

Comprehensive Annual Financial Report

of the

Somerset Hills School District

County of Somerset

County of Somerset, New Jersey

For the Fiscal Year Ended June 30, 2019

Prepared by

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

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INTRODUCTORY SECTION



The Somerset Hills School District

Somerset Hills Board of Education

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

Gretchen Dempsey, Ed.D., Superintendent
Heather Goguen, Business Administrator/Board Secretary

November 15, 2019

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

Dear Board Members:

The comprehensive annual financial report of the Somerset Hills Board of Education for the fiscal year ended June 30, 2019 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Somerset Hills Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the management discussion and analysis, the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The district is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Federal Budget Circular (Uniform Guidance), and New Jersey OMB's Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include programs for regular, vocational and special education for handicapped students. The District completed the 2017-2018 fiscal year with an enrollment of 1966 students, which is 33 students less than the previous year's enrollment. The following table details the changes in student enrollment over the last twelve years:

Fiscal Years	Student Enrollment	Percentage Change
2018-2019	1929	-1.88%
2017-2018	1966	-1.50%
2016-2017	1996	-2.10%
2015-2016	2038	-1.70%
2014-2015	2074	1.10%
2013-2014	2052	0.40%
2012-2013	2044	-0.40%
2011-2012	2052	-0.30%
2010-2011	2059	-0.90%
2009-2010	2078	-2.30%
2008-2009	2128	2.50%
2007-2008	2076	2.80%

2. ECONOMIC CONDITION AND OUTLOOK:

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

3. MAJOR INITIATIVES:

The Somerset Hills School District has a tradition of academic excellence. Student achievement continually exceeds state and national averages on assessments. The district maintains alignment with the New Jersey Student Learning Standards. Curriculum articulation, the implementation of new courses, and improvements occurred in many content areas.

Bernards High School seniors scored far above the New Jersey and National Scholastic-Aptitude Test (SAT) scores in 2018-2019.

SAT Test – Verbal/Reading

BHS	623
NJ	544
National	531

SAT Test – Math

BHS	618
-----	-----

NJ	545
National	528

The class of 2019 also received many other honors. Seven students were named as National Merit Commended students and one student was named a National Merit Semi-Finalist. The class of 2019 had 48 students named as AP Scholars, 24 qualified for the AP Scholar with Distinction Award, 65 students qualified for the AP Scholar with Distinction Award, and 17 students qualified for the AP National Scholar Award. Bernards High School was recognized with the AP Computer Diversity Award in 2018.

Reaching these goals indicates that the District is successfully identifying motivated, academically prepared students who are ready for the opportunity of AP. Since 2012, BHS has increased the number of students participating in AP while improving the number of students earning AP Exam scores of 3 or higher. The district was named to the AP District Honor Roll in 2016 and 2019. Bernards High School is continuously ranked among the top high schools in the nation.

Bernardsville Middle School was the only middle school in the state to enter an Earth Science team in the NJ Science League—a state-wide, high school competition. The team finished 2nd in the state. In the individual competition, the district had three students who placed in the top fifteen spots in the state.

Since 1996, the Somerset Hills Education Foundation (SHEF) has enhanced the Somerset Hills School District students' learning experience through a large number of enrichment programs, grants, and educational projects. SHEF is made up of community members that support the educational endeavors of our staff and students throughout the year, creating opportunities for innovation in education.

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

To address the whole child, SHSD schools provide a wide variety of co-curricular and athletic activities at every level. Music, art, theater, sports, computer science, science and math teams are among some of the programs that have garnered awards. Bedwell Elementary has received recognition for its character education program. Additionally, K-12 students contribute to the greater community through various service learning initiatives.

The Somerset Hills School District remains focused on meeting the needs of all students through the delivery of a world-class educational program that reflects a “whole-child” commitment to the development of each student. Many wellness programs and courses support this commitment.

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

5. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2019.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the

Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT:

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

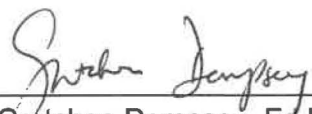
9. OTHER INFORMATION:

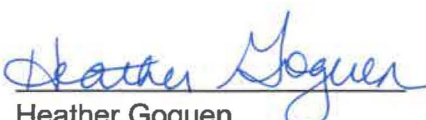
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Suplee, Clooney & Company was selected as the Board's audit firm. In addition to meeting the requirements set forth in state statutes, the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

ACKNOWLEDGEMENTS:

The community is grateful to the members of the Somerset Hills Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the significant assistance of our Business Office staff.

Respectfully submitted by,


Gretchen Dempsey, Ed.D
Superintendent


Heather Goguen
Business Administrator/Board Secretary

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

**ROSTER OF OFFICIALS
JUNE 30, 2019**

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

BERNARDSVILLE

ROBERT BAKER	2020
TIMOTHY McDONALD, VICE PRESIDENT	2020
JAN MAYLE	2020
GREG DiGIOACCHINO	2020
KATHLEEN TOBER	2021
JANIS VIRTUE	2022

PEAPACK/GLADSTONE

NICOLE COOPER	2022
HEATHER SANTORO	2021

FAR HILLS

JAMIE LEISS, PRESIDENT	2022
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BEDMINSTER

MONICA BURCH	2020
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OTHER OFFICIALS

