - Pensions	278,186
Change in Deferred Inflows:	
Changes in Proportions - Pensions	<u>(187,484)</u>
Net Position of Governmental Activities	<u>\$ 25,917,452</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 20,882,908			\$ 1,342,800	\$ 22,225,708
Tuition Charges- Other LEA's Within the State	10,927,538				10,927,538
Tuition Charges-Individuals	13,583				13,583
Transportation Fees From Other LEA's	2,401				2,401
Other Local Governments-Unrestricted	10,200				10,200
Rents and Royalties	51,800				51,800
Interest on Maintenance Reserve	488				488
Interest on Capital Reserve	4,371				4,371
Miscellaneous	155,988	\$ 443,705	\$ 4,354		604,047
Total - Local Sources	32,049,277	443,705	4,354	1,342,800	33,840,136
State Sources	9,849,914	899,106	25,054	236,836	11,010,910
Federal Sources	78,120	1,053,887			1,132,007
Total Revenues	41,977,311	2,396,698	29,408	1,579,636	45,983,053
EXPENDITURES					
Current:					
Regular Instruction	11,894,521	1,229,061			13,123,582
Special Education Instruction	4,293,811	706,218			5,000,029
Other Special Instruction	354,088				354,088
School Sponsored Instruction	1,036,325				1,036,325
Support Services and Undistributed Costs:					
Tuition	1,664,099				1,664,099
Student & Instruction Related Services	3,634,260				3,634,260
General Administrative Services	692,263				692,263
School Administrative Services	1,819,473				1,819,473
Central Services	521,575				521,575

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES					
Support Services and Undistributed Costs (Cont'd):					
Administration Information Technology	\$ 485,923				\$ 485,923
Plant Operations and Maintenance	2,807,934				2,807,934
Pupil Transportation	801,766	\$ 23,752			825,518
Unallocated Benefits	10,211,525				10,211,525
Debt Service:					
Principal				\$ 1,520,000	1,520,000
Interest and Other Charges				809,134	809,134
Capital Outlay	339,670	447,045	\$ 705,687		1,492,402
Total Expenditures	<u>40,557,233</u>	<u>2,406,076</u>	<u>705,687</u>	<u>2,329,134</u>	<u>45,998,130</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>1,420,078</u>	<u>(9,378)</u>	<u>(676,279)</u>	<u>(749,498)</u>	<u>(15,077)</u>
OTHER FINANCING SOURCES/(USES)					
School Refunding Bonds Issued				9,265,000	9,265,000
School Bonds Defeased				(9,915,000)	(9,915,000)
Bond Issuance Costs				(103,610)	(103,610)
Bond Premium				968,341	968,341
Deferred Amount on the Refunding				(206,611)	(206,611)
Transfers In	396,752		604,016	753,570	1,754,338
Transfers Out	(1,078,928)		(675,410)		(1,754,338)
Total Other Financing Sources/(Uses)	<u>(682,176)</u>		<u>(71,394)</u>	<u>761,690</u>	<u>8,120</u>
Net Change in Fund Balances	737,902	(9,378)	(747,673)	12,192	(6,957)
Fund Balance/(Deficit) - July 1	6,111,165	(53,994)	2,379,868	468	8,437,507
Fund Balance/(Deficit) - June 30	<u>\$ 6,849,067</u>	<u>\$ (63,372)</u>	<u>\$ 1,632,195</u>	<u>\$ 12,660</u>	<u>\$ 8,430,550</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, 2016

Total net change in fund balances - governmental funds (from Exhibit B-2)	\$	(6,957)
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)
Capital Outlays		<u>1,398,563</u>
		625,323
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		1,520,000
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.		(11,629)
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 the deferred amount on the refunding 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, 2016

Proceeds from debt issued for a refunding less the amount of bonds defeased are not recorded in the governmental funds.

	Refunding Bonds Issued	\$ (9,265,000)	
	Refunding Bond Premium	(968,341)	
	Refunding Bond Deferred Interest	206,611	
	School Bonds Defeased	<u>9,915,000</u>	
			\$ (111,730)

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		(2,478,103)	
Deferred Outflows:			
Changes in Assumptions		963,526	
Difference between Expected and Actual Experience		278,186	
Changes in Proportions		395,192	
Deferred Inflows:			
Change in Proportions		<u>359,757</u>	
			\$ (481,442)

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 (+).

		<u>(63,450)</u>	
Change in net position of governmental activities (Exhibit A-2)		<u>\$ 1,467,255</u>	

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

Exhibit B-4

SOMERVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	<u>Business-Type Activities - Enterprise Funds</u> Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 201,853
Accounts Receivable:	
Federal Government	24,980
State Government	572
Inventories	<u>4,128</u>
Total Current Assets	<u>231,533</u>
Non-Current Assets:	
Capital Assets:	
Machinery and Equipment	283,646
Less: Accumulated Depreciation	<u>(177,130)</u>
Total Non-Current Assets	<u>106,516</u>
Total Assets	<u>338,049</u>
LIABILITIES:	
Accounts Payable - Vendors	11,917
Unearned Revenue	1,772
Unearned Revenue - Prepaid Sales	<u>8,377</u>
Total Liabilities	<u>22,066</u>
NET POSITION:	
Investment in Capital Assets	106,516
Unrestricted	<u>209,467</u>
Total Net Position	<u>\$ 315,983</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, 2016

	Business-Type Activities - Enterprise Funds <u>Food Service</u>
Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 259,671
Daily Sales - Non-Reimbursable Programs	<u>106,063</u>
Total Operating Revenue	<u>365,734</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	245,476
Cost of Sales - Non Reimbursable Programs	101,984
Management Fee	13,707
Salaries, Benefits & Payroll Taxes	245,148
Other	43,182
Depreciation Expense	<u>13,536</u>
Total Operating Expenses	<u>663,033</u>
Operating Loss	<u>(297,299)</u>
Non-Operating Revenue:	
Federal Sources:	
School Breakfast Program	19,657
National School Lunch Program	270,628
Food Distribution Program	48,020
State Sources:	
School Lunch Program	<u>6,899</u>
Total Non-Operating Revenue	<u>345,204</u>
Change in Net Position	47,905
Net Position - Beginning of Year	<u>268,078</u>
Net Position - End of Year	<u><u>\$ 315,983</u></u>

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, 2016

	Business-Type Activities - Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 365,734
Payments to Employees	(245,148)
Payments to Suppliers	(332,146)
Net Cash Used for Operating Activities	(211,560)
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Equipment	(12,456)
Net Cash Used for Capital and Related Financing Activities	(12,456)
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal and State Reimbursements	322,844
Net Cash Provided by Noncapital Financing Activities	322,844
Net Increase in Cash and Cash Equivalents	98,828
Cash and Cash Equivalents, July 1	103,025
Cash and Cash Equivalents, June 30	\$ 201,853
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (297,299)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	13,536
Federal Food Distribution Program	48,020
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	2,363
Increase/(Decrease) in Accounts Payable	11,917
Increase/(Decrease) in Unearned Revenue	9,903
Net Cash Used for Operating Activities	\$ (211,560)

Non-Cash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$49,546 and used \$48,020 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, 2016

	Unemployment Compensation Trust	Agency
ASSETS:		
Cash and Cash Equivalents	\$ 272,653	\$ 282,927
Interfund Receivable	32,455	
Total Assets	<u>305,108</u>	<u>282,927</u>
LIABILITIES:		
Payroll Deductions and Withholdings		867
Interfund Payable		32,455
Due to Student Groups		<u>249,605</u>
Total Liabilities		<u>282,927</u>
NET POSITION:		
Held in Trust for Unemployment Claims	<u>305,108</u>	
Total Net Position	<u>\$ 305,108</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, 2016

	<u>Unemployment Compensation Trust</u>
Additions:	
Contributions:	
Employee State Unemployment Insurance Deductions	\$ 27,483
Total Contributions	<u>27,483</u>
Investment Earnings:	
Interest	<u>612</u>
Net Investment Earnings	<u>612</u>
Total Additions	<u>28,095</u>
Deductions:	
State of New Jersey Unemployment Agency Payments	<u>54,445</u>
Total Deductions	<u>54,445</u>
Change in Net Position	(26,350)
Net Position - Beginning of the Year	<u>331,458</u>
Net Position - End of the Year	<u><u>\$ 305,108</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, 2016

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, 2016
(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, 2016
(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 position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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, 2016 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 SDA grants in the year awarded on a budgetary basis. On a GAAP basis SDA 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"	\$ 41,973,680	\$ 2,419,153
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.		(13,077)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	527,025	53,994
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(523,394)	(63,372)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 41,977,311	\$ 2,396,698

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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	\$ 40,557,233	\$ 2,419,153
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.		(13,077)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 40,557,233	\$ 2,406,076
		Capital Projects Fund
	Revenue	Fund Balance
Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis) (per F-1)	\$ (45,864)	\$ 2,587,830
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 and Submitted for Reimbursement.	70,918	(955,635)
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds (GAAP Basis) (per B-2)	\$ 25,054	\$ 1,632,195

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, 2016
(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, 2016
(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, 2016.

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 and Building Improvements	20 to 50 years
Site Improvements	10 to 20 years
Machinery 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, 2016
(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, 2016.

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 \$6,849,067 General Fund fund balance at June 30, 2016, \$274,869 is assigned for year-end encumbrances; \$200,897 is restricted in the maintenance reserve account; \$2,356,821 is restricted in the capital reserve account; \$1,014,007 is restricted in the tuition reserve account for fiscal year ending June 30, 2017, \$1,020,447 is restricted in the tuition reserve account for fiscal year ending June 30, 2018; a total of \$1,141,188 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 \$749,947 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2017; current year excess surplus in the amount of \$391,241 will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2018; \$500,000 is assigned and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2017; and \$340,838 is unassigned which is \$523,394, 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, 2017.

Special Revenue Fund: The deficit fund balance of \$63,372 in Special Revenue Fund at June 30, 2016 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, 2017.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

P. Fund Balance Appropriated (Cont'd):

Capital Projects Fund: Of the \$1,632,195 fund balance in the Capital Projects Fund at June 30, 2016, \$1,632,195 is committed which excludes \$955,635 of SDA grants receivable not recognized on a GAAP Basis.

Debt Service Fund: The District has \$12,660 of restricted fund balance in the Debt Service Fund at 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, 2016 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 \$523,394 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 \$10,131,781 in governmental activities, which is primarily a result of \$344,585 of accrued interest payable, \$1,197,885 of compensated absences payable, investment gains in pensions of \$938,836, net pension liability of \$11,660,829, net of \$500,000 of fund balance designated for subsequent year's expenditures, \$274,869 assigned for encumbrances, \$982,786 for the deferred amount on the refunding, \$1,252,280 change in assumption for pensions, \$751,352 change in proportion for pensions and difference between expected and actual pension experience of \$278,186. The District has a deficit in fund balance of \$63,372 in the Special Revenue Fund as of June 30, 2016 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, 2016
(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, 2016 on the deferred amount on refunding of debt related to the District refunding bonds, for the District pension contribution subsequent to the measurement date, for the difference between expected and actual experience in pensions, and for the changes in assumptions and changes in proportion in pensions. The District has a deferred inflow of resources at June 30, 2016 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, and the debt service fund. The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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, 2016.

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.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

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.

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.

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, 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;

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

Investments (Cont'd)

- (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, 2016, 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	\$ 5,128,500	\$ 2,356,821	\$ 200,897	\$ 2,034,454	\$ 9,720,672

The carrying amount of the Board's cash and cash equivalents at June 30, 2016, was \$9,720,672 and the bank balance was \$11,321,082. The District did not hold any investments during the fiscal year ended June 30, 2016.

NOTE 4. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2016 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	29,061,797	\$ 756,696	\$ (25,594,877)	4,223,616
Total Capital Assets not Being Depreciated	29,081,876	756,696	(25,594,877)	4,243,695
Capital Assets Being Depreciated:				
Site Improvements		412,800		412,800
Buildings and Building Improvements	29,014,190	152,453	25,594,877	54,761,520
Machinery, Equipment and Vehicles	3,790,344	76,614		3,866,958
Total Capital Assets Being Depreciated	32,804,534	641,867	25,594,877	59,041,278
Governmental Activities Capital Assets	61,886,410	1,398,563		63,284,973
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(13,016,882)	(587,516)		(13,604,398)
Machinery, Equipment and Vehicles	(1,439,424)	(185,724)		(1,625,148)
Total Accumulated Depreciation	(14,456,306)	(773,240)		(15,229,546)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 47,430,104	\$ 625,323	\$ -0-	\$ 48,055,427

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 4. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Proprietary Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 271,190	\$ 12,456		\$ 283,646
Less Accumulated Depreciation	<u>(163,594)</u>	<u>(13,536)</u>		<u>(177,130)</u>
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 107,596</u>	<u>\$ (1,080)</u>	<u>\$ -0-</u>	<u>\$ 106,516</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>

The District had active construction projects totaling \$32,566,422 as of June 30, 2016. 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, middle school classroom renovations, elementary school bathroom and fire alarm project, a preschool addition and one referendum project. At year end, the District had \$90,401 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.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 5. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance at June 30, 2015		\$	1,644,557
Increased by:			
Interest Earnings	\$		4,371
Transferred by Board Resolution - June 14, 2016			550,000
Budget Appropriation			865,494
Unexpended Balance from Capital Projects Fund			143,337
			1,563,202
Decreased by:			
Budgeted Withdrawal			(703,058)
By Board Resolution - Capital Projects Fund			(147,880)
			(850,938)
Ending Balance at June 30, 2016		\$	2,356,821

The balance in the capital reserve account at June 30, 2016 does not exceed the LRF balance of local support costs of uncompleted capital projects. The withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District's LRF.

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2016, the District made transfers in Capital Outlay accounts for equipment which do not require approval of the County Superintendent. The transfers for construction did obtain approval from the County Superintendent.

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in liabilities reported in the District-wide financial statements:

	Balance June 30, 2015	Issued/ Accrued	Retired	Balance June 30, 2016
Serial Bonds Payable	\$ 20,905,000	\$ 9,265,000	\$ 11,435,000	\$ 18,735,000
Net Pension Liability	9,182,726	2,478,103		11,660,829
Unamortized Bond Issuance Premium	832,748	968,341	59,482	1,741,607
Compensated Absences Payable	1,134,435	173,025	109,575	1,197,885
	\$ 32,054,909	\$ 12,884,469	\$ 11,604,057	\$ 33,335,321

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

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.

On April 12, 2016, the District issued \$9,265,000 refunding bonds with interest rates ranging from 2.00% to 4.00% to advance refund \$9,915,000 of the 2006 serial bonds with rates ranging from 4.00% to 4.375%. The refunding bonds will mature on July 15, 2016 through July 15, 2029 and July 15, 2027 is the first optional redemption date at 100% par. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments when the school bonds were called on July 15, 2016. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's government-wide financial statements.