GRETCHEN DEMPSEY	SUPERINTENDENT
HEATHER GOGUEN	BUSINESS ADMINISTRATOR/ BOARD SECRETARY
JUDY FAVINO	TREASURER
DERLYS M. GUITIERREZ, ESQ.	ATTORNEY

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

CONSULTANTS AND ADVISORS

**Parette Somjen Architects, LLC
439 US Highway 46 E, Suite 4
Rockaway, New Jersey 07866**

Auditor

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

Board Attorney

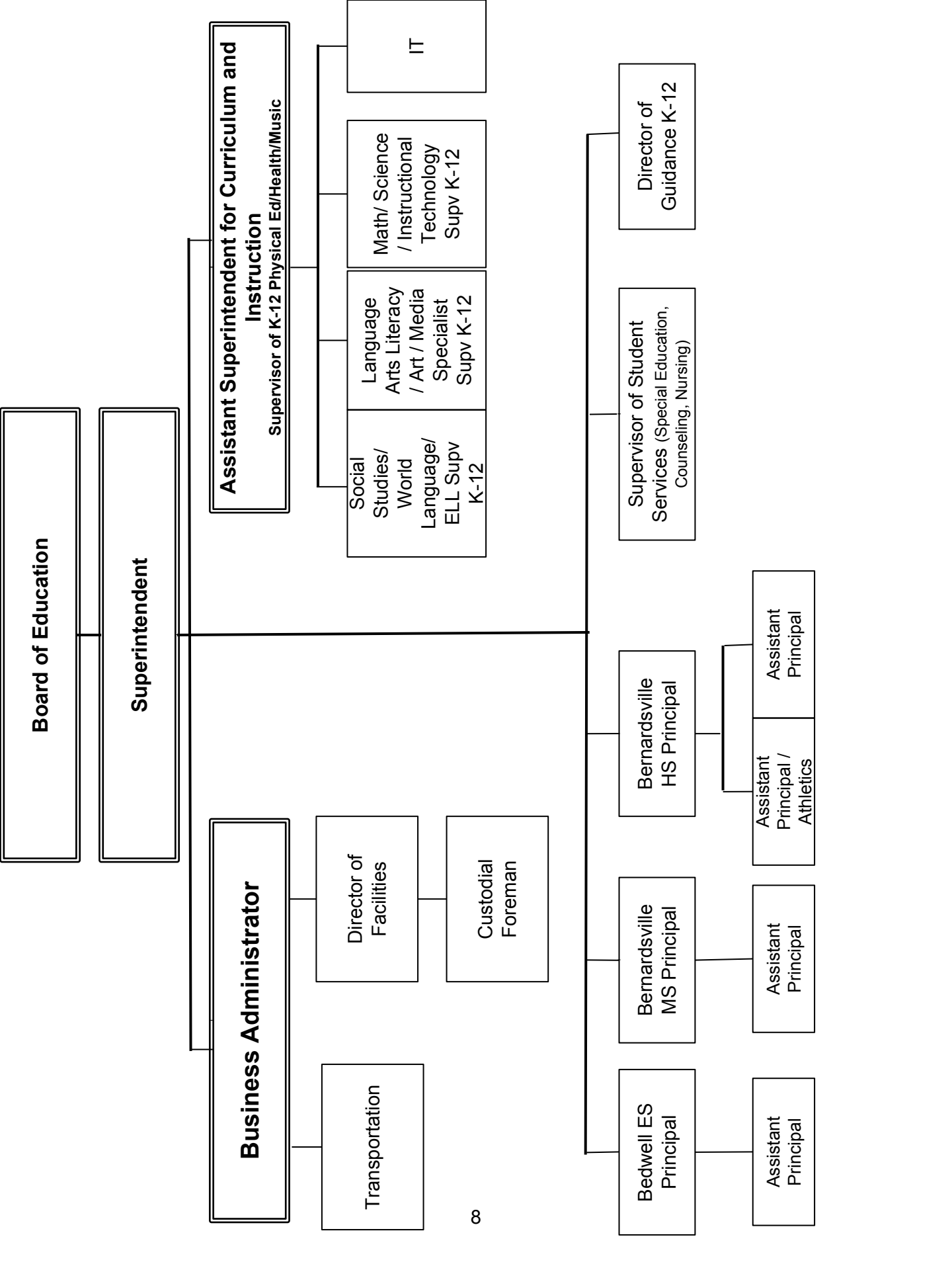
**Derlys M. Gutierrez, Esquire
Adams, Gutierrez & Lattiboudere, LLC
1037 Raymond Blvd Suite 900
Newark, New Jersey 07102**

Bond Counsel

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

Official Depository

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



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FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Somerset Hills School District, County of Somerset, State of New Jersey (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, the 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 State of New Jersey *OMB Circular 15-08* "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

SUPLEE, CLOONEY & COMPANY

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information in Exhibit C-1 through C-3, the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 and the schedule related to accounting and reporting for postretirement benefits other than pensions (OPEB) in Exhibit M-1 and M-2 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.

Supplementary and 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 schedules such as the introductory section, combining statements and individual fund financial statements, the statistical section and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, State of New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

SUPLEE, CLOONEY & COMPANY

The accompanying supplementary information schedules such as the combining and individual fund financial statements, long-term debt schedules and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information, such as the introductory and statistical sections, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 15, 2019 on our consideration of the Somerset Hills School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 962

November 15, 2019

REQUIRED SUPPLEMENTARY INFORMATION – Part I

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

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

The discussion and analysis of The Somerset Hills School District's (SHSD) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- Total net position increased by \$1,539,026.54, which represents a 5.8 percent increase from 2018.
- General revenues accounted for \$35,470,961.46 in revenue or 67 percent of all revenues. Program specific revenues in the form of charges for services, operating and capital grants and contributions accounted for \$17,513,961.39 or 33 percent of total revenues of \$52,984,922.85.
- The School District had \$51,445,896.31 in expenses; only \$17,513,961.39 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily local property tax levy) of \$35,470,961.46 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$44,059,558.66 in revenues, \$44,024,603.15 in expenditures, and \$170,130.07 in other financing sources. The General Fund's fund balance increased by \$205,085.58 compared to 2018.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED (CONTINUED)

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2019?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting reflects all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED (CONTINUED)

The School District as a Whole

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

Table 1 provides a summary of the School District's net position for 2019 with comparative data for 2018.

Table 1
Net Position

	<u>FY 2019</u>	<u>FY 2018</u>
Assets		
Current and Other Assets	\$ 7,915,380.02	\$ 7,267,769.99
Capital Assets	<u>61,706,520.96</u>	<u>62,741,693.38</u>
Total Assets	<u>69,621,900.98</u>	<u>70,009,463.37</u>
Deferred Outflow of Resources		
Pension Related	<u>2,409,341.00</u>	<u>2,891,623.00</u>
Liabilities		
Long-Term Liabilities	37,881,408.73	41,749,633.71
Other Liabilities	<u>1,953,445.41</u>	<u>1,223,532.48</u>
Total Liabilities	<u>39,834,854.14</u>	<u>42,973,166.19</u>
Deferred Inflow of Resources		
Gain on Refunding of Long-Term Debt	1,015,223.14	1,105,327.02
Pension Related	<u>3,303,714.00</u>	<u>2,484,169.00</u>
Total Deferred Inflow of Resources	<u>4,318,937.14</u>	<u>3,589,496.02</u>
Net Position		
Net Investment in Capital Assets	35,453,254.90	33,576,935.15
Restricted	1,728,514.54	1,832,696.60
Unrestricted (deficit)	<u>(9,304,318.74)</u>	<u>(9,071,207.59)</u>
Total Net Position	<u>\$ 27,877,450.70</u>	<u>\$ 26,338,424.16</u>

The District's combined net position was \$27,877,450.70 on June 30, 2019. The District's investment in capital assets is shown net of any related debt used to acquire those assets.

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED (CONTINUED)

Table 2 shows changes in net position for fiscal year 2019 with comparative data for 2018.

Table 2
Changes in Net Position

	<u>FY 2019</u>	<u>FY 2018</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 5,139,586.76	\$ 5,321,223.49
Operating Grants and Contributions	12,374,374.63	14,753,396.84
Capital Grants and Contributions	-	2,503.69
General Revenues:		
Property Taxes	34,761,433.00	33,796,999.00
Grants and Entitlements	341,318.00	421,637.00
Other	368,210.46	202,172.30
Total Revenues	<u>52,984,922.85</u>	<u>54,497,932.32</u>
Program Expenses		
Instruction	28,574,120.78	29,780,267.55
Support Services:		
Tuition	1,568,333.22	1,471,689.09
Pupils and Instructional Staff	7,537,743.69	8,001,317.95
General and School Administration	4,128,388.30	4,275,886.40
Plant Operations and Maintenance	3,852,997.04	4,207,126.93
Pupil Transportation	2,203,585.99	2,356,110.15
Transfer to Charter Schools	55,951.00	
Business Type Activities	583,492.04	565,343.81
Interest on Long Term Debt	1,001,635.71	978,695.47
Unallocated Depreciation and Amortization	1,939,648.54	1,926,568.71
Total Expenses	<u>51,445,896.31</u>	<u>53,563,006.06</u>
Change in Net Position	<u>\$ 1,539,026.54</u>	<u>\$ 934,926.26</u>

Both revenues and expenses decreased mainly as a result of the district recognizing a lesser on-behalf TPAF contribution as a revenue and as an expense based upon the State's Actuarial report.

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED (CONTINUED)

Governmental Activities

Local property taxes made up 66 percent of revenues for governmental activities for the SHSD for fiscal year 2019. There was a \$964,434.00 increase in property taxes or 2.85 percent from the prior year. The District's total revenues were \$52,376,479.17 for the year ended June 30, 2019.

Business-Type Activities

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

- Overall business-type revenues exceeded expenditures by \$24,951.64
- Charges for services represent \$441,617.43 of revenue. This represents amounts paid by individuals for various program services.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and donated commodities was \$166,627.05.