The District had bonds outstanding as of June 30, 2016 as follows:

<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Pension Refunding	7/15/2017	6.0%	\$ 530,000
School Refunding Bonds	7/15/2016	4.0%	560,000
School Refunding Bonds	7/25/2029	2.0-3.0%	9,265,000
School Refunding Bonds	2/15/2025	2.4-4.0%	8,380,000
			<u>\$ 18,735,000</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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
2017	\$ 1,765,000	\$ 983,699	\$ 2,748,699
2018	1,650,000	603,645	2,253,645
2019	1,425,000	551,020	1,976,020
2020	1,480,000	502,020	1,982,020
2021	1,540,000	442,420	1,982,420
2022-2026	7,590,000	1,259,860	8,849,860
2027-2031	3,285,000	204,700	3,489,700
	<u>\$ 18,735,000</u>	<u>\$ 4,547,364</u>	<u>\$ 23,282,364</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2016, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

As of June 30, 2016, 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, 2016. 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, 2016, 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, 2016 is \$-0- and the long-term portion is \$11,660,829. See Note 9 for further information on the PERS.

F. Unamortized Bond Issuance Premium

The unamortized bond issuance premium of governmental fund types is recorded in the noncurrent liabilities. In the amount of \$1,741,607.

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance at June 30, 2015	\$	200,409
Interest Earnings		488
Ending Balance at June 30, 2016	\$	200,897

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 Public Employee's Retirement System (PERS) of New Jersey; or the Teachers' Pension and Annuity Fund (TPAF); or the Defined Contribution Retirement Program (DCRP).

A. 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.

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:

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 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 \$446,596 for fiscal year 2016.

The employee contribution rate was 7.06% effective July 1, 2015. 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 District reported a liability of \$11,660,829 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. 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, 2015, the District's proportion was 0.05195%, which was a increase of 0.0029% from its proportion measured as of June 30, 2014.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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 (Cont'd)

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$928,018. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions - 2014	6.44	\$ 249,610	
Changes in Assumptions - 2015	5.72	1,002,670	
Difference Between Expected and Actual Experience - 2015	5.72	278,186	
Changes in Proportion - 2015	5.72	751,352	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2014	5		\$ 434,699
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2015	5		(247,215)
District Contribution Subsequent to the Measurement Date - 2015	1	487,448	
		<u>\$ 2,769,266</u>	<u>\$ 187,484</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2016	\$ 244,490
2017	244,490
2018	244,490
2019	389,390
2020	220,122
	<u>\$ 1,342,982</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.04%
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) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. 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 3.80% as of June 30, 2015 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 actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the 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, 2015 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:

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

	Fiscal Year Ended June 30, 2015		
	1%	Current	1%
	Decrease (3.90%)	Discount Rate (4.90%)	Increase (5.90%)
District's proportionate share of the of the Net Pension Liability	\$ 14,492,983	\$ 11,660,829	\$ 9,286,371

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, 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 2016, the State of New Jersey contributed \$1,333,286 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$6,645,937.

The employee contribution rate was 7.06% effective July 1, 2015. 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, 2016, the State's proportionate share of the net pension liability associated with the District was \$108,844,508. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. 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, 2015, the District's proportion was 0.172%, which was an increase of .002% from its proportion measured as of June 30, 2014.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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)

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>108,844,508</u>
Total	<u><u>\$ 108,844,508</u></u>

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$6,645,937 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

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

	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions - 2014	8.5	\$ 1,999,074,013	
Changes in Assumptions - 2015	8.3	5,201,079,373	
Difference Between Expected and Actual Experience - 2014	8.5		\$ 19,039,817
Difference Between Expected and Actual Experience - 2015	8.3	321,224,871	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2014	5		1,305,927,430
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2015	5		<u>(770,568,242)</u>
		<u><u>\$ 7,521,378,257</u></u>	<u><u>\$ 554,399,005</u></u>

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

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ 818,433,596
2017	818,433,596
2018	818,433,598
2019	1,253,742,742
2020	1,061,100,680
Thereafter	<u>2,196,835,040</u>
	<u>\$ 6,966,979,252</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. 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, 2014 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, 2016
(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 (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Cash	5.00%	0.53%
U.S. Government Bonds	1.75%	1.39%
U.S. Credit Bonds	13.50%	2.72%
U.S. Mortgages	2.10%	2.54%
U.S. Inflation-Indexed Bonds	1.50%	1.47%
U.S. High Yield Bonds	2.00%	4.57%
U.S. Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90% and a municipal bond rate of 3.80% as of June 30, 2015 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 State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2015 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:

	Fiscal Year Ended June 30, 2015		
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Total Net Pension Liability	\$ 129,357,629	\$ 108,844,508	\$ 91,171,226

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.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

For DCRP, the District recognized pension expense of \$6,147 for the fiscal year ended June 30, 2016. Employee contributions to DCRP amounted to \$11,269 for the fiscal year ended June 30, 2016.

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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publically available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial2015combined.pdf>.

The State's on-behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$1,587,576, \$1,478,017, and \$1,181,657 for 2016, 2015, and 2014, respectively.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

NOTE 11. RISK MANAGEMENT

Property, Liability and Health Benefits

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

A complete schedule of insurance coverage can be found in the statistical section of this 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 insurance coverage for property, liability, student accident, surety bonds and workers' compensation for the District. The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

As a member of this Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body. In accordance with 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, 2016 is as follows:

	New Jersey Schools Insurance Group (NJSIG)
Total Assets	\$ 311,014,416
Net Position	\$ 68,222,364
Total Revenue	\$ 124,872,219
Total Expenses	\$ 113,965,181
Change in Net Position	\$ 10,907,038
Member Dividends	\$ - 0 -

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

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

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

New Jersey Unemployment Compensation Insurance

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013-2014	\$ 26,159	\$ 32,308	26	\$ 24,914	\$ 360,550
2014-2015		34,898	90	64,080	331,458
2015-2016		27,483	612	54,445	305,108

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The following interfund balances existed as at June 30, 2016:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Special Revenue Fund		\$ 502,000
Capital Projects Fund	\$ 502,000	4,557
Debt Service Fund	4,557	
Fiduciary Funds	32,455	32,455
	<u>\$ 539,012</u>	<u>\$ 539,012</u>

The interfund between General Fund and Capital Projects Fund represents the cancellation of SDA projects and the transfer of Capital Outlay to the Capital Projects Fund to fund three new projects including the Van Derveer Elementary School bathrooms, the Van Derveer Elementary School fire alarms, and the Van Derveer Elementary School Preschool Addition. The interfund between Capital Projects Fund and Debt Service Fund represents interest earned, and budgeted transfer that was due to the Debt Service Fund as of June 30, 2016. The interfund between the Payroll Agency and the Unemployment Compensation Funds were a result of employee contributions for the Unemployment Compensation Fund that had not been transferred from the Payroll Agency Fund at year end.

The District also transferred a net \$207,264 between the General Fund and the Capital Projects Fund. The District also transferred \$474,912 from the General Fund to the Debt Service Fund. Lastly, a transfer was made in the amount of \$278,658 from the Capital Projects Fund to the Debt Service Fund.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 13. DEFERRED COMPENSATION

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

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

NOTE 14. TAX CALENDAR

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

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

NOTE 15. ECONOMIC DEPENDENCY

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

NOTE 16. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

The District is periodically involved in 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.

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 16. CONTINGENT LIABILITIES (Cont'd)

Encumbrances

At June 30, 2016, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 274,869	\$ 13,115	\$ 90,401	\$ 378,385

On the District's Governmental Funds Balance Sheet as of June 30, 2016, \$5,743 is assigned for year-end encumbrances in the Special Revenue Fund, which is \$13,115 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 \$90,401 of year-end encumbrances in the Capital Projects Fund is the \$90,401 of committed fund balance on a GAAP basis at June 30, 2016.

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, 2016 the District has \$2,034,454 in the tuition reserve for which \$1,014,007 and \$1,020,447 will be used to pay for any tuition adjustments for the fiscal years ending June 30, 2016 and 2017, respectively.

NOTE 18. ACCOUNTS PAYABLE

	Governmental Funds			District Contribution Subsequent to the Measurement Date	Total Governmental Activities	Business- Type Activities
	General Fund	Special Revenue Fund	Capital Projects Fund			Proprietary Funds
Vendors	\$ 636,661	\$ 125,903	\$ 3,083		\$ 765,647	\$ 11,917
Due to State of New Jersey				\$ 487,448	487,448	
	\$ 636,661	\$ 125,903	\$ 3,083	\$ 487,448	\$ 1,253,095	\$ 11,917

REQUIRED SUPPLEMENTARY INFORMATION

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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,	
	2015	2016
District's proportion of the net pension liability	0.0490458605%	0.0519459671%
District's proportionate share of the net pension liability	\$ 9,182,726	\$ 11,660,829
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	264.01%	317.30%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%

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

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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>2015</u>	<u>2016</u>
Contractually required contribution	\$ 404,327	\$ 446,596
Contributions in relation to the contractually required contribution	<u>(404,327)</u>	<u>(446,596)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 3,675,028	\$ 3,843,946
Contributions as a percentage of covered employee payroll	11.00%	11.62%

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 STATES 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>2015</u>	<u>2016</u>
State's proportion of the net pension liability attributable to the District	0.1703588325%	0.1722106861%
State's proportionate share of the net pension liability attributable to the District	\$ 91,051,251	\$ 108,844,508
District's covered employee payroll	\$ 16,634,801	\$ 16,820,295
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	547.35%	647.10%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%

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 STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 4,899,412	\$ 6,645,937
Contributions in relation to the contractually required contribution	<u>(931,034)</u>	<u>(1,333,286)</u>
Contribution deficiency/(excess)	<u>\$ 3,968,378</u>	<u>\$ 5,312,651</u>
District's covered employee payroll	\$ 16,820,295	\$ 17,622,689
Contributions as a percentage of covered employee payroll	5.54%	7.57%

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, 2016
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015. The inflation rate changed from 3.01% as of June 30, 2014 to 3.04% as of June 30, 2015.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

BUDGETARY COMPARISON SCHEDULES

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
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	\$ 20,882,908		\$ 20,882,908	\$ 20,882,908	
Tuition From Other LEAs Within the State	10,927,538		10,927,538	10,927,538	
Tuition from Individuals	40,000		40,000	13,583	\$ (26,417)
Transportation Fees From Other LEA's				2,401	2,401
Rents and Royalties	5,000		5,000	51,800	46,800
Interest on Maintenance Reserve	15		15	488	473
Interest on Capital Reserve	35		35	4,371	4,336
Miscellaneous	3,967		3,967	166,188	162,221
Total - Local Sources	31,859,463		31,859,463	32,049,277	189,814
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	225,757	125,757
Other State Aids	48,361		48,361	48,361	
On-Behalf TPAF Pension Contributions (non-budgeted)				1,333,286	1,333,286
On-Behalf Post Retirement Benefit Contributions (non-budgeted)				1,587,576	1,587,576
Reimbursed TPAF FICA Contributions (non-budgeted)				1,316,627	1,316,627
Total State Sources	5,483,037		5,483,037	9,846,283	4,363,246
Federal Sources:					
Medicaid Reimbursement	35,866		35,866	78,120	42,254
Total Federal Sources	35,866		35,866	78,120	42,254
TOTAL REVENUES	37,378,366		37,378,366	41,973,680	4,595,314