Governmental Activities

The Statement of Activities shows the cost of program services and the changes for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	Total Cost of Services FY 2019	Total Cost of Services FY 2018	Net Cost of Services FY 2019	Net Cost of Services FY 2018
Instruction	\$ 28,574,120.78	\$ 29,780,267.55	\$ 15,106,071.41	\$ 14,227,248.52
Support Services:				
Tuition	1,568,333.22	1,471,689.09	1,568,333.22	1,471,689.09
Pupils and Instructional Staff	7,537,743.69	8,001,317.95	5,622,626.27	5,550,889.99
General and School Administration	4,128,388.30	4,275,886.40	3,475,015.88	3,405,817.74
Plant Operation and Maintenance	3,852,997.04	4,207,126.93	3,767,916.78	4,040,783.96
Pupil Transportation	2,203,585.99	2,356,110.15	1,419,488.55	1,903,892.72
Transfer to Charter Schools	55,951.00	-	55,951.00	
Business Type Activities	583,492.04	565,343.81	(24,752.44)	(19,704.16)
Interest and Fiscal Charges	1,001,635.71	978,695.47	1,001,635.71	978,695.47
Unallocated	1,939,648.54	1,926,568.71	1,939,648.54	1,926,568.71
Total Expenses	\$ 51,445,896.31	\$ 53,563,006.06	\$ 33,931,934.92	\$ 33,485,882.04

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED (CONTINUED)

Governmental Activities (Continued)

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

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

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

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

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

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

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$48,538,698.17 and expenditures were \$48,776,090.64.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2019, and the amount and percentage of increase and decrease in relation to prior year revenues, excluding the capital projects fund activity.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Inc/(Dec) FY 2018</u>	<u>Percent Inc/(Dec)</u>
Local Sources	\$ 39,896,856.40	82.20%	\$ 885,664.33	2.27%
State Sources	8,071,094.91	16.63%	1,047,807.70	14.92%
Federal Sources	570,746.86	1.18%	(24,940.63)	-4.19%
Total	\$ 48,538,698.17	100.00%	\$ 1,908,531.40	4.09%

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED (CONTINUED)

The School District's Funds (Continued)

The following schedule represents a summary of general fund, special revenue fund, capital projects and debt service fund expenditures for the fiscal year ended June 30, 2019, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Inc/(Dec) FY 2018	Percent Inc/(Dec)
Current:				
Instruction	\$ 17,269,353.59	35.41%	\$ 187,492.81	1.10%
Support Services	26,848,087.50	55.04%	1,684,531.39	6.69%
Capital Outlay	965,101.57	1.98%	23,262.32	2.47%
Debt Service	3,693,547.98	7.57%	400,198.23	12.15%
Total	\$ 48,776,090.64	100.00%	\$ 2,295,484.75	4.71%

General Fund Budgeting Highlights

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

The 2018/2019 general fund tax levy of \$31,357,770 increased by 2.0% over the 2017/2018 tax levy of \$30,742,912. The School District is no longer required to hold a public vote on the school budget, provided that the tax levy is within the 2% cap. District financial objectives to improve operational performance were met. State legislation mandates that the District operate with an unreserved fund balance equal to 2% of budgeted expenditures. This required the District to designate \$1,119,077.35 in fund balance for tax levy reduction.

During the year the District appropriately transferred funds to prevent over expenditures in specific line items. The transfers were primarily attributable to a reclassification of certain salary expenditure lines. Transfers were also required for unanticipated maintenance and building repairs. Energy expense was less than budget due to energy savings initiatives and depressed energy costs. Transportation costs were greater than budget due to increased rates from our service provider.

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

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED (CONTINUED)

Capital Assets

At the end of the 2019 fiscal year, the School District had \$61,706,520.96 invested in land, building, machinery, and equipment. Table 4 shows fiscal year 2019 balances compared to 2018.

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

	FY 2019	FY 2018
Land	\$ 1,980,000.00	\$ 1,980,000.00
Construction in Progress	305,181.43	1,330,960.63
Site Improvements	2,340,584.95	2,340,671.89
Building and Building Improvements	55,814,705.96	56,282,776.57
Machinery and Equipment	1,266,048.62	807,284.29
Total	\$ 61,706,520.96	\$ 62,741,693.38

Overall capital assets decreased \$1,035,172.42 from fiscal year 2018 to fiscal year 2019.

Debt Administration

At June 30, 2019, the School District had \$37,881,408.73 of long-term liabilities. Of this amount, \$2,509,951.43 is for compensated absences, \$1,849,195.30 is for capital leases payable, \$8,893,262.00 is pension related and 24,629,000.00 is for serial bonds issued for school construction. Table 5 shows serial bonds outstanding for fiscal year 2019 compared to 2018.

Table 5
Serial Bonds Outstanding at June 30,

	FY 2019	FY 2018
<u>Series</u>		
2008		\$ 375,000.00
2011	\$ 550,000.00	2,520,000.00
2012	18,760,000.00	18,760,000.00
2016	5,319,000.00	5,579,000.00
Total	\$ 24,629,000.00	\$ 27,234,000.00

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED (CONTINUED)

For the Future

The Somerset Hills School District finalized a 3-year strategic plan in the spring of 2017, facilitated by *New Jersey School Boards Association*. Stakeholder groups were engaged throughout this process through meetings with the Board of Education, staff, and community members. Details of the plan largely focused on health and wellness, recruitment and professional development of staff, safety and security, expanding students' experiences with 21st-century skills, and development of the school/community relationship. Budgetary decisions since the plan's inception have been informed by the goals and objectives outlined in the plan, and in the spring of 2020 a Strategic Plan renewal will be engineered with similar stakeholder involvement.

The Somerset Hills School District prizes its educational programming and recognizes the challenges inherent in delivering premier student services within the limit of a 2% tax increase. The District continues to seek out opportunities to limit or reduce operational expenses. In recent years Special Education programming has been expanded within the district, and the district is devoted to providing quality programming within the Least Restrictive Environment.

District enrollment K-12 decreased by about 55 students in 2019/2020 - a trend that is expected to continue. Construction of affordable housing within the district's boundary lines may have an impact on this prediction. The district will continue to engage in annual demographic studies to inform budgetary decisions surrounding enrollment.

Contacting the School District's Financial Management Office

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

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2019

DISTRICT-WIDE FINANCIAL STATEMENTS

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

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Cash and cash equivalents	\$ 5,247,261.23	\$ 115,037.33	\$ 5,362,298.56
Internal balances	67,756.40	(67,756.40)	0.00
Receivables, net	966,129.47	8,393.45	974,522.92
Inventory		10,298.09	10,298.09
Restricted assets:			
Restricted cash and cash equivalents	1,568,260.45		1,568,260.45
Capital assets, net			
Non-depreciable	2,285,181.43		2,285,181.43
Depreciable - net	<u>59,397,635.86</u>	<u>23,703.67</u>	<u>59,421,339.53</u>
Total assets	<u>69,532,224.84</u>	<u>89,676.14</u>	<u>69,621,900.98</u>
DEFERRED OUTFLOW OF RESOURCES:			
Pension Related	<u>2,409,341.00</u>		<u>2,409,341.00</u>
	2,409,341.00	0.00	2,409,341.00
LIABILITIES:			
Accounts payable	1,454,868.04	25,200.78	1,480,068.82
Payable to other governments	33,788.36		33,788.36
Unearned revenue	154,384.85	19,199.38	173,584.23
Accrued interest payable	266,004.00		266,004.00
Noncurrent liabilities:			
Due within one year	2,709,630.23		2,709,630.23
Due beyond one year:			
Bonds Payable	22,214,000.00		22,214,000.00
Compensated Absences Payable	2,509,951.43		2,509,951.43
Capital Leases Payable	1,554,565.07		1,554,565.07
Net Pension Liability	<u>8,893,262.00</u>		<u>8,893,262.00</u>
Total liabilities	<u>39,790,453.98</u>	<u>44,400.16</u>	<u>39,834,854.14</u>
DEFERRED INFLOW OF RESOURCES:			
Pension Related	3,303,714.00		3,303,714.00
Gain on Refunding of Long-Term Debt	<u>1,015,223.14</u>		<u>1,015,223.14</u>
Total Deferred Inflow of Resources	<u>4,318,937.14</u>		<u>4,318,937.14</u>
NET POSITION:			
Net investment in capital assets	35,429,551.23	23,703.67	35,453,254.90
Restricted for:			
Capital projects	1,487,892.75		1,487,892.75
Debt service	37.79		37.79
Other purposes	240,584.00		240,584.00
Unrestricted (deficit)	<u>(9,325,891.05)</u>	<u>21,572.31</u>	<u>(9,304,318.74)</u>
Total Net Position	<u>\$ 27,832,174.72</u>	<u>\$ 45,275.98</u>	<u>\$ 27,877,450.70</u>

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

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Indirect Expense Allocation	Programs Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-type Activities
Governmental activities:							
Instruction:							
Regular	\$ 12,543,828.07	\$ 8,418,722.09	\$ 4,028,565.84	\$ 5,471,021.33	\$	\$ (11,462,962.99)	\$ (11,462,962.99)
Special	2,753,655.24	1,661,554.75	465,704.00	2,732,419.59		(1,217,086.40)	(1,217,086.40)
Other instruction	1,971,870.28	1,224,490.35		770,338.61		(2,426,022.02)	(2,426,022.02)
Support services:	0.00			0.00		0.00	0.00
Tuition	1,568,333.22	0.00		0.00		(1,568,333.22)	(1,568,333.22)
Student and instruction related services	4,785,384.50	2,752,359.19		1,915,117.42		(5,622,626.27)	(5,622,626.27)
General administrative services	669,277.68	115,742.43		18,275.99		(766,744.12)	(766,744.12)
School administrative services	1,358,283.73	948,673.01		596,388.22		(1,710,568.52)	(1,710,568.52)
Central services and info technology	770,436.41	265,975.04		38,708.21		(997,703.24)	(997,703.24)
Plant operations and maintenance	3,319,484.46	533,532.58		85,080.26		(3,767,916.78)	(3,767,916.78)
Pupil transportation	2,048,314.86	155,271.13	203,699.49	580,397.95		(1,419,488.55)	(1,419,488.55)
Unallocated Benefits	16,012,694.98	(16,012,694.98)		0.00		0.00	0.00
Transfer to Charter Schools	55,951.00	0.00		0.00		(55,951.00)	(55,951.00)
Interest on long-term debt	1,001,635.71	0.00		0.00		(1,001,635.71)	(1,001,635.71)
Unallocated depreciation and amortization	2,003,274.13	(63,625.59)		0.00		(1,939,648.54)	(1,939,648.54)
Total governmental activities	50,862,404.27	(0.00)	4,697,969.33	12,207,747.58	0.00	(33,956,687.36)	(33,956,687.36)
Business-type activities							
Food service	583,492.04		441,617.43	166,627.05		24,752.44	24,752.44
Total business-type activities	583,492.04	0.00	441,617.43	166,627.05	0.00	24,752.44	24,752.44
Total primary government	\$ 51,445,896.31	\$ (0.00)	\$ 5,139,586.76	\$ 12,374,374.63	\$ 0.00	\$ (33,956,687.36)	\$ (33,931,934.92)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net						\$ 31,357,770.00	\$ 31,357,770.00
Taxes levied for debt service						3,403,663.00	3,403,663.00
Federal and state aid not restricted						141,242.00	141,242.00
Federal and state aid restricted						200,076.00	200,076.00
Miscellaneous income						368,011.26	368,210.46
Total general revenues and transfers						35,470,762.26	35,470,961.46
Change in net position						1,514,074.90	1,539,026.54
Net position beginning						26,318,099.82	26,338,424.16
Net position ending						27,832,174.72	27,877,450.70