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
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	\$ 557,794	\$ 10,800	\$ 568,594	\$ 556,075	\$ 12,519
Grades 1-5 - Salaries of Teachers	2,767,377	29,298	2,796,675	2,788,692	7,983
Grades 6-8 - Salaries of Teachers	1,865,760	(125,805)	1,739,955	1,722,982	16,973
Grades 9-12 - Salaries of Teachers	5,667,264	(73,052)	5,594,212	5,504,779	89,433
Regular Programs - Home Instruction:					
Salaries of Teachers	40,000	(1,069)	38,931	18,795	20,136
Purchased Professional - Educational Services	40,000	15,069	55,069	46,569	8,500
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	120,676		120,676	116,629	4,047
Purchased Professional - Educational Services	39,220		39,220	27,208	12,012
Purchased Technical Services	49,130		49,130	14,784	34,346
Other Purchased Services (400-500 series)	290,897	3,800	294,697	261,266	33,431
General Supplies	838,043	(33,565)	804,478	772,345	32,133
Textbooks	83,538	(12,550)	70,988	60,616	10,372
Other Objects	12,940	2,000	14,940	3,781	11,159
Total Regular Programs - Instruction	<u>12,372,639</u>	<u>(185,074)</u>	<u>12,187,565</u>	<u>11,894,521</u>	<u>293,044</u>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	159,630	20,000	179,630	178,639	991
Other Salaries for Instruction		38,343	38,343	38,343	
General Supplies	300		300	163	137
Total Learning and/or Language Disabilities	<u>159,930</u>	<u>58,343</u>	<u>218,273</u>	<u>217,145</u>	<u>1,128</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
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					
Multiple Disabilities:					
Salaries of Teachers	\$ 237,410	\$ 152,533	\$ 389,943	\$ 389,943	
Other Salaries for Instruction	491,532	4,124	495,656	479,801	\$ 15,855
General Supplies	17,500	23,006	40,506	36,027	4,479
Other Objects		6,288	6,288	351	5,937
Total Multiple Disabilities	<u>746,442</u>	<u>185,951</u>	<u>932,393</u>	<u>906,122</u>	<u>26,271</u>
Behavioral Disabilities:					
Salaries of Teachers	60,000	(60,000)			
Other Salaries for Instruction	52,500	(52,500)			
General Supplies	21,350	(21,350)			
Other Objects	7,000	(7,000)			
Total Behavioral Disabilities:	<u>140,850</u>	<u>(140,850)</u>			
Resource Room/Resource Center:					
Salaries of Teachers	2,328,088	17,000	2,345,088	2,329,624	15,464
Other Salaries for Instruction	576,896	33,253	610,149	575,784	34,365
Other Purchased Services (400-500 series)		1,530	1,530		1,530
General Supplies	20,354	(205)	20,149	9,507	10,642
Textbooks	2,498		2,498	125	2,373
Total Resource Room/Resource Center	<u>2,927,836</u>	<u>51,578</u>	<u>2,979,414</u>	<u>2,915,040</u>	<u>64,374</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	55,557	(12,257)	43,300	42,967	333
Other Salaries for Instruction	19,929	19,257	39,186	34,183	5,003
General Supplies	800		800	526	274
Total Preschool Disabilities - Part-Time	<u>76,286</u>	<u>7,000</u>	<u>83,286</u>	<u>77,676</u>	<u>5,610</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
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					
Preschool Disabilities - Full-Time:					
Salaries of Teachers	\$ 60,035	\$ 2,900	\$ 62,935	\$ 62,229	\$ 706
Other Salaries for Instruction	116,047		116,047	115,599	448
Total Preschool Disabilities - Full-Time	<u>176,082</u>	<u>2,900</u>	<u>178,982</u>	<u>177,828</u>	<u>1,154</u>
Total Special Education Instruction	<u>4,227,426</u>	<u>164,922</u>	<u>4,392,348</u>	<u>4,293,811</u>	<u>98,537</u>
Basic Skills/Remedial - Instruction:					
Purchased Professional Educational Services	12,500	3,500	16,000	16,000	
Other Purchased Services (400-500 series)	380		380		380
Total Basic Skills/Remedial - Instruction	<u>12,880</u>	<u>3,500</u>	<u>16,380</u>	<u>16,000</u>	<u>380</u>
Bilingual Education - Instruction:					
Salaries of Teachers	329,210		329,210	316,825	12,385
General Supplies	3,500	900	4,400	4,259	141
Total Bilingual Education - Instruction	<u>332,710</u>	<u>900</u>	<u>333,610</u>	<u>321,084</u>	<u>12,526</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	213,408		213,408	206,498	6,910
Purchased Services (300-500 series)	8,292	1,275	9,567	3,807	5,760
Supplies and Materials	23,500	14,152	37,652	28,902	8,750
Other Objects	2,075		2,075	1,399	676
Total School-Sponsored Cocurricular Activities - Instruction	<u>247,275</u>	<u>15,427</u>	<u>262,702</u>	<u>240,606</u>	<u>22,096</u>
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	576,417		576,417	572,606	3,811
Purchased Services (300-500 series)	165,876	(1,275)	164,601	122,675	41,926
Supplies and Materials	81,310	(4,400)	76,910	73,127	3,783
Other Objects	30,081		30,081	27,311	2,770
Total School-Sponsored Cocurricular Athletics - Instruction	<u>853,684</u>	<u>(5,675)</u>	<u>848,009</u>	<u>795,719</u>	<u>52,290</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Before/After School Programs - Instruction:					
Other Salaries for Instruction	\$ 45,000		\$ 45,000	\$ 17,004	\$ 27,996
Total Before/After School Programs - Instruction	<u>45,000</u>		<u>45,000</u>	<u>17,004</u>	<u>27,996</u>
Other Supplemental/At-Risk Programs - Instruction:					
Salaries of Teachers	33,600		33,600		33,600
Other Salaries for Instruction	4,440		4,440		4,440
Total Other Supplemental/At-Risk Programs - Instruction	<u>38,040</u>		<u>38,040</u>		<u>38,040</u>
Other Alternative Education Programs - Instruction:					
Salaries of Teachers	60,000	(60,000)			
Other Salaries for Instruction	52,500	(52,500)			
General Supplies	21,350	(21,350)			
Other Objects	7,000	(7,000)			
Total Other Alternative Education Programs - Instruction	<u>140,850</u>	<u>(140,850)</u>			
Other Alternative Education Programs - Support Services:					
Salaries	98,000	(98,000)			
Total Other Alternative Education Programs - Support Services	<u>98,000</u>	<u>(98,000)</u>			
Total Alternative Education Program	<u>238,850</u>	<u>(238,850)</u>			
Total Instruction	<u>18,368,504</u>	<u>(244,850)</u>	<u>18,123,654</u>	<u>17,578,745</u>	<u>544,909</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular		\$ 36,845	\$ 36,845	\$ 36,844	\$ 1
Tuition to Other LEAs Within the State - Special	\$ 159,507	165,771	325,278	302,028	23,250
Tuition to County Vocational School District - Regular	33,100	(15,926)	17,174	14,845	2,329
Tuition to CSSD and Regular Day Schools	189,840	(31,788)	158,052	158,052	
Tuition to Private Schools for the Disabled - Within the State	1,242,870	(138,245)	1,104,625	1,104,624	1
Tuition - State Facilities	36,806	10,900	47,706	47,706	
Total Undistributed Expenditures - Instruction:	1,662,123	27,557	1,689,680	1,664,099	25,581
Undistributed Expenditures - Attendance and Social Work Services:					
Salaries	60,131		60,131	54,870	5,261
Other Purchased Services (400-500 series)	200		200	31	169
Total Undistributed Expenditures - Attendance and Social Work Services	60,331		60,331	54,901	5,430
Undistributed Expenditures - Health Services:					
Salaries	340,286		340,286	311,110	29,176
Purchased Professional and Technical Services	15,000		15,000	10,000	5,000
Supplies and Materials	20,000	(9,130)	10,870	7,729	3,141
Other Objects	1,000		1,000	994	6
Total Undistributed Expenditures - Health Services	376,286	(9,130)	367,156	329,833	37,323
Undistributed Expenditures - Speech, OT, PT and Related Services:					
Salaries	458,378	(6,400)	451,978	439,339	12,639
Purchased Professional - Educational Services	35,000	46,831	81,831	74,587	7,244
Supplies and Materials	5,400	(101)	5,299	4,670	629
Total Undistributed Expenditures - Speech, OT, PT and Related Services	498,778	40,330	539,108	518,596	20,512

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
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 - Other Support Services - Students - Extraordinary					
Purchased Professional - Educational Services	\$ 135,000	\$ 28,847	\$ 163,847	\$ 163,846	\$ 1
Total Undistributed Expenditures - Other Support Services - Students - Extraordinary	<u>135,000</u>	<u>28,847</u>	<u>163,847</u>	<u>163,846</u>	<u>1</u>
Undistributed Expenditures - Guidance:					
Salaries of Other Professional Staff	956,442	7,500	963,942	940,327	23,615
Salaries of Secretarial and Clerical Assistants	112,875	400	113,275	113,237	38
Other Purchased Professional and Technical Services	6,598		6,598	5,245	1,353
Other Purchased Services (400-500 series)	1,800		1,800	353	1,447
Supplies and Materials	3,600	300	3,900	3,621	279
Total Undistributed Expenditures - Guidance	<u>1,081,315</u>	<u>8,200</u>	<u>1,089,515</u>	<u>1,062,783</u>	<u>26,732</u>
Undistributed Expenditures - Child Study Teams:					
Salaries of Other Professional Staff	581,875		581,875	570,956	10,919
Salaries of Secretarial and Clerical Assistants	124,473		124,473	118,792	5,681
Other Purchased Professional and Technical Services	54,035	(14,447)	39,588	27,532	12,056
Other Purchased Services (400-500 Series)	1,500	21	1,521	1,521	
Miscellaneous Purchased Services (400-500 Series Other Than Residence Costs)	5,500	751	6,251	6,251	
Supplies and Materials	11,632	(10)	11,622	11,577	45
Total Undistributed Expenditures - Child Study Teams	<u>779,015</u>	<u>(13,685)</u>	<u>765,330</u>	<u>736,629</u>	<u>28,701</u>
Undistributed Expenditures - Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	394,081	(32,000)	362,081	286,135	75,946
Salaries of Other Professional Staff	16,500	(2,800)	13,700	10,517	3,183
Salaries of Secretarial and Clerical Assistants	64,472		64,472	54,823	9,649
Other Purchased Services (400-500)	16,000		16,000	7,388	8,612
Supplies and Materials	12,000	(4,000)	8,000	5,393	2,607
Other Objects	6,000		6,000	2,592	3,408
Total Undistributed Expenditures - Improvement of Instructional Services	<u>509,053</u>	<u>(38,800)</u>	<u>470,253</u>	<u>366,848</u>	<u>103,405</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
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 - Educational Media Services/School Library:					
Salaries	\$ 214,069		\$ 214,069	\$ 211,772	\$ 2,297
Salaries of Technology Coordinator	122,400		122,400	121,800	600
Other Purchased Services (400-500 series)	22,372		22,372	14,686	7,686
Supplies and Materials	9,224	\$ 450	9,674	6,981	2,693
Total Undistributed Expenditures - Educational Media Services/School Library	368,065	450	368,515	355,239	13,276
Undistributed Expenditures - Instructional Staff Training Services:					
Salaries of Other Professional Staff		6,750	6,750	6,467	283
Purchased Professional - Educational Services	25,000		25,000	10,200	14,800
Purchased Technical Services		10,615	10,615	10,615	
Other Purchased Services (400-500 series)	32,000	(6,750)	25,250	16,049	9,201
Supplies and Materials	25,075	(12,145)	12,930	2,254	10,676
Other Objects	1,000		1,000		1,000
Total Undistributed Expenditures - Instructional Staff Training Services	83,075	(1,530)	81,545	45,585	35,960
Undistributed Expenditures - Support Services - General Administration:					
Salaries	333,848		333,848	273,498	60,350
Legal Services	79,000	35,000	114,000	63,207	50,793
Audit Fees	36,000		36,000	35,285	715
Architectural/Engineering Services	21,200	21,281	42,481	25,252	17,229
Other Purchased Professional Services	2,000	2,500	4,500	2,500	2,000
Purchased Technical Services	16,565	(4,011)	12,554	5,885	6,669
Communications/Telephone	62,000		62,000	52,501	9,499
Board of Education Other Purchased Services	3,000	85	3,085	2,602	483
Miscellaneous Purchased Services (400-500 series)	169,335	10,584	179,919	177,237	2,682

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures - Support Services - General Administration (Cont'd):					
General Supplies	\$ 11,000	\$ (5,077)	\$ 5,923	\$ 3,906	\$ 2,017
Judgements Against the School District	30,000		30,000	20,000	10,000
Miscellaneous Expenditures	11,000	2,677	13,677	13,120	557
Board of Education Membership Dues and Fees	21,000	(75)	20,925	17,270	3,655
Total Undistributed Expenditures - Support Services - General Administration	795,948	62,964	858,912	692,263	166,649
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	1,325,062	7,000	1,332,062	1,295,445	36,617
Salaries of Secretarial and Clerical Assistants	405,532	53,000	458,532	447,926	10,606
Other Purchased Services (400-500 series)	13,500	10,803	24,303	20,124	4,179
Supplies and Materials	38,294	(2,190)	36,104	24,617	11,487
Other Objects	48,515	(2,227)	46,288	31,361	14,927
Total Undistributed Expenditures - Support Services - School Administration	1,830,903	66,386	1,897,289	1,819,473	77,816
Undistributed Expenditures - Central Services:					
Salaries	492,856	(1,000)	491,856	489,386	2,470
Purchased Technical Services	1,000	1,790	2,790	2,790	
Other Purchased Services (400-500 series)	14,400	3,220	17,620	17,453	167
Supplies and Materials	7,000	2,700	9,700	9,077	623
Miscellaneous Expenditures	3,000		3,000	2,869	131
Total Undistributed Expenditures - Central Services	518,256	6,710	524,966	521,575	3,391
Undistributed Expenditures - Administration Information Technology:					
Salaries	339,107	(23,102)	316,005	311,559	4,446
Purchased Technical Services	146,100	11,558	157,658	157,067	591
Other Purchased Services (400-500 series)		4,080	4,080		4,080
Supplies and Materials	17,500	20,617	38,117	15,577	22,540
Other Objects	7,000	(4,800)	2,200	1,720	480
Total Undistributed Expenditures - Administration Information Technology	509,707	8,353	518,060	485,923	32,137

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
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 - Required Maintenance of School Facilities:					
Salaries	\$ 317,466	\$ (40,250)	\$ 277,216	\$ 255,090	\$ 22,126
Cleaning, Repair and Maintenance Services	183,289	237,101	420,390	340,253	80,137
General Supplies	74,210	24,220	98,430	95,908	2,522
Other Objects	3,500	850	4,350	4,159	191
Total Undistributed Expenditures - Required Maintenance of School Facilities	<u>578,465</u>	<u>221,921</u>	<u>800,386</u>	<u>695,410</u>	<u>104,976</u>
Undistributed Expenditures - Custodial Services:					
Salaries	514,003	49,391	563,394	563,393	1
Salaries of Non-Instructional Aides	207,740	(9,391)	198,349	185,159	13,190
Purchased Professional and Technical Services	15,000	(500)	14,500	14,034	466
Cleaning, Repair and Maintenance Services	480,000	(66,190)	413,810	410,290	3,520
Rental of Land and Buildings Other Than Lease Purchase Agreements	2,000	5,297	7,297	7,296	1
Other Purchased Property Services	35,000		35,000	34,046	954
Insurance	95,000	(12,669)	82,331	74,423	7,908
Miscellaneous Purchased Services		703	703	694	9
General Supplies	97,106	(203)	96,903	85,419	11,484
Energy (Natural Gas)	189,000	(15,000)	174,000	103,997	70,003
Energy (Electricity)	565,000		565,000	424,723	140,277
Other Objects	1,000		1,000	400	600
Total Undistributed Expenditures - Custodial Services	<u>2,200,849</u>	<u>(48,562)</u>	<u>2,152,287</u>	<u>1,903,874</u>	<u>248,413</u>
Undistributed Expenditures - Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	68,300	37,072	105,372	100,460	4,912
General Supplies	9,000	13,000	22,000	19,818	2,182
Total Undistributed Expenditures - Care and Upkeep of Grounds	<u>77,300</u>	<u>50,072</u>	<u>127,372</u>	<u>120,278</u>	<u>7,094</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
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 - Security:					
Salaries	\$ 116,030	\$ (15,586)	\$ 100,444	\$ 77,265	\$ 23,179
Purchased Professional and Technical Services	1,500	6,800	8,300	8,000	300
Other Purchased Services (400-500 series)		6,490	6,490	3,107	3,383
General Supplies		3,464	3,464		3,464
Total Undistributed Expenditures - Security	<u>117,530</u>	<u>1,168</u>	<u>118,698</u>	<u>88,372</u>	<u>30,326</u>
Total Undistributed Expenditures - Operations & Maintenance of Plant	<u>2,974,144</u>	<u>224,599</u>	<u>3,198,743</u>	<u>2,807,934</u>	<u>390,809</u>
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	50,000	2,717	52,717	52,717	
Salaries for Pupil Transportation:					
Between Home and School - Special Education	58,453	46,429	104,882	89,944	14,938
Other Than Between Home and School	78,042		78,042	52,607	25,435
Other Purchased Professional and Technical Services	2,000		2,000	697	1,303
Cleaning, Repair and Maintenance Services	25,000		25,000	16,134	8,866
Contracted Services:					
Other than Between Home and School - Vendors	126,200	(8,448)	117,752	117,752	
Special Education Students - Joint Agreements	35,000	9,442	44,442	44,442	
Special Education Students - ESCs & CTSAs	450,000	(50,000)	400,000	389,647	10,353
Miscellaneous Purchased Services - Transportation	15,000	2,075	17,075	17,075	
Transportation Supplies	40,000	(249)	39,751	20,502	19,249
Miscellaneous Expenditures		249	249	249	
Total Undistributed Expenditures - Student Transportation Services	<u>879,695</u>	<u>2,215</u>	<u>881,910</u>	<u>801,766</u>	<u>80,144</u>
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	550,000		550,000	498,197	51,803
Other Retirement Contributions - PERS	540,000	(70,761)	469,239	454,798	14,441
Unemployment Compensation		38,000	38,000	38,000	
Workmen's Compensation	155,000		155,000	122,930	32,070