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

MAJOR FUND FINANCIAL STATEMENTS

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

SOMERSET HILLS SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents	\$ 4,044,663.77	\$ 270,567.54	\$ 890,095.43	\$ 41,934.49	\$ 5,247,261.23
Cash, maintenance reserve	240,584.00				240,584.00
Cash, capital reserve	1,327,676.45				1,327,676.45
Receivables from other governments	838,965.55	764.06			839,729.61
Other receivables	97,931.13	3,813.37			101,744.50
Due from other funds	712,407.41				712,407.41
	<u>7,262,228.31</u>	<u>275,144.97</u>	<u>890,095.43</u>	<u>41,934.49</u>	<u>8,469,403.20</u>
Total assets	<u>\$ 7,262,228.31</u>	<u>\$ 275,144.97</u>	<u>\$ 890,095.43</u>	<u>\$ 41,934.49</u>	<u>\$ 8,469,403.20</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 964,223.34	\$ 16,072.70			\$ 980,296.04
Payable to state government		33,788.36			33,788.36
Due to other funds		188,194.77	389,904.18	41,896.70	619,995.65
Unearned Revenue	2,250.00	37,089.14	115,045.71		154,384.85
	<u>966,473.34</u>	<u>275,144.97</u>	<u>504,949.89</u>	<u>41,896.70</u>	<u>1,788,464.90</u>
Total liabilities	<u>966,473.34</u>	<u>275,144.97</u>	<u>504,949.89</u>	<u>41,896.70</u>	<u>1,788,464.90</u>
Fund balances:					
Restricted:					
Capital reserve account	1,327,676.45				1,327,676.45
Maintenance reserve account	240,584.00				240,584.00
Excess surplus	1,119,077.35				1,119,077.35
Excess surplus - designated for subsequent years expenditures	1,216,957.24				0.00
Capital projects fund			385,145.54		1,216,957.24
Debt Service				37.79	385,145.54
					37.79
Assigned:					
Designated for subsequent years expenditures	758,619.76				758,619.76
Encumbrances	196,746.75				196,746.75
Unassigned	1,436,093.42				1,436,093.42
	<u>6,295,754.97</u>	<u>0.00</u>	<u>385,145.54</u>	<u>37.79</u>	<u>6,680,938.30</u>
Total fund balances	<u>6,295,754.97</u>	<u>0.00</u>	<u>385,145.54</u>	<u>37.79</u>	<u>6,680,938.30</u>
Total liabilities and fund balances	<u>\$ 7,262,228.31</u>	<u>\$ 275,144.97</u>	<u>\$ 890,095.43</u>	<u>\$ 41,934.49</u>	

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

SOMERSET HILLS SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

Total Fund Balances (Brought Forward)		\$6,680,938.30
<p>Amounts Reported for Governmental Activities in the Statement of Net Assets (A-1) are different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Cost of Assets		\$90,638,036.07
Accumulated Depreciation		<u>(28,955,218.78)</u>
		61,682,817.29
<p>Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>		
Net Pension Liability		(8,893,262.00)
Compensated Absences		(2,509,951.43)
Bonds Payable	(\$24,629,000.00)	
Gain on Refunding Bonds	<u>(1,015,223.14)</u>	
		(25,644,223.14)
Capital Leases		<u>(1,849,195.30)</u>
		(38,896,631.87)
<p>Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.</p>		
Pensions:		
Deferred Outflows:		
Deferred Outflows Pension Related		2,409,341.00
Deferred Inflows:		
Pension Related		(3,303,714.00)
<p>Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.</p>		
Accounts Payable - Pension Related		(474,572.00)
Accrued Interest Payable		<u>(266,004.00)</u>
		<u>(740,576.00)</u>
Net Position of Governmental Activities		<u><u>\$27,832,174.72</u></u>