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
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					
Unallocated Benefits - Employee Benefits (Cont'd):					
Health Benefits	\$ 5,157,735	\$ (197,315)	\$ 4,960,420	\$ 4,649,696	\$ 310,724
Tuition Reimbursement	200,000	(8,845)	191,155	159,902	31,253
Other Employee Benefits	131,500	(40,000)	91,500	50,513	40,987
Total Unallocated Benefits	<u>6,734,235</u>	<u>(278,921)</u>	<u>6,455,314</u>	<u>5,974,036</u>	<u>481,278</u>
On-Behalf TPAF Pension Contributions (non-budgeted)				1,333,286	(1,333,286)
On-Behalf Post Retirement Benefit Contributions (non-budgeted)				1,587,576	(1,587,576)
Reimbursed TPAF FICA Contributions (non-budgeted)				1,316,627	(1,316,627)
Total On-Behalf Benefits				<u>4,237,489</u>	<u>(4,237,489)</u>
Total Personal Services - Employee Benefits	<u>6,734,235</u>	<u>(278,921)</u>	<u>6,455,314</u>	<u>10,211,525</u>	<u>(3,756,211)</u>
Total Undistributed Expenditures	<u>19,795,929</u>	<u>134,545</u>	<u>19,930,474</u>	<u>22,638,818</u>	<u>(2,708,344)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>38,164,433</u>	<u>(110,305)</u>	<u>38,054,128</u>	<u>40,217,563</u>	<u>(2,163,435)</u>
CAPITAL OUTLAY					
Equipment:					
Grades 1-5		21,559	21,559		21,559
Grades 6-8		39,640	39,640	20,160	19,480
Grades 9-12	10,000	(5,799)	4,201	4,201	
Multiple Disabilities		6,337	6,337	6,337	
At-Risk Programs		6,337	6,337	6,337	
School-Sponsored and Other Instructional Programs	5,120	4,400	9,520	9,520	
Central Services		3,934	3,934	3,934	
Other Support Services - Students - Special		2,600	2,600	2,585	15
Operation and Maintenance of Plant Service		32,018	32,018	10,761	21,257
Security		5,679	5,679	5,679	
Total Equipment	<u>15,120</u>	<u>116,705</u>	<u>131,825</u>	<u>69,514</u>	<u>62,311</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
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:					
Legal Services	\$ 500		\$ 500		\$ 500
Architectural/Engineering Services	21,364	\$ 7,025	28,389	\$ 24,198	4,191
Construction Services	167,000	18,121	185,121	152,119	33,002
Assessment for Debt Service SDA Funding	93,839		93,839.00	93,839.00	
Total Facilities Acquisition and Construction Services	<u>282,703</u>	<u>25,146</u>	<u>307,849</u>	<u>270,156</u>	<u>37,693</u>
TOTAL CAPITAL OUTLAY	<u>297,823</u>	<u>141,851</u>	<u>439,674</u>	<u>339,670</u>	<u>100,004</u>
TOTAL EXPENDITURES	<u>38,462,256</u>	<u>31,546</u>	<u>38,493,802</u>	<u>40,557,233</u>	<u>(2,063,431)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(1,083,890)</u>	<u>(31,546)</u>	<u>(1,115,436)</u>	<u>1,416,447</u>	<u>2,531,883</u>
Other Financing Sources/(Uses):					
Transfer to Capital Projects Fund From Capital Outlay	(456,136)		(456,136)	(456,136)	
Transfer to Capital Projects Fund from Capital Reserve		(147,880)	(147,880)	(147,880)	
Transfer from Capital Projects Fund to Capital Outlay				253,415	253,415
Transfer from Capital Projects Fund to Capital Reserve				143,337	143,337
Transfer to Debt Service Fund from Capital Reserve	(474,912)		(474,912)	(474,912)	
Total Other Financing Sources/(Uses)	<u>(931,048)</u>	<u>(147,880)</u>	<u>(1,078,928)</u>	<u>(682,176)</u>	<u>396,752</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing (Uses)	<u>(2,014,938)</u>	<u>(179,426)</u>	<u>(2,194,364)</u>	<u>734,271</u>	<u>2,928,635</u>
Fund Balance, July 1	<u>6,638,190</u>		<u>6,638,190</u>	<u>6,638,190</u>	
Fund Balance, June 30	<u>\$ 4,623,252</u>	<u>\$ (179,426)</u>	<u>\$ 4,443,826</u>	<u>\$ 7,372,461</u>	<u>\$ 2,928,635</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Analysis of Balance:					
Restricted Fund Balance:					
Capital Reserve				\$ 2,356,821	
Maintenance Reserve				200,897	
Excess Surplus				391,241	
Excess Surplus - Designated for Subsequent Year's Expenditures				749,947	
Tuition Reserve - Designated for 2016-17 School Year				1,014,007	
Tuition Reserve - Designated for 2017-18 School Year				1,020,447	
Assigned Fund Balance:					
Year-End Encumbrances				274,869	
Designated for Subsequent Year's Expenditures				500,000	
Unassigned Fund Balance				864,232	
Fund Balance per Governmental Funds (Budgetary Basis)				7,372,461	
Reconciliation to Governmental Funds Statements (GAAP):					
Less: Last state aid payments not recognized on a GAAP basis				523,394	
Fund Balance per Governmental Funds (GAAP)				\$ 6,849,067	

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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		\$ 478,079	\$ 478,079	\$ 444,993	\$ (33,086)
State Sources	\$ 1,260,156	(23,417)	1,236,739	908,446	(328,293)
Federal Sources	886,056	724,246	1,610,302	1,065,714	(544,588)
Total Revenues	<u>2,146,212</u>	<u>1,178,908</u>	<u>3,325,120</u>	<u>2,419,153</u>	<u>(905,967)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,303,449	(469,644)	833,805	754,677	79,128
Other Salaries for Instruction	140,045	3,000	143,045	142,687	358
Purchased Professional and Technical Services	79,996	2,837	82,833	69,030	13,803
Other Purchased Services	30,133	664,550	694,683	441,673	253,010
General Supplies	58,611	64,197	122,808	119,784	3,024
Textbooks	59,044	(4,570)	54,474	24,195	30,279
Other Objects	1,000	22,019	23,019	4,617	18,402
Total Instruction	<u>1,672,278</u>	<u>282,389</u>	<u>1,954,667</u>	<u>1,556,663</u>	<u>398,004</u>
Support Services:					
Personal Services - Salaries	93,996	(5,636)	88,360	84,473	3,887
Salaries of Supervisors of Instruction	10,240		10,240	10,240	
Salaries of Program Directors	22,762	13,494	36,256	36,256	
Salaries of Other Professional Staff	9,714	20,000	29,714	8,957	20,757
Salaries of Secretaries and Clerical Assistants	52,446		52,446	48,693	3,753

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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	\$ 14,934		\$ 14,934		\$ 14,934
Personal Services – Employee Benefits	131,784	\$ 83,499	215,283	\$ 74,488	140,795
Purchased Professional Educational Services	20,000	317,772	337,772	116,795	220,977
Cleaning, Repair & Maintenance Service	10,000		10,000		10,000
Rentals	3,000	24,274	27,274	23,625	3,649
Other Purchased Services	2,285	19,220	21,505	8,713	12,792
Contractual Services - Transportation	1,501		1,501		1,501
Supplies and Materials	1,000	2,738	3,738	3,205	533
Other Objects		1,158	1,158		1,158
Total Support Services	<u>373,662</u>	<u>476,519</u>	<u>850,181</u>	<u>415,445</u>	<u>434,736</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment		7,200	7,200	7,100	100
Construction Services	100,272	412,800	513,072	439,945	73,127
Total Facilities Acquisition and Construction Services	<u>100,272</u>	<u>420,000</u>	<u>520,272</u>	<u>447,045</u>	<u>73,227</u>
Total Expenditures	<u>\$ 2,146,212</u>	<u>\$ 1,178,908</u>	<u>\$ 3,325,120</u>	<u>\$ 2,419,153</u>	<u>\$ 905,967</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
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"	\$ 41,973,680	\$ 2,419,153
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		
Current Year Encumbrances:		
Federal		(11,827)
Local		(1,288)
Prior Year Encumbrances:		
State		38
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	527,025	53,994
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(523,394)	(63,372)
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 \$ 41,977,311	 \$ 2,396,698
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 40,557,233	\$ 2,419,153
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.		(13,077)
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 \$ 40,557,233	 \$ 2,406,076

SOMERVILLE BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

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, 2016, was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. 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, 2016

	<u>Title I</u>	<u>Title II Part A</u>	<u>Title III</u>
REVENUE:			
Local Sources			
State Sources			
Federal Sources	\$ 409,057	\$ 83,678	\$ 13,027
Total Revenue	<u>409,057</u>	<u>83,678</u>	<u>13,027</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	277,432	60,000	10,000
Other Salaries for Instruction			
Purchased Professional and Technical Services			
Other Purchased Services	8,035		
General Supplies	53,331		356
Textbooks			
Other Objects			
Total Instruction	<u>338,798</u>	<u>60,000</u>	<u>10,356</u>
Support Services:			
Personal Services - Salaries			
Salaries of Supervisors of Instruction			
Salaries of Program Directors	13,494		
Salaries of Other Professional Staff			
Salaries of Secretaries and Clerical Assistants			
Personal Services—Employee Benefits	54,165	14,965	2,671
Purchased Professional Educational Services	2,600		
Rentals			
Other Purchased Services		8,713	
Supplies and Materials			
Total Support Services	<u>70,259</u>	<u>23,678</u>	<u>2,671</u>
Facilities Acquisition and Construction Services:			
Instructional Equipment			
Construction Services			
Total Facilities Acquisition and Construction Services			
Total Expenditures	<u>\$ 409,057</u>	<u>\$ 83,678</u>	<u>\$ 13,027</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Title III Immigrant</u>	<u>IDEA Part B Basic</u>	<u>IDEA Part B Preschool</u>
REVENUE:			
Local Sources			
State Sources			
Federal Sources	\$ 2,310	\$ 538,956	\$ 18,686
Total Revenue	<u>2,310</u>	<u>538,956</u>	<u>18,686</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	2,310	26,167	
Other Salaries for Instruction			
Purchased Professional and Technical Services			
Other Purchased Services		409,886	
General Supplies			
Textbooks			
Other Objects			
Total Instruction	<u>2,310</u>	<u>436,053</u>	
Support Services:			
Personal Services - Salaries			1,046
Salaries of Supervisors of Instruction			
Salaries of Program Directors			
Salaries of Other Professional Staff		8,957	
Salaries of Secretaries and Clerical Assistants			
Personal Services—Employee Benefits		2,687	
Purchased Professional Educational Services		91,259	17,640
Rentals			
Other Purchased Services			
Supplies and Materials			
Total Support Services		<u>102,903</u>	<u>18,686</u>
Facilities Acquisition and Construction Services:			
Instructional Equipment			
Construction Services			
Total Facilities Acquisition and Construction Services			
Total Expenditures	<u>\$ 2,310</u>	<u>\$ 538,956</u>	<u>\$ 18,686</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Nonpublic		
	Technology Aid	Textbook Aid	Nursing Services
REVENUE:			
Local Sources			
State Sources	\$ 24,195	\$ 53,806	\$ 83,427
Federal Sources			
Total Revenue	<u>24,195</u>	<u>53,806</u>	<u>83,427</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers			
Other Salaries for Instruction			
Purchased Professional and Technical Services			
Other Purchased Services			
General Supplies		53,806	
Textbooks	24,195		
Other Objects			
Total Instruction	<u>24,195</u>	<u>53,806</u>	
Support Services:			
Personal Services - Salaries			83,427
Salaries of Supervisors of Instruction			
Salaries of Program Directors			
Salaries of Other Professional Staff			
Salaries of Secretaries and Clerical Assistants			
Personal Services—Employee Benefits			
Purchased Professional Educational Services			
Rentals			
Other Purchased Services			
Supplies and Materials			
Total Support Services			<u>83,427</u>
Facilities Acquisition and Construction Services:			
Instructional Equipment			
Construction Services			
Total Facilities Acquisition and Construction Services			
Total Expenditures	<u>\$ 24,195</u>	<u>\$ 53,806</u>	<u>\$ 83,427</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Nonpublic Security Aid	Nonpublic Handicapped Services	
		Supplementary Instruction	Corrective Speech
REVENUE:			
Local Sources			
State Sources	\$ 23,625	\$ 56,435	\$ 30,098
Federal Sources			
Total Revenue	<u>23,625</u>	<u>56,435</u>	<u>30,098</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers		56,435	30,098
Other Salaries for Instruction			
Purchased Professional and Technical Services			
Other Purchased Services			
General Supplies			
Textbooks			
Other Objects			
Total Instruction		<u>56,435</u>	<u>30,098</u>
Support Services:			
Personal Services - Salaries			
Salaries of Supervisors of Instruction			
Salaries of Program Directors			
Salaries of Other Professional Staff			
Salaries of Secretaries and Clerical Assistants			
Personal Services—Employee Benefits			
Purchased Professional Educational Services			
Rentals	23,625		
Other Purchased Services			
Supplies and Materials			
Total Support Services	<u>23,625</u>		
Facilities Acquisition and Construction Services:			
Instructional Equipment			
Construction Services			
Total Facilities Acquisition and Construction Services			
Total Expenditures	<u>\$ 23,625</u>	<u>\$ 56,435</u>	<u>\$ 30,098</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Nonpublic Handicapped Services Examination & Classification</u>	<u>Preschool Education Aid</u>	<u>Nonpublic Auxiliary Services Compensatory Education Aid</u>
REVENUE:			
Local Sources			
State Sources	\$ 69,030	\$ 454,581	\$ 82,065
Federal Sources			
Total Revenue	<u>69,030</u>	<u>454,581</u>	<u>82,065</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers		193,988	82,065
Other Salaries for Instruction		142,687	
Purchased Professional and Technical Services	69,030		
Other Purchased Services			
General Supplies		2,815	
Textbooks			
Other Objects			
Total Instruction	<u>69,030</u>	<u>339,490</u>	<u>82,065</u>
Support Services:			
Personal Services - Salaries			
Salaries of Supervisors of Instruction		10,240	
Salaries of Program Directors		22,762	
Salaries of Other Professional Staff			
Salaries of Secretaries and Clerical Assistants		48,693	
Personal Services—Employee Benefits			
Purchased Professional Educational Services		5,296	
Rentals			
Other Purchased Services			
Supplies and Materials		955	
Total Support Services		<u>87,946</u>	
Facilities Acquisition and Construction Services:			
Instructional Equipment			
Construction Services		27,145	
Total Facilities Acquisition and Construction Services		<u>27,145</u>	
Total Expenditures	<u>\$ 69,030</u>	<u>\$ 454,581</u>	<u>\$ 82,065</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Nonpublic Auxiliary Services		
	Home Instruction	ESL	Transportation Aid
REVENUE:			
Local Sources			
State Sources	\$ 5,706	\$ 1,726	\$ 23,752
Federal Sources			
Total Revenue	<u>5,706</u>	<u>1,726</u>	<u>23,752</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	5,706	1,726	
Other Salaries for Instruction			
Purchased Professional and Technical Services			
Other Purchased Services			23,752
General Supplies			
Textbooks			
Other Objects			
Total Instruction	<u>5,706</u>	<u>1,726</u>	<u>23,752</u>
Support Services:			
Personal Services - Salaries			
Salaries of Supervisors of Instruction			
Salaries of Program Directors			
Salaries of Other Professional Staff			
Salaries of Secretaries and Clerical Assistants			
Personal Services—Employee Benefits			
Purchased Professional Educational Services			
Rentals			
Other Purchased Services			
Supplies and Materials			
Total Support Services			
Facilities Acquisition and Construction Services:			
Instructional Equipment			
Construction Services			
Total Facilities Acquisition and Construction Services			
Total Expenditures	<u>\$ 5,706</u>	<u>\$ 1,726</u>	<u>\$ 23,752</u>

SOMERVILLE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Local Grants</u>	<u>Somerville Hall of Fame</u>	<u>Totals</u>
REVENUE:			
Local Sources	\$ 32,193	\$ 412,800	\$ 444,993
State Sources			908,446
Federal Sources			1,065,714
Total Revenue	<u>32,193</u>	<u>412,800</u>	<u>2,419,153</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	8,750		754,677
Other Salaries for Instruction			142,687
Purchased Professional and Technical Services			69,030
Other Purchased Services			441,673
General Supplies	9,476		119,784
Textbooks			24,195
Other Objects	4,617		4,617
Total Instruction	<u>22,843</u>		<u>1,556,663</u>
Support Services:			
Personal Services - Salaries			84,473
Salaries of Supervisors of Instruction			10,240
Salaries of Program Directors			36,256
Salaries of Other Professional Staff			8,957
Salaries of Secretaries and Clerical Assistants			48,693
Personal Services—Employee Benefits			74,488
Purchased Professional Educational Services			116,795
Rentals			23,625
Other Purchased Services			8,713
Supplies and Materials	2,250		3,205
Total Support Services	<u>2,250</u>		<u>415,445</u>
Facilities Acquisition and Construction Services:			
Instructional Equipment	7,100		7,100
Construction Services		412,800	439,945
Total Facilities Acquisition and Construction Services	<u>7,100</u>	<u>412,800</u>	<u>447,045</u>
Total Expenditures	<u>\$ 32,193</u>	<u>\$ 412,800</u>	<u>\$ 2,419,153</u>

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, 2016

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 203,854	\$ 193,988	\$ 9,866
Other Salaries for Instruction	143,045	142,687	358
General Supplies	10,001	2,815	7,186
Other Objects	1,000		1,000
Total Instruction	<u>357,900</u>	<u>339,490</u>	<u>18,410</u>
Support Services:			
Salaries of Program Directors	10,240	10,240	
Salaries of Supervisors of Instruction	22,762	22,762	
Salaries of Other Professional Staff	9,714		9,714
Salaries of Secretaries and Clerical Assistants	52,446	48,693	3,753
Other Salaries	14,934		14,934
Personal Services—Employee Benefits	131,784		131,784
Purchased Professional Educational Services	20,000	5,296	14,704
Cleaning, Repair, and Maintenance Services	10,000		10,000
Rentals	3,000		3,000
Other Purchased Services	2,000		2,000
Supplies and Materials	1,501		1,501
Other Objects	1,000	955	45
Total Support Services	<u>279,381</u>	<u>87,946</u>	<u>191,435</u>
Equipment:			
Non-Instructional Equipment	100,272	27,145	73,127
Total Equipment	<u>100,272</u>	<u>27,145</u>	<u>73,127</u>
Total Expenditures	<u>\$ 737,553</u>	<u>\$ 454,581</u>	<u>\$ 282,972</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2015-2016 Preschool Education Aid Allocation	\$ 651,768
Add: Actual PEA Carryover (June 30, 2015)	<u>119,369</u>
Total Preschool Education Aid Funds Available for 2015-2016 Budget	771,137
Less: 2015-2016 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(737,553)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2016	33,584
Add: June 30, 2016 Unexpended Preschool Education Aid	282,972
2015-2016 Carryover - Preschool Education Aid	<u>\$ 316,556</u>
2015-2016 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2016-2017	<u>\$ 316,556</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, 2016

Revenue and Other Financing Sources:	
State Sources - SDA Grants	\$ (45,864)
Transfer from Capital Reserve	147,880
Transfer from Capital Outlay	456,136
Interest Earned	4,354
Total Revenue and Other Financing Sources	<u>562,506</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	195,815
Construction Services	509,872
Operating Transfer Out - Capital Reserve	143,337
Operating Transfers Out - Capital Outlay	253,415
Operating Transfers Out - Debt Service Fund	278,658
Total Expenditures and Other Financing Uses	<u>1,381,097</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under)	
Expenditures and Other Financing Uses	(818,591)
Fund Balance - Beginning Balance	<u>3,406,421</u>
Fund Balance - Ending Balance	<u><u>\$ 2,587,830</u></u>
Reconciliation of Revenue from Budgetary Basis to GAAP Basis:	
SDA Grants Revenue (Budgetary Basis)	\$ (45,864)
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>70,918</u>
SDA Grants Revenue (GAAP Basis)	<u><u>\$ 25,054</u></u>
<u>Recapitulation:</u>	
Committed Fund Balance:	
Year-End Encumbrances	\$ 90,401
Committed Fund Balance - Other Purposes	2,497,429
Total Committed Fund Balance	<u>2,587,830</u>
Reconciliation to Governmental Funds Statements (GAAP):	
SDA Grant Receivable not Recognized on GAAP Basis	<u>(955,635)</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 1,632,195</u></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, 2016

	<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 and Other Financing Sources	<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	\$ 274,304	667,020	392,716
Total Expenditures Other Financing Uses	<u>24,535,243</u>	<u>274,304</u>	<u>24,809,547</u>	<u>24,809,547</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>\$ 274,304</u>	<u>\$ (274,304)</u>	<u>\$ -0-</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	<u>\$ (140,286)</u>			
Revised Authorized Cost	<u>\$ 24,809,547</u>			
Percentage Decrease over Original Authorized Cost	-0.56%			
Percentage Completion	100.00%			
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, 2016

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Outlay	\$ 2,200,000	\$ (13,415)	\$ 2,186,585	\$ 2,186,585
Total Revenues and Other Financing Sources	<u>2,200,000</u>	<u>(13,415)</u>	<u>2,186,585</u>	<u>2,186,585</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	238,951		238,951	238,951
Construction Services	1,928,082	2,184	1,930,266	1,947,634
Total Expenditures Other Financing Uses	<u>2,167,033</u>	<u>2,184</u>	<u>2,169,217</u>	<u>2,186,585</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>\$ 32,967</u>	<u>\$ (15,599)</u>	<u>\$ 17,368</u>	<u>\$ -0-</u>

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
Cancelled to Capital Outlay	<u>\$ (13,415)</u>
Revised Authorized Cost:	<u>\$ 2,186,585</u>
Percentage Decrease over Original Authorized Cost	-0.61%
Percentage Completion:	99.21%
Original Target Completion Date:	January 2014
Revised Target Completion Date:	October 2016

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, 2016

	Prior Periods	Current Year	Total	Revised Authorized Cost
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 and Other Financing Sources	<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	\$ 33	729,149	953,243
Total Expenditures Other Financing Uses	<u>794,216</u>	<u>33</u>	<u>794,249</u>	<u>1,031,454</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>\$ 237,238</u>	<u>\$ (33)</u>	<u>\$ 237,205</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 2016

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, 2016

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 102,412		\$ 102,412	\$ 102,412
Transfer from Capital Reserve	306,000	\$ (64,468)	241,532	241,532
Total Revenues and Other Financing Sources	<u>408,412</u>	<u>(64,468)</u>	<u>343,944</u>	<u>343,944</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	36,721		36,721	36,721
Construction Services	307,223		307,223	307,223
Total Expenditures Other Financing Uses	<u>343,944</u>		<u>343,944</u>	<u>343,944</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>\$ 64,468</u>	<u>\$ (64,468)</u>	<u>\$ -0-</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 - Capital Reserve	\$ 177,412
Cancelled to Capital Reserve	<u>\$ (64,468)</u>
Revised Authorized Cost:	<u>\$ 343,944</u>
Percentage Increase over Original Authorized Cost:	32.84%
Percentage Completion:	100.00%
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, 2016

	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	\$ (10,928)	189,333	189,333
Total Revenues and Other Financing Sources	339,847	(10,928)	328,919	328,919
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	28,195		28,195	28,195
Construction Services	300,724		300,724	300,724
Total Expenditures Other Financing Uses	328,919		328,919	328,919
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ 10,928	\$ (10,928)	\$ -0-	\$ -0-

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 - Capital Reserve	\$ 25,000
Cancelled to Capital Reserve	\$ (10,928)
Revised Authorized Cost:	\$ 328,919
Percentage Increase over Original Authorized Cost:	4.28%
Percentage Completion:	100.00%
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, 2016

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 166,548		\$ 166,548	\$ 166,548
Transfer from Capital Reserve	235,772	\$ (26,958)	208,814	208,814
Total Revenues and Other Financing Sources	<u>402,320</u>	<u>(26,958)</u>	<u>375,362</u>	<u>375,362</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	38,362		38,362	38,362
Construction Services	337,000		337,000	337,000
Total Expenditures Other Financing Uses	<u>375,362</u>		<u>375,362</u>	<u>375,362</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>\$ 26,958</u>	<u>\$ (26,958)</u>	<u>\$ -0-</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
Cancelled SDA Grant	\$ (21,230)
Cancelled to Capital Reserve	<u>\$ (26,958)</u>
Revised Authorized Cost:	<u>\$ 375,362</u>
Percentage Decrease over Original Authorized Cost	-11.38%
Percentage Completion:	100.00%
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, 2016

	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 and Other Financing Sources	<u>987,500</u>		<u>987,500</u>	<u>987,500</u>
Expenditures and Other Financing Uses:				
Construction Services				987,500
Total Expenditures Other Financing Uses				<u>987,500</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) 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 2015
Revised Target Completion Date:	June 2017

Exhibit F-1h

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VAN DERVEER ELEMENTARY SCHOOL WATER LINE REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 34,315	\$ (11,023)	\$ 23,292	\$ 29,662
Transfer from Capital Reserve	40,685	(12,388)	28,297	21,927
Total Revenues and Other Financing Sources	<u>75,000</u>	<u>(23,411)</u>	<u>51,589</u>	<u>51,589</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	5,786		5,786	5,786
Construction Services	45,005	798	45,803	45,803
Total Expenditures Other Financing Uses	<u>50,791</u>	<u>798</u>	<u>51,589</u>	<u>51,589</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>\$ 24,209</u>	<u>\$ (24,209)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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
Cancelled SDA Grant	\$ (11,023)
Cancelled to Capital Reserve	\$ (12,388)
Revised Authorized Cost:	<u>\$ 51,589</u>
Percentage Decrease over Original Authorized Cost	-31.21%
Percentage Completion:	100.00%
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, 2016

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 72,700	\$ (15,973)	\$ 56,727	\$ 56,727
Total Revenues and Other Financing Sources	<u>72,700</u>	<u>(15,973)</u>	<u>56,727</u>	<u>56,727</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	7,945	\$ (200)	7,745	7,945
Construction Services	47,300		47,300	48,782
Total Expenditures Other Financing Uses	<u>55,245</u>	<u>(200)</u>	<u>55,045</u>	<u>56,727</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>\$ 17,455</u>	<u>\$ (15,773)</u>	<u>\$ 1,682</u>	<u>\$ -0-</u>

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
Cancelled to Capital Reserve	\$ (15,973)
Revised Authorized Cost:	<u>\$ 56,727</u>
Percentage Decrease over Original Authorized Cost	-21.97%
Percentage Completion:	97.03%
Original Target Completion Date:	October 2016

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, 2016

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 183,014	\$ (34,841)	\$ 148,173	\$ 148,173
Transfer from Capital Outlay	150,000		150,000	150,000
Transfer from Capital Reserve	66,986	(12,622)	54,364	54,364
Total Revenues and Other Financing Sources	<u>400,000</u>	<u>(47,463)</u>	<u>352,537</u>	<u>352,537</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	34,567		34,567	34,567
Construction Services	316,313	1,657	317,970	317,970
Total Expenditures Other Financing Uses	<u>350,880</u>	<u>1,657</u>	<u>352,537</u>	<u>352,537</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>\$ 49,120</u>	<u>\$ (49,120)</u>	<u>\$ -0-</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:	\$ 400,000
Cancelled SDA Grant	\$ (34,841)
Cancelled to Capital Reserve	\$ (12,622)
Revised Authorized Cost:	<u>\$ 352,537</u>
Percentage Decrease over Original Authorized Cost	-11.87%
Percentage Completion:	100.00%
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, 2016

	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	\$ 7,961	58,168	58,168
Total Revenues and Other Financing Sources	<u>92,554</u>	<u>7,961</u>	<u>100,515</u>	<u>100,515</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services		42,940	42,940	42,940
Construction Services		46,710	46,710	57,575
Total Expenditures Other Financing Uses		<u>89,650</u>	<u>89,650</u>	<u>100,515</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>\$ 92,554</u>	<u>\$ (81,689)</u>	<u>\$ 10,865</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:	\$ 92,554
Additional Authorized Cost - Capital Reserve	\$ 7,961
Revised Authorized Cost:	<u>\$ 100,515</u>
Percentage Increase over Original Authorized Cost:	8.60%
Percentage Completion:	89.19%
Original Target Completion Date:	June 2015
Revised Target Completion Date:	June 2017

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, 2016

	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	\$ 37,809	79,173	79,173
Total Revenues and Other Financing Sources	76,252	37,809	114,061	114,061
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services		48,482	48,482	37,809
Construction Services		55,081	55,081	76,252
Total Expenditures Other Financing Uses		103,563	103,563	114,061
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ 76,252	\$ (65,754)	\$ 10,498	\$ -0-

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:	\$ 76,252
Additional Authorized Cost - Capital Reserve	\$ 37,809
Revised Authorized Cost:	\$ 114,061
Percentage Increase over Original Authorized Cost:	49.58%
Percentage Completion:	90.80%
Original Target Completion Date:	June 2016
Revised Target Completion Date:	June 2017