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

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local sources:					
Local tax levy	\$ 31,357,770.00	\$	\$	\$ 3,403,663.00	\$ 34,761,433.00
Tuition	4,494,269.84				4,494,269.84
Transportation fees	203,699.49				203,699.49
Miscellaneous	368,011.26	69,442.81			437,454.07
Total - local sources	36,423,750.59	69,442.81	0.00	3,403,663.00	39,896,856.40
State sources	7,621,468.21	249,550.70	0.00	200,076.00	8,071,094.91
Federal sources	14,339.86	556,407.00			570,746.86
Total revenues	44,059,558.66	875,400.51	0.00	3,603,739.00	48,538,698.17
EXPENDITURES:					
Current expense:					
Regular instruction	12,258,391.69	285,436.38			12,543,828.07
Special instruction	2,390,206.24	363,449.00			2,753,655.24
Other Instruction	1,971,870.28				1,971,870.28
Support services:					
Tuition	1,568,333.22				1,568,333.22
Student and instruction related services	4,592,756.56	212,415.13			4,805,171.69
General administration	669,277.68				669,277.68
School administration	1,358,283.73				1,358,283.73
Central services and technology	770,436.41				770,436.41
Plant operations and maintenance	3,558,477.43				3,558,477.43
Pupil transportation	2,073,106.31				2,073,106.31
Unallocated Benefits	11,989,050.03				11,989,050.03
Transfer to Charter Schools	55,951.00				55,951.00
Debt service:					
Principal				2,605,000.00	2,605,000.00
Interest	89,846.00			998,701.98	1,088,547.98
Capital outlay	678,616.57	14,100.00	272,385.00		965,101.57
Total expenditures	44,024,603.15	875,400.51	272,385.00	3,603,701.98	48,776,090.64
Excess (deficiency) of revenues over (under) expenditures	34,955.51	0.00	(272,385.00)	37.02	(237,392.47)
Other financing sources (uses):					
Capital leases (non-budgeted)	170,130.07				170,130.07
Total other financing sources (uses)	170,130.07	0.00	0.00	0.00	170,130.07
Net change in fund balances	205,085.58	0.00	(272,385.00)	37.02	(67,262.40)
Fund balances, July 1, 2018	6,090,669.39	\$ 0.00	\$ 657,530.54	\$ 0.77	6,748,200.70
Fund balances, June 30, 2019	\$ 6,295,754.97	\$ 0.00	\$ 385,145.54	\$ 37.79	\$ 6,680,938.30

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

SOMERSET HILLS SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Total net change in fund balances - governmental funds (from B-2)	\$	(67,262.40)
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period</p>		
Capital outlays		965,101.57
Depreciation expense		(2,003,274.13)
<p>Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
Payment of bond principal		2,605,000.00
Payment of capital lease principal		251,693.00
<p>Proceeds from debt issues are a financing source in governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.</p>		
Original Issue Premium on Refunding Bonds		171,701.04
Deferred Amount on Refunding Bond Payments to Escrow Agent		(81,597.16)
Capital Lease Proceeds		(170,130.07)
<p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest decrease is an addition in the reconciliation.</p>		
		28,707.00
<p>District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.</p>		
District pension contributions	\$449,271.00	
Less: Pension expense	(487,012.00)	
		(37,741.00)
<p>In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		(148,122.95)
Change in net position of governmental activities	\$	<u>1,514,074.90</u>

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

OTHER FUNDS

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u>
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 115,037.33
Accounts receivable:	
State	328.47
Federal	8,064.98
Inventories	<u>10,298.09</u>
Total current assets	<u>133,728.87</u>
Noncurrent assets:	
Furniture, machinery and equipment	310,474.62
Less accumulated depreciation	<u>(286,770.95)</u>
Total noncurrent assets	<u>23,703.67</u>
Total assets	<u>\$ 157,432.54</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	\$ 25,200.78
Interfund payable	67,756.40
Unearned Revenue	<u>19,199.38</u>
Total current liabilities	<u>112,156.56</u>
Total liabilities	<u>112,156.56</u>
NET POSITION:	
Net investment in capital assets	23,703.67
Unrestricted	<u>21,572.31</u>
Total net position	<u>\$ 45,275.98</u>

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

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u>
OPERATING REVENUES:	
Charges for services:	
Daily sales - reimbursable programs	\$ 201,315.40
Daily sales - non-reimbursable programs	239,875.35
Miscellaneous	426.68
	441,617.43
Total operating revenues	441,617.43
OPERATING EXPENSES:	
Cost of sales-reimbursable programs	151,357.36
Cost of sales-non-reimbursable programs	117,507.85
Salaries	193,594.84
Employee benefits	47,348.86
Other purchase property services (repairs)	21,731.92
Other purchase services	20,866.70
Supplies and materials	26,719.37
Miscellaneous	225.28
Depreciation	4,139.86
	583,492.04
Total operating expenses	583,492.04
Operating (loss)	(141,874.61)
NON-OPERATING REVENUES (EXPENSES):	
State sources	
State school lunch program	5,060.57
Federal sources	
National school lunch program (cash assistance)	122,235.28
National school lunch program (non-cash assistance)	39,331.20
Interest earned	199.20
	166,826.25
Total non-operating revenues	166,826.25
Change in net position	24,951.64
Total net position - beginning	20,324.34
Total net position - ending	\$ 45,275.98

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

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u>
Cash flows from operating activities:	
Receipts from customers (net)	\$ 439,762.08
Payments to vendors (net)	(540,302.92)
Net cash provided by (used for) operating activities	<u>(100,540.84)</u>
Cash flows from noncapital financing activities:	
State sources	5,100.98
Federal sources	123,153.78
Net cash provided by noncapital financing activities:	<u>128,254.76</u>
Cash flows from capital and related financing activities:	
Purchases of capital assets	(7,140.00)
Net cash provided by (used for) capital and related financing activities	<u>(7,140.00)</u>
Cash flows from investing activities:	
Interest earned	199.20
Net cash provided by investing activities	<u>199.20</u>
Net decrease in cash and cash equivalents	20,773.12
Cash and cash equivalents, July 1, 2018	<u>94,264.21</u>
Cash and cash equivalents, June 30, 2019	<u>\$ 115,037.33</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating (loss)	\$ (141,874.61)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	4,139.86
Federal commodities (non-cash assistance)	39,331.20
Change in assets and liabilities:	
Increase (decrease) in Unearned Revenue	(1,755.32)
(Increase) decrease in inventories	1,641.43
Increase (decrease) in accounts payable	(2,023.40)
	<u>41,333.77</u>
Net cash provided by (used for) operating activities	<u>\$ (100,540.84)</u>