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, 2016

	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	\$ 102,110	189,772	189,772
Total Revenues and Other Financing Sources	<u>161,599</u>	<u>102,110</u>	<u>263,709</u>	<u>263,709</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services		96,688	96,688	96,688
Construction Services		145,039	145,039	167,021
Total Expenditures Other Financing Uses		<u>241,727</u>	<u>241,727</u>	<u>263,709</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>\$ 161,599</u>	<u>\$ (139,617)</u>	<u>\$ 21,982</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:	\$ 161,599
Additional Authorized Cost - Capital Reserve	\$ 102,110
Revised Authorized Cost:	<u>\$ 263,709</u>
Percentage Increase over Original Authorized Cost:	63.19%
Percentage Completion:	91.66%
Original Target Completion Date:	June 2016
Revised Target Completion Date:	June 2017

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, 2016

	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	420,726		420,726	420,726
Total Revenues and Other Financing Sources	<u>793,000</u>		<u>793,000</u>	<u>793,000</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	68,337	\$ 7,905	76,242	91,250
Construction Services	384,544	258,370	642,914	701,750
Total Expenditures Other Financing Uses	<u>452,881</u>	<u>266,275</u>	<u>719,156</u>	<u>793,000</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>\$ 340,119</u>	<u>\$ (266,275)</u>	<u>\$ 73,844</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:	90.69%
Original Target Completion Date:	December 2015
Revised Target Completion Date:	December 2016

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, 2016

	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 and Other Financing Sources	<u>770,750</u>		<u>770,750</u>	<u>770,750</u>
Expenditures and Other Financing Uses:				
Construction Services				770,750
Total Expenditures Other Financing Uses				<u>770,750</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>\$ 770,750</u>	<u>\$ -0-</u>	<u>\$ 770,750</u>	<u>\$ -0-</u>

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:	<u>\$ 770,750</u>
Revised Authorized Cost:	<u>\$ 770,750</u>
Percentage Increase over Original Authorized Cost:	0.00%
Percentage Completion:	0.00%
Original Target Completion Date:	June 2016
Revised 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, 2016

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Outlay	\$ 240,000	\$ (240,000)		
Total Revenues and Other Financing Sources	240,000	(240,000)		
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services				
Total Expenditures Other Financing Uses				
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ 240,000	\$ (240,000)	\$ -0-	\$ -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
Cancelled to Capital Outlay	\$ (240,000)
Revised Authorized Cost:	<u>\$ -0-</u>
Percentage Decrease over Original Authorized Cost:	100.00%
Percentage Completion:	0.00%
Original Target Completion Date:	June 2016

Exhibit F-1q

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VAN DERVEER ELEMENTARY SCHOOL BATHROOMS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Outlay		\$ 172,000	\$ 172,000	\$ 172,000
Total Revenues and Other Financing Sources		172,000	172,000	172,000
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services				14,000
Construction Services				158,000
Total Expenditures Other Financing Uses				172,000
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ -0-	\$ 172,000	\$ 172,000	\$ -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:	\$ 172,000
Revised Authorized Cost:	\$ 172,000
Percentage Increase over Original Authorized Cost:	0.00%
Percentage Completion:	0.00%
Original Target Completion Date:	June 2016
Revised Target Completion Date:	June 2017

Exhibit F-1r

SOMERVILLE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VAN DERVEER ELEMENTARY SCHOOL FIRE ALARM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Transfer from Capital Outlay		\$ 105,000	\$ 105,000	\$ 105,000
Total Revenues and Other Financing Sources		105,000	105,000	105,000
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services				10,000
Construction Services				95,000
Total Expenditures Other Financing Uses				105,000
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ -0-	\$ 105,000	\$ 105,000	\$ -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:	<u>\$ 105,000</u>
Revised Authorized Cost:	<u>\$ 105,000</u>
Percentage Increase over Original Authorized Cost:	0.00%
Percentage Completion:	0.00%
Original Target Completion Date:	June 2016
Revised 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 SCHOOL PRE-SCHOOL ADDITION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Outlay		\$ 179,136	\$ 179,136	\$ 179,136
Total Revenues and Other Financing Sources		179,136	179,136	179,136
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services				8,386
Construction Services				168,750
Equipment Purchases				2,000
Total Expenditures Other Financing Uses				179,136
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ -0-	\$ 179,136	\$ 179,136	\$ -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:	\$ 179,136
Revised Authorized Cost:	\$ 179,136
Percentage Increase over Original Authorized Cost:	0.00%
Percentage Completion:	0.00%
Original Target Completion Date:	June 2016
Revised Target Completion Date:	June 2017

PROPRIETARY FUNDS

Exhibit G-1

SOMERVILLE BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS:

Current Assets:	
Cash and Cash Equivalents	\$ 201,853
Accounts Receivable:	
Federal Government	24,980
State Government	572
Inventories	4,128
	<hr/>
Total Current Assets	231,533
	<hr/>
Non-Current Assets:	
Capital Assets	283,646
Less: Accumulated Depreciation	(177,130)
	<hr/>
Total Non-Current Assets	106,516
	<hr/>
Total Assets	338,049
	<hr/>
LIABILITIES:	
Accounts Payable - Vendors	11,917
Unearned Revenue	1,772
Unearned Revenue - Prepaid Sales	8,377
	<hr/>
Total Liabilities	22,066
	<hr/>
NET POSITION:	
Investment in Capital Assets	106,516
Unrestricted	209,467
	<hr/>
Total Net Position	\$ 315,983
	<hr/> <hr/>

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, 2016

Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 259,671
Daily Sales - Non-Reimbursable Programs	106,063
	<hr/>
Total Operating Revenue	365,734
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	245,476
Cost of Sales - Non Reimbursable Programs	101,984
Management Fee	13,707
Salaries, Benefits & Payroll Taxes	245,148
Other	43,182
Depreciation Expense	13,536
	<hr/>
Total Operating Expenses	663,033
	<hr/>
Operating Loss	(297,299)
	<hr/>
Non-Operating Revenue:	
Federal Sources:	
School Breakfast Program	19,657
National School Lunch Program	270,628
Food Distribution Program	48,020
State Sources:	
School Lunch Program	6,899
	<hr/>
Total Non-Operating Revenue	345,204
	<hr/>
Change in Net Position	47,905
	<hr/>
Net Position - Beginning of Year	268,078
	<hr/>
Net Position - End of Year	\$ 315,983
	<hr/> <hr/>

Exhibit G-3

SOMERVILLE BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 365,734
Payments to Employees	(245,148)
Payments to Suppliers	(332,146)
	<hr/>
Net Cash Used for Operating Activities	(211,560)
	<hr/>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Equipment	(12,456)
	<hr/>
Net Cash Used for Capital and Related Financing Activities	(12,456)
	<hr/>
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal and State Reimbursements	322,844
	<hr/>
Net Cash Provided by Noncapital Financing Activities	322,844
	<hr/>
Net Increase in Cash and Cash Equivalents	98,828
Cash and Cash Equivalents, July 1	103,025
	<hr/>
Cash and Cash Equivalents, June 30	\$ 201,853
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (297,299)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	13,536
Federal Food Distribution Program	48,020
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	2,363
Increase/(Decrease) in Accounts Payable	11,917
Increase/(Decrease) in Unearned Revenue	9,903
	<hr/>
Net Cash Used for Operating Activities	\$ (211,560)
	<hr/> <hr/>

Non-Cash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$49,546 and used \$48,020 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, 2016

	<u>Trust</u>	<u>Agency</u>		
	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS:				
Cash and Cash Equivalents	\$ 272,653	\$ 249,605	\$ 33,322	\$ 282,927
Interfund Receivable	32,455			
Total Assets	<u>305,108</u>	<u>249,605</u>	<u>33,322</u>	<u>282,927</u>
LIABILITIES:				
Payroll Deductions and Withholdings			867	867
Interfund Payable			32,455	32,455
Due to Student Groups		249,605		249,605
Total Liabilities		<u>249,605</u>	<u>33,322</u>	<u>282,927</u>
NET POSITION:				
Held in Trust for Unemployment Claims	<u>305,108</u>			
Total Net Position	<u>\$ 305,108</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, 2016

	<u>Unemployment Compensation Trust</u>
Additions:	
Contributions:	
Employee State Unemployment Insurance Deductions	<u>\$ 27,483</u>
Total Contributions	<u>27,483</u>
Investment Earnings:	
Interest	<u>612</u>
Net Investment Earnings	<u>612</u>
Total Additions	<u>28,095</u>
Deductions:	
State of New Jersey Unemployment Agency Payments	<u>54,445</u>
Total Deductions	<u>54,445</u>
Change in Net Position	(26,350)
Net Position—Beginning of the Year	<u>331,458</u>
Net Position—End of the Year	<u>\$ 305,108</u>

Exhibit H-3

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

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 251,590	\$ 451,066	\$ 453,051	\$ 249,605
Total Assets	<u>\$ 251,590</u>	<u>\$ 451,066</u>	<u>\$ 453,051</u>	<u>\$ 249,605</u>
LIABILITIES:				
Due to Student Groups	\$ 251,590	\$ 451,066	\$ 453,051	\$ 249,605
Total Liabilities	<u>\$ 251,590</u>	<u>\$ 451,066</u>	<u>\$ 453,051</u>	<u>\$ 249,605</u>

Exhibit H-4

SOMERVILLE BOROUGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
Van Derveer Elementary School	\$ 45,460	\$ 39,810	\$ 25,910	\$ 59,360
Somerville Middle School	49,282	60,134	66,094	43,322
Somerville High School	<u>156,848</u>	<u>351,122</u>	<u>361,047</u>	<u>146,923</u>
Total All Schools	<u>\$ 251,590</u>	<u>\$ 451,066</u>	<u>\$ 453,051</u>	<u>\$ 249,605</u>

Exhibit H-5

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

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 171,921	\$ 12,735,245	\$ 12,873,844	\$ 33,322
Total Assets	<u>\$ 171,921</u>	<u>\$ 12,735,245</u>	<u>\$ 12,873,844</u>	<u>\$ 33,322</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 27,212	\$ 12,707,762	\$ 12,734,107	\$ 867
Interfund Payable	144,709	27,483	139,737	32,455
Total Liabilities	<u>\$ 171,921</u>	<u>\$ 12,735,245</u>	<u>\$ 12,873,844</u>	<u>\$ 33,322</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance June 30, 2015	Issued	Retired or Matured	Defeased Debt	Balance June 30, 2016	
			Outstanding June 30, 2015								
			Date	Amount							
Pension Refunding	7/13/2003	\$ 2,705,000	07/15/16	\$ 255,000	6.00%	\$ 770,000		\$ 240,000		\$ 530,000	
			07/15/17	275,000	6.00%						
School Refunding Bonds	3/2/2006	13,710,000	07/15/16	560,000	4.000%	11,010,000		535,000	\$ 9,915,000	560,000	
School Refunding Bonds	4/30/2013	9,240,000	02/15/17	765,000	3.000%	9,125,000		745,000			8,380,000
			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%						
			School Refunding Bonds	4/15/2016	9,265,000						
07/15/17	545,000	3.000%									
07/15/18	565,000	4.000%									
07/15/19	595,000	4.000%									
07/16/20	615,000	4.000%									
07/17/21	640,000	4.000%									
07/18/22	665,000	4.000%									
07/19/23	690,000	4.000%									
07/20/24	725,000	4.000%									
07/21/25	755,000	4.000%									
07/22/26	785,000	4.000%									
07/23/27	810,000	3.000%									
07/24/28	830,000	3.000%									
07/25/29	860,000	3.000%									
						\$ 9,265,000			9,265,000		
						\$ 20,905,000	\$ 9,265,000	\$ 1,520,000	\$ 9,915,000	\$ 18,735,000	

SOMERVILLE BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOT APPLICABLE

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<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	\$ 1,342,800		\$ 1,342,800	\$ 1,342,800	
State Sources:					
Debt Service Aid Type II	236,836		236,836	236,836	
Total Revenues	<u>1,579,636</u>		<u>1,579,636</u>	<u>1,579,636</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest on Early Retirement Bonds	39,000		39,000	39,000	
Interest on Bonds	770,134		770,134	770,134	
Redemption of Principal	1,280,000		1,280,000	1,280,000	
Redemption of Principal - ERIP	240,000		240,000	240,000	
Total Regular Debt Service	<u>2,329,134</u>		<u>2,329,134</u>	<u>2,329,134</u>	
Total Expenditures	<u>2,329,134</u>		<u>2,329,134</u>	<u>2,329,134</u>	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(749,498)</u>		<u>(749,498)</u>	<u>(749,498)</u>	

SOMERVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Financing Sources/(Uses)					
Long Term Debt Issued				\$ 9,265,000	\$ 9,265,000
Serial Bonds Defeased				(9,915,000)	(9,915,000)
Bond Premium				968,341	968,341
Bond Issuance Costs				(103,610)	(103,610)
Deferred Amount on Refunding				(206,611)	(206,611)
Operating Transfers In - General Fund - Capital Reserve	\$ 474,912		\$ 474,912	474,912	
Operating Transfers In - Capital Projects Fund	274,304		274,304	278,658	4,354
	<u>749,216</u>		<u>749,216</u>	<u>761,690</u>	<u>12,474</u>
Total Other Financing Sources/(Uses)					
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	(282)		(282)	12,192	12,474
Fund Balance, July 1	468		468	468	
Fund Balance, June 30	<u>\$ 186</u>	<u>\$ -0-</u>	<u>\$ 186</u>	<u>\$ 12,660</u>	<u>\$ 12,474</u>
<u>Recapitulation:</u>					
Restricted Fund Balance				<u>\$ 12,660</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>
<p>Financial Trends</p> <p>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</p>	J-1 thru J-5
<p>Revenue Capacity</p> <p>These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.</p>	J-6 thru J-9
<p>Debt Capacity</p> <p>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.</p>	J-10 thru J-13
<p>Demographic and Economic Information</p> <p>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.</p>	J-14 thru J-15
<p>Operating Information</p> <p>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.</p>	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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities:										
Net Investment in Capital Assets	\$ 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	\$ 30,303,213
Restricted	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	5,746,020
Unrestricted/(Deficit)	<u>(3,223,761)</u>	<u>(3,029,490)</u>	<u>(3,374,507)</u>	<u>(2,794,727)</u>	<u>(154,516)</u>	<u>(145,481)</u>	<u>321,331</u>	<u>(6,495,713)</u>	<u>(7,722,300)</u>	<u>(10,131,781)</u>
Total Governmental Activities Net Position	<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>	<u>\$ 25,917,452</u>
Business-Type Activities:										
Investment in Capital Assets	\$ 18,964	\$ 20,906	\$ 131,820	\$ 119,580	\$ 106,583	\$ 120,158	\$ 106,443	\$ 120,756	\$ 107,596	\$ 106,516
Unrestricted	64,147	84,471	93,842	80,864	97,872	99,291	133,556	106,816	160,482	209,467
Total Business-Type Activities Net Position	<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>	<u>\$ 315,983</u>
District-Wide:										
Net Investment in Capital Assets	\$ 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	\$ 30,409,729
Restricted	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	5,746,020
Unrestricted/(Deficit)	<u>(3,159,614)</u>	<u>(2,945,019)</u>	<u>(3,280,665)</u>	<u>(2,713,863)</u>	<u>(56,644)</u>	<u>(46,190)</u>	<u>454,887</u>	<u>(6,388,897)</u>	<u>(7,561,818)</u>	<u>(9,922,314)</u>
Total District Net Position	<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>	<u>\$ 26,233,435</u>

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental Activities:										
Instruction	\$ 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	\$ 31,363,497
Support Services:										
Tuition	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	1,664,099
Student & Instruction Related Services	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	6,010,893
General Administrative Services	1,111,885	1,219,150	1,115,342	1,002,633	677,996	1,034,397	798,512	711,104	806,049	811,495
School Administrative Services	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	3,088,245
Central Services	516,459	553,104	559,273	608,104	539,778	555,433	532,911	557,222	635,172	644,566
Administration Information Technology	331,891	232,324	395,336	311,042	441,476	503,046	538,827	674,007	656,588	580,861
Plant Operations And Maintenance	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	3,219,038
Pupil Transportation	694,968	779,217	906,164	925,207	913,937	899,933	908,718	1,029,868	1,147,465	908,332
Interest On Long-Term Debt	1,447,151	1,276,981	1,247,328	1,302,094	1,067,482	1,093,390	983,201	869,222	850,781	823,623
Unallocated Depreciation	550,459	556,167	582,877	616,168	211,594	616,168	637,815	606,616	611,931	611,931
Capital Outlay				406,837		49,184	78,645	93,839	200,765	93,839
Transfer to Charter School	9,281	10,266	17,345	34,371	31,300	19,054	17,231			
Total Governmental Activities Expenses	<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>	<u>49,820,419</u>
Business-Type Activities:										
Food Service	494,093	535,880	526,946	633,191	619,463	667,946	617,778	643,605	595,302	663,033
Total Business-Type Activities Expense	<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>	<u>663,033</u>
Total District Expenses	<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>	<u>50,483,452</u>

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues:										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 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	\$ 10,941,121
Operating Grants and Contributions	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	12,613,093
Capital Grants and Contributions	776,563	4,583,486	891,578	1,765,590	817,741	471,767	579,558	336,782	146,411	472,099
Total Governmental Activities Program Revenues	<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>	<u>24,026,313</u>
Business-Type Activities:										
Charges for Services:										
Food Service	265,606	297,289	254,596	285,851	304,032	322,611	296,745	279,406	323,756	365,734
Operating Grants and Contributions	254,819	260,857	295,796	322,122	319,442	361,370	341,583	351,772	312,052	345,204
Total Business Type Activities Program Revenues	<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>	<u>710,938</u>
Total District Program Revenues	<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>	<u>24,737,251</u>
Net (Expense)/Revenue:										
Governmental Activities	(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)	(25,794,106)
Business-Type Activities	<u>26,332</u>	<u>22,266</u>	<u>23,446</u>	<u>(25,218)</u>	<u>4,011</u>	<u>16,035</u>	<u>20,550</u>	<u>(12,427)</u>	<u>40,506</u>	<u>47,905</u>
Total District-Wide Net Expense	<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>	<u>(25,746,201)</u>

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 20,882,908
Taxes Levied for Debt Service	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	1,342,800
Unrestricted Grants and Contributions	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	4,806,051
Interest and Miscellaneous Income	1,482,488	726,111	276,586	221,899	148,943	150,985	151,942	340,762	95,689	229,602
Total Governmental Activities	<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>	<u>27,261,361</u>
 Total District-Wide	 <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>	 <u>27,261,361</u>
 Change in Net Position										
Governmental Activities	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	1,467,255
Business-Type Activities	26,332	22,266	23,446	(25,218)	4,011	16,035	20,550	(12,427)	40,506	47,905
Total District	<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>	<u>\$ 1,515,160</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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved/Restricted	\$ 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	\$ 5,733,360
Assigned					1,280,056	1,098,508	461,319	1,217,868	438,870	774,869
Unassigned					380,238	351,136	300,773	292,467	299,674	340,838
Unreserved	<u>908,709</u>	<u>471,569</u>	<u>396,329</u>	<u>480,394</u>						
Total General Fund	<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>	<u>\$ 6,849,067</u>
All Other Governmental Funds/(Deficit)										
Reserved/Restricted	\$ 12,775,729	\$ 3,997,585	\$ 1,715,580	\$ 393,820	\$ 232,574	\$ 96,996	\$ 668,851	\$ 276,278	\$ 274,772	\$ 12,660
Committed					322,401	183,039	739,951	2,366,287	2,105,564	1,632,195
Unassigned					(52,696)	(60,052)	(59,226)	(60,536)	(53,994)	(63,372)
Unreserved, Reported In:										
Special Revenue Fund	(69,394)	(70,816)	(47,124)	(57,282)						
Capital Projects Fund	(1,248,505)	61,336	(1,346,061)	(59,209)						
Debt Service Fund	<u>669,452</u>	<u>552,542</u>	<u>106,864</u>	<u>12,571</u>						
Total All Other Governmental Funds	<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>	<u>\$ 1,581,483</u>
Total All Government Funds	<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>	<u>\$ 8,430,550</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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Tax Levy	\$ 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	\$ 22,225,708
Tuition Charges	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	10,941,121
Interest Earnings	1,007,774	644,271	3,516	1,237	800	219	394	1,621	822	4,859
Miscellaneous	508,797	142,267	337,037	273,840	217,210	212,940	227,696	366,501	115,140	668,448
State Sources	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	11,010,910
Federal Sources	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	1,132,007
Total Revenue	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	45,983,053
Expenditures										
Regular Instruction	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	19,514,024
Support Services:										
Tuition	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	1,664,099
Student & Instruction Related Services	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	3,634,260
General Administrative Services	769,493	774,822	805,885	833,411	623,696	961,730	699,272	607,077	694,092	692,263
School Administrative Services	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	1,819,473
Central Services	390,827	385,953	415,224	436,656	418,789	421,988	445,612	441,608	501,025	521,575
Administration Information Technology	296,505	197,951	339,437	286,424	373,836	435,508	471,474	599,667	582,688	485,923
Plant Operations And Maintenance	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	2,807,934
Pupil Transportation	597,803	650,863	799,830	819,240	656,880	653,842	643,288	741,853	837,422	825,518
Unallocated Benefits	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	10,211,525
Capital Outlay	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	1,492,402
Debt Service:										
Principal	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	1,520,000
Interest And Other Charges	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	809,134
Transfer to Charter School	9,281	10,266	17,345	34,371	31,300	19,054	17,231			
Total Expenditures	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	45,998,130
Excess/(Deficiency) Of Revenues Over/(Under) Expenditures	(1,896,104)	(6,791,700)	(3,200,580)	(1,330,132)	153,660	31,127	(361,564)	1,560,064	561,354	(15,077)
Other Financing Sources (Uses)										
Bond Proceeds										
Transfers In	716,527	358,088	29,321	765,720	1,541,855	503,795	2,350,000	2,173,012	1,054,436	1,754,338
Transfers Out	(716,527)	(358,088)	(29,321)	(765,720)	(1,541,855)	(503,795)	(2,350,000)	(2,173,012)	(1,054,436)	(1,754,338)
Total Other Financing Sources (Uses)										
Net Change In Fund Balances	\$ (1,896,104)	\$ (6,791,700)	\$ (3,200,580)	\$ (1,330,132)	\$ 153,660	\$ 31,127	\$ (361,564)	\$ 1,560,064	\$ 561,354	\$ (15,077)
Debt Service As A Percentage Of Noncapital Expenditures	6.29%	5.94%	5.96%	6.12%	6.01%	5.85%	5.65%	5.65%	5.40%	5.23%

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
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
2016	17,626	10,941,121	50,900	9,072	147,650	11,166,369

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)
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
2015	26,134,800	719,526,100	313,428,300	18,401,100	80,143,500	1,157,633,800	434,215,500	7,681,438	1,165,315,238	1.91	1,214,671,438

* - 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 Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Somerville	Somerset County	
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
2015	1.792	0.115	1.907	1.015	0.411	3.333

* - 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

2016			2007		
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	3.78%	Brookside at Somerville, LLC	\$ 19,754,803	1.99%
Welltower Inc	13,720,400	1.18%	DeSapio Properties #7 LLC	16,532,091	1.49%
1034/1044/1050 Route #22 LLC	10,988,700	0.94%	JSMat Somerville, LLC	12,917,012	1.30%
Somerville TIC I LLC	10,833,900	0.93%	Route 22, LLC	7,005,300	0.71%
NJ Bell Telephone-C/O Verizon	9,637,212	0.83%	Verizon	6,861,201	0.69%
DeSapio Properties #10 LLC	9,000,000	0.77%	Somerville TLC, LLC	5,860,000	0.59%
Warren Street Partners, LLC	7,605,700	0.65%	Courthouse Square Associates	4,502,898	0.45%
Somerville Town Center UR, LLC	6,825,000	0.59%	Kirby Avenue Realty	3,750,000	0.38%
75 Veterans Memorial Associates	6,465,200	0.55%	Main Associates c/o NY Urban, LLC	3,610,000	0.36%
Individual Taxpayer #1	6,235,000	0.54%	Individual Taxpayer #1	3,251,429	0.29%
	<u>\$ 125,378,812</u>	<u>10.76%</u>		<u>\$ 84,044,734</u>	<u>8.25%</u>

* Revaluation was effective in 2011

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</u> ^a		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
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-
2016	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			
2007	\$ 31,122,000	\$ -	\$ 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	2.20%	1,840
2015	20,905,000	- 0 -	20,905,000	2.05%	1,713
2016	18,735,000	- 0 -	18,735,000	1.83%	1,535

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%	1,713
2016	18,735,000	-0-	18,735,000	1.608%	1,535

* Revaluation was effective in 2011

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, 2015
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	\$ 25,031,190	100.00%	\$ 25,031,190
Somerset County General Obligation Debt	167,277,357	2.18%	3,640,365
Somerset County Improvement Authority Debt	160,795,864	2.18%	<u>3,499,312</u>
Subtotal, Overlapping Debt			32,170,867
Somerville Borough School District Direct Debt			<u>20,905,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 53,075,867</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 2016

Equalized Valuation Basis	Somerville Borough
2013	\$ 1,183,340,209
2014	1,199,324,977
2015	1,187,682,159
	<u>\$ 3,570,347,345</u>
Average Equalized Valuation of Taxable Property	<u>\$ 1,190,115,782</u>
Debt Limit ^a (4% of average equalization value)	\$ 47,604,631
Net Bonded School Debt as of June 30, 2016	<u>18,735,000</u>
Legal Debt Margin	<u>\$ 28,869,631</u>

	<u>Fiscal Year</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>2016</u>
Debt Limit	\$ 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	\$ 47,604,631
Total Net Debt Applicable to Limit	<u>32,202,000</u>	<u>31,122,000</u>	<u>30,087,000</u>	<u>27,842,000</u>	<u>26,627,000</u>	<u>25,352,000</u>	<u>23,870,000</u>	<u>22,360,000</u>	<u>20,905,000</u>	<u>18,735,000</u>
Legal Debt Margin	<u>\$ 7,080,110</u>	<u>\$ 13,123,746</u>	<u>\$ 20,174,176</u>	<u>\$ 27,075,340</u>	<u>\$29,403,656</u>	<u>\$ 28,703,736</u>	<u>\$ 28,221,637</u>	<u>\$ 26,981,903</u>	<u>\$ 27,301,377</u>	<u>\$ 28,869,631</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	81.98%	70.34%	59.86%	50.70%	47.52%	46.90%	45.82%	45.32%	43.37%	39.36%

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
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	1,017,582,843	83,731	5.60%
2015	12,202	1,021,685,662 *	83,731 *	4.90%
2016	12,202 **	1,021,685,662 *	83,731 *	N/A

* - Latest Somerset County per capita personal income available (2014) was used for calculation purposes.

** - Latest population data available (2015) 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

2016			2007		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
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	300	N/A
Borough of Somerville	69	N/A	Borough of Somerville	108	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>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>2016</u>
Instruction										
Regular	163.0	163.0	164.0	164.0	164.0	164.0	163.0	163.0	162.0	163.0
Special Education	51.0	51.0	51.0	51.0	51.0	52.0	62.5	65.5	72.0	78.0
Support Services:										
Student & Instruction Related Services	36.0	37.0	40.0	40.0	40.0	40.0	39.5	43.5	49.5	50.5
School Administrative Services	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.4	18.0	19.0
General and Business Administrative Services	10.0	10.0	10.0	10.0	10.0	10.0	12.5	12.5	12.5	13.5
Plant Operations and Maintenance	25.5	13.0	13.0	13.0	13.0	13.0	13.0	13.0	16.5	17.0
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	5.5	5.5		
Total	<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>	<u>344.0</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 School	Middle School	High School				
2007	2,206	\$ 34,753,628	\$ 15,754.14	-1.50%	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%
2016	2,404	42,176,594	17,544.34	2.68%	204	1:12.0	1:9.2	1:12.8	2,404	2,307	0.75%	95.97%

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>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>2016</u>
<u>District Building</u>										
Van Derveer School										
Square Feet	82,950	86,792	86,792	86,792	86,792	86,792	93,192	97,192	97,192	97,192
Capacity (students)	1,100	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175
Enrollment	724	705	753	839	861	926	945	913	910	885
Somerville Middle School										
Square Feet	96,750	97,350	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	501	501	501	501
Enrollment	358	356	414	319	318	308	333	323	347	357
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	1,045	1,126	1,184	1,166	1,222	1,185	1,195	1,162	1,129	1,162
Central School										
Square Feet	67,400	67,400	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Capacity (students)	950	950	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Enrollment	92	94	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

Number of Schools at June 30, 2016

 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>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>2016</u>
Van Derveer School	N/A	\$ 179,565	\$ 110,572	\$ 96,778	\$ 124,766	\$ 109,455	\$ 99,814	\$ 124,137	\$ 142,144	\$ 156,302	\$ 354,162
Somerville Middle School	N/A	102,943	193,192	136,130	185,372	157,372	161,471	159,443	158,545	174,336	193,668
Somerville High School	N/A	355,247	232,031	270,508	305,897	449,097	326,238	269,703	246,018	270,522	147,580
Central School	N/A	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total School Facilities		<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>	<u>\$ 695,410</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, 2016
UNAUDITED

	Coverage	Deductible
<u>Commercial Package Policy - New Jersey School Insurance Group:</u>		
Property - Blanket Buildings and Contents **	\$ 91,680,327	\$ 5,000
Boiler and Machinery	Included	5,000
Crisis Response	1,000,000	
Includes coverage such as:		
Extra Expense	50,000,000	5,000
Valuable Papers	10,150,000	5,000
Electronic Data Processing	1,000,000	1,000
Computer Fraud	100,000	1,000
Forgery and Alteration	100,000	1,000
Money and Securities	100,000	1,000
General Liability	16,000,000	Each Occurrence
Employee Benefits Program Liability	16,000,000	Each Employee
		1,000
Sexual Abuse/Molestation	15,000,000	Annual Aggregate
Automobile Liability	16,000,000	CSL
Comprehensive		1,000
Collision		1,000
School Leaders Errors and Omissions		
Claims Made	16,000,000	10,000
Surety Bond - Selective Insurance Company		
Business Administrator	500,000	

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

Source: Somerville Board of Education

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

Source: Somerville Board of Education

SINGLE AUDIT SECTION



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

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
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, 2016, 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 4, 2016.

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

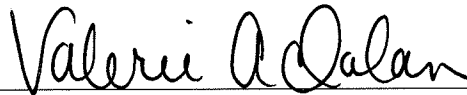
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 4, 2016
Mount Arlington, New Jersey

NISIVOCCIA LLP



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



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Report on Compliance For Each Major Federal and State Program;
Report on Internal Control Over Compliance

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 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, 2016. 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, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 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, 2016.

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 the Uniform Guidance and NJOMB 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.

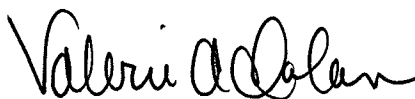
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

November 4, 2016
Mount Arlington, New Jersey

NISIVOCCIA 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, 2016

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, 2015			Balance June 30, 2016			Amounts Provided to Subrecipients
					Budgetary	Budgetary	Cash	Budgetary	Budgetary	Due to Grantor	
					Accounts Receivable	Unearned Revenue		Accounts Receivable	Unearned Revenue		
General Fund:											
U.S. Department of Health and Human Services											
Passed-Through State Department of Human Services:											
Medicaid Assistance Program	93.778	N/A	7/1/15-6/30/16	\$ 78,120			\$ 48,611	\$ (78,120)	\$ 29,509		
Medicaid Assistance Program	93.778	N/A	7/1/14-6/30/15	52,023	\$ 25,429		25,429				
Total U.S. Department of Health and Human Services					25,429		74,040	(78,120)	29,509		
Total General Fund					25,429		74,040	(78,120)	29,509		
Special Revenue Fund:											
U.S. Department of Education											
Passed-through State Department of Education:											
NCLB Consolidated:											
Title I	84.010A	NCLB4820-16	7/1/15-6/30/16	452,314			261,159	(409,057)	147,898		
Title I	84.010A	NCLB4820-15	7/1/14-6/30/15	429,100	118,351		118,351				
Title II - Part A	84.367A	NCLB4820-16	7/1/15-6/30/16	95,636			50,673	(83,678)	33,005		
Title II - Part A	84.367A	NCLB4820-15	7/1/14-6/30/15	96,270	30,154		30,154				
Title III	84.365A	NCLB4820-16	7/1/15-6/30/16	19,050			12,456	(13,027)	571		
Title III	84.365A	NCLB4820-15	7/1/14-6/30/15	33,863	12,978		12,978				
Title III Immigrant	84.365A	NCLB4820-16	7/1/15-6/30/16	19,317				(2,310)	2,310		
Special Education Cluster:											
I.D.E.A. Part B - Basic	84.027	IDEA4820-16	7/1/15-6/30/16	988,760			471,315	(538,956)	67,641		
I.D.E.A. Part B - Basic	84.027	IDEA4820-15	7/1/14-6/30/15	881,842	194,985		194,985				
I.D.E.A. Part B - Preschool	84.173	IDEA4820-16	7/1/15-6/30/16	34,570			7,061	(18,686)	11,625		
I.D.E.A. Part B - Preschool	84.173	IDEA4820-15	7/1/14-6/30/15	33,063	2,155		2,155				
Total Special Education Cluster					197,140		675,516	(557,642)	79,266		
Total Special Revenue Fund and U.S. Department of Education					358,623		1,161,287	(1,065,714)	263,050		
Enterprise Fund:											
U.S. Department of Agriculture Passed-through State Department of Agriculture:											
Child Nutrition Cluster:											
Food Distribution Program	10.555	N/A	7/1/15-6/30/16	\$ 49,545			\$ 49,545	\$ (47,773)	\$ 1,772		
Food Distribution Program	10.555	N/A	7/1/14-6/30/15	26,689		\$ 247		(247)			
School Breakfast Program	10.553	N/A	7/1/15-6/30/16	19,657			17,811	(19,657)	\$ 1,846		
School Breakfast Program	10.553	N/A	7/1/14-6/30/15	25,099	\$ 4,594		4,594				
National School Lunch Program	10.555	N/A	7/1/15-6/30/16	270,628			247,494	(270,628)	23,134		
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	253,873	45,437		45,437				
Child Nutrition Cluster Subtotal					50,031	247	364,881	(338,305)	24,980	1,772	
Total Enterprise Fund and U.S. Department of Agriculture					50,031	247	364,881	(338,305)	24,980	1,772	
Total Federal Financial Awards					\$ 434,083	\$ 247	\$ 1,600,208	\$ (1,482,139)	\$ 317,539	\$ 1,772	\$ -0-

N/A - Not Available/Applicable

SOMERVILLE BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015				Balance at June 30, 2016				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
New Jersey Department of Education														
General Fund:														
Homeless State Tuition	Not Available	7/1/14 - 6/30/15	\$ 20,408	\$ 1,854				\$ 1,854						\$ 20,408
Equalization Aid	15-495-034-5120-078	7/1/14 - 6/30/15	4,204,707	411,660				411,660						4,204,707
Special Education Aid	15-495-034-5120-089	7/1/14 - 6/30/15	1,009,108	98,796				98,796						1,009,108
Security Aid	15-495-034-5120-084	7/1/14 - 6/30/15	87,461	8,563				8,563						87,461
Under Adequacy Aid	15-495-034-5120-096	7/1/14 - 6/30/15	15,501	1,518				1,518						15,501
Transportation Aid	15-495-034-5120-014	7/1/14 - 6/30/15	33,400	3,270				3,270						33,400
PARCC Readiness Aid	15-495-034-5120-098	7/1/14 - 6/30/15	16,430	1,609				1,609						16,430
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14 - 6/30/15	16,430	1,609				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
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14 - 6/30/15	1,301,419	90,623				90,623						1,301,419
Equalization Aid	16-495-034-5120-078	7/1/15 - 6/30/16	4,204,707					3,795,882	\$ (4,204,707)				\$ 408,825	4,204,707
Special Education Aid	16-495-034-5120-089	7/1/15 - 6/30/16	1,009,108					910,992	(1,009,108)				98,116	1,009,108
Security Aid	16-495-034-5120-084	7/1/15 - 6/30/16	87,461					78,957	(87,461)				8,504	87,461
Under Adequacy Aid	16-495-034-5120-096	7/1/15 - 6/30/16	15,501					13,994	(15,501)				1,507	15,501
Transportation Aid	16-495-034-5120-014	7/1/15 - 6/30/16	33,400					30,152	(33,400)				3,248	33,400
PARCC Readiness Aid	16-495-034-5120-098	7/1/15 - 6/30/16	16,430					14,833	(16,430)				1,597	16,430
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15 - 6/30/16	16,430					14,833	(16,430)				1,597	16,430
Extraordinary Special Education Costs	16-495-034-5120-044	7/1/15 - 6/30/16	225,757						(225,757)		\$ 225,757		225,757	225,757
Reimbursed TPAF Social Security Contributions	16-495-034-5095-003	7/1/15 - 6/30/16	1,316,627					1,251,927	(1,316,627)		64,700		64,700	1,316,627
Total General Fund State Aid				823,978				6,935,548	(6,925,421)		290,457		813,851	13,834,761
Special Revenue Fund:														
New Jersey Nonpublic Aid:														
Textbook Aid	15-100-034-5120-064	7/1/14 - 6/30/15	59,044			\$ 122					\$ 122			58,922
Nursing Aid	15-100-034-5120-070	7/1/14 - 6/30/15	93,996			3,782					3,782			90,214
Technology	15-100-034-5120-373	7/1/14 - 6/30/15	31,712			31					31			31,681
Textbook Aid	16-100-034-5120-064	7/1/15 - 6/30/16	54,474					54,474	(53,806)			\$ 668		53,806
Nursing Aid	16-100-034-5120-070	7/1/15 - 6/30/16	85,860					85,860	(83,427)			2,433		83,427
Technology	16-100-034-5120-373	7/1/15 - 6/30/16	24,804					24,804	(24,195)			609		24,195
Security Aid	16-100-034-5120-309	7/1/15 - 6/30/16	23,850					23,850	(23,625)			225		23,625
New Jersey Nonpublic Auxiliary Services:														
Compensatory Education	15-100-034-5120-067	7/1/14 - 6/30/15	103,554								7,436			96,118
Home Instruction	15-100-034-5120-067	7/1/14 - 6/30/15	2,664	2,664				2,664						2,664
Compensatory Education	16-100-034-5120-067	7/1/15 - 6/30/16	85,449					85,449	(82,065)			3,384		82,065
English as a Second Language	16-100-034-5120-067	7/1/15 - 6/30/16	1,726					1,726	(1,726)					1,726
Transportation	16-100-034-5120-067	7/1/15 - 6/30/16	23,752					23,752	(23,752)					23,752
Home Instruction	16-100-034-5120-067	7/1/15 - 6/30/16	5,706						(5,706)		5,706		5,706	5,706
New Jersey Nonpublic Handicapped:														
Corrective Speech	15-100-034-5120-066	7/1/14 - 6/30/15	45,059			15,903					15,903			29,156
Examination and Classification	15-100-034-5120-066	7/1/14 - 6/30/15	79,996			14,784					14,784			65,212
Supplemental Instruction	15-100-034-5120-066	7/1/14 - 6/30/15	78,470			14,125					14,125			64,345
Corrective Speech	16-100-034-5120-066	7/1/15 - 6/30/16	37,623					37,623	(30,098)			7,525		30,098
Examination and Classification	16-100-034-5120-066	7/1/15 - 6/30/16	81,984					81,984	(69,030)			12,954		69,030
Supplemental Instruction	16-100-034-5120-066	7/1/15 - 6/30/16	73,514					73,514	(56,435)			17,079		56,435
Preschool Education Aid	14-495-034-5120-086	7/1/13 - 6/30/14	618,344						(71,870)					618,344
Preschool Education Aid	15-495-034-5120-086	7/1/14 - 6/30/15	551,496	53,994	\$ 85,785		\$ (13,915)	53,994	(13,915)			\$ 33,584		517,912
Preschool Education Aid	16-495-034-5120-086	7/1/15 - 6/30/16	651,768					588,396	(368,796)				63,372	368,796
Total Special Revenue Fund				56,658	133,284	56,183	(13,915)	1,138,090	(908,446)		56,183	5,706	316,556	2,397,229

SOMERVILLE BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015				Balance at June 30, 2016				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
Debt Service Fund:														
Debt Service Aid Type II	16-100-034-5120-125	7/1/15 - 6/30/16	\$ 236,836					\$ 236,836	\$ (236,836)					\$ 236,836
Total Debt Service Fund								236,836	(236,836)					236,836
Capital Projects Fund:														
New Jersey School Development Authority:														
Educational Financing Capital														
High School First Floor Bathroom Renovations	4820-050-10-1001	1/1/14 - 12/31/15	183,014	\$ 36,603			\$ (34,841)	1,762						148,173
High School HVAC Upgrades	4820-050-10-1001	1/1/14 - 12/31/15	352,646	352,646									\$ 352,646	42,347
VDV Security Upgrades	4820-050-10-1009	1/1/14 - 12/31/15	42,347	42,347										451,817
VDV HVAC Upgrades	4820-050-10-1004	1/1/14 - 12/31/15	451,817	451,817										34,888
Middle School Security Upgrades	4820-050-10-1008	1/1/14 - 12/31/15	34,888	34,888										73,937
High School Security Upgrades	4820-050-10-1007	1/1/14 - 12/31/15	73,937	73,937										23,292
VDV Waterline	4820-050-10-1005	1/1/14 - 12/31/15	34,315	34,315			(11,023)	23,292						
Total Capital Projects Fund				1,026,553			(45,864)	25,054						955,635
Enterprise Fund														
State Department of Agriculture:														
State School Lunch Program	15-100-010-3350-023	7/1/14- 6/30/15	6,606	1,181				1,181						6,606
State School Lunch Program	16-100-010-3350-023	7/1/15- 6/30/16	6,899					6,327	(6,899)		\$ 572			6,899
Total Enterprise Fund				1,181				7,508	(6,899)		572			13,505
Total State Financial Awards				\$ 1,908,370	\$ 133,284	\$ 56,183	\$ (59,779)	\$ 8,343,036	\$ (8,077,602)	\$ 56,183	\$ 296,735	\$ 316,556	\$ 44,877	\$ 1,839,136

SOMERVILLE BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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, 2016. The information in these schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

The District has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to P.L. 2003, C.97 (A3521). For GAAP purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. 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 \$3,631 for the General Fund, (\$22,455) for the Special Revenue (of which (\$1,288) is for local grants not included here), and \$25,054 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 \$1,333,286 and \$1,587,576 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, 2016
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 78,120	\$ 9,849,914	\$ 9,928,034
Special Revenue Fund	1,053,887	899,106	1,952,993
Capital Projects Fund		25,054	25,054
Debt Service Fund		236,836	236,836
Proprietary Fund	338,305	6,899	345,204
Total Financial Assistance	<u>\$ 1,470,312</u>	<u>\$ 11,017,809</u>	<u>\$ 12,488,121</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

Somerville Borough School District had no loan balances outstanding at June 30, 2016.

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

The District has active grants awarded in the amount of \$955,635 from the School Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2016 \$217,329 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 expended and submitted for reimbursement.

NOTE 8. 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, 2016. 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, 2016

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*
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The single audit thresholds identified in the Uniform Guidance and New Jersey's OMB Circular 15-08 were \$750,000.
- The thresholds used for distinguishing between Type A and Type B federal and State programs was \$750,000.
- The District was determined to be a "low-risk" auditee 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>
Special Education Cluster:				
I.D.E.A. Part B - Basic	84.027	7/1/15-6/30/16	\$ 988,760	\$ 538,956
I.D.E.A. Part B - Preschool	84.173	7/1/15-6/30/16	34,570	18,686
<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	7/1/15-6/30/16	\$ 4,204,707	\$ 4,204,707
Special Education Aid	495-034-5120-089	7/1/15-6/30/16	1,009,108	1,009,108
Security Aid	495-034-5120-084	7/1/15-6/30/16	87,461	87,461
Under Adequacy Aid	495-034-5120-096	7/1/15-6/30/16	15,501	15,501
PARCC Readiness Aid	495-034-5120-098	7/1/15-6/30/16	16,430	16,430
Per Pupil Growth Aid	495-034-5120-097	7/1/15-6/30/16	16,430	16,430

SOMERVILLE BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

SOMERVILLE BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

Status of Prior Year Findings:

There were no prior year findings.