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

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>STATE UNEMPLOYMENT COMPENSATION TRUST FUND</u>	<u>PRIVATE PURPOSE AWARD FUND</u>	<u>AGENCY FUNDS</u>
ASSETS:			
Cash and cash equivalents	\$ <u>80,927.35</u>	\$ <u>143,101.60</u>	\$ <u>339,530.27</u>
Total Assets	<u>80,927.35</u>	<u>143,101.60</u>	<u>339,530.27</u>
LIABILITIES:			
Interfund payable			24,655.36
Payroll deductions and withholdings			1,874.83
Due to student groups			<u>313,000.08</u>
Total Liabilities	<u>0.00</u>	<u>0.00</u>	<u>\$ 339,530.27</u>
NET POSITION:			
Held in trust for unemployment claims	80,927.35		
Held in trust for scholarships		<u>143,101.60</u>	
Total Net Position	<u>\$ 80,927.35</u>	<u>\$ 143,101.60</u>	

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

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>PRIVATE PURPOSE AWARD FUND SCHOLARSHIP FUND</u>	<u>STATE UNEMPLOYMENT COMPENSATION TRUST FUND</u>
ADDITIONS:		
Contributions:		
Other	\$ 2,186.57	\$ 96,964.70
Employee Withholdings		48,446.94
Total contributions	<u>2,186.57</u>	<u>145,411.64</u>
Investment earnings:		
Interest	132.76	156.33
Net investment earnings	<u>132.76</u>	<u>156.33</u>
Total additions	<u>2,319.33</u>	<u>145,567.97</u>
DEDUCTIONS:		
Awards granted	9,750.00	
Unemployment claims		81,205.54
Total deductions	<u>9,750.00</u>	<u>81,205.54</u>
Change in net position	<u>(7,430.67)</u>	<u>64,362.43</u>
Net position beginning of year	<u>150,532.27</u>	<u>16,564.92</u>
Net position end of year	<u>\$ 143,101.60</u>	<u>\$ 80,927.35</u>

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting

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

Basis of Presentation

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

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

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds

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

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

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

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

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds

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

Fiduciary Funds

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

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

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

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

Basis of Accounting-Measurement Focus

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

District-Wide, Proprietary, and Fiduciary Fund Financial Statements

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting-Measurement Focus (Continued)

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

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

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the April school Board election to the date of the November general election thereby eliminating the vote in the annual base budget. Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23. All budget amendments and transfers must be approved by School Board resolution. The over-expenditures related to on-behalf payments in the general fund are due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures.

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

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

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

Encumbrance Accounting

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

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

Interfunds

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

Inventories and Prepaid Expenses

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

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

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

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

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

Compensated Absences

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

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

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

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

Unearned Revenue

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Liabilities and Long-Term Obligations

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

Net Position

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Restrictions

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

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

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

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education. The District does not report any amounts currently as Committed Fund Balance.

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

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

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

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues - Exchange and Non-Exchange Transactions

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

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

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

Operating Revenues and Expenses

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Indirect Expenses

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

Extraordinary and Special Items

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

Management Estimates

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

Accounting and Financial Reporting for Pensions

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions (continued)

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

Deferred Outflows/Inflows of Resources

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

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

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

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

Deposits

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

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2019, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank of \$8,854,983.17, \$250,000.00 was covered by Federal Depository Insurance and \$8,604,983.17 was covered under the provisions of NJGUDPA.

As of June 30, 2019, cash and cash equivalents of the District consisted of the following:

Fund Type:	Bank	Reconciling Items:		Reconciled
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Governmental	\$ 8,029,954.19	\$ 2,800.00	\$ 1,217,232.51	\$ 6,815,521.68
Proprietary	102,593.02	16,227.46	3,783.15	115,037.33
Fiduciary	722,435.96	5,348.95	164,225.69	563,559.22
	<u>\$ 8,854,983.17</u>	<u>\$ 24,376.41</u>	<u>\$ 1,385,241.35</u>	<u>\$ 7,494,118.23</u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

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

Investments

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

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

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

Investments (Continued)

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

At June 30, 2019, the District had no outstanding investments that were not considered "cash equivalents".

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 3: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	Adjustments/ <u>Deletions</u>	Ending <u>Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,980,000.00			\$ 1,980,000.00
Construction in progress	1,330,960.63	\$ 116,467.47	\$ (1,142,246.67)	305,181.43
Total Capital Assets not being depreciated	<u>3,310,960.63</u>	<u>116,467.47</u>	<u>(1,142,246.67)</u>	<u>2,285,181.43</u>
Site Improvements	4,794,668.88	176,574.10		4,971,242.98
Buildings & Building Improvements	79,193,206.40	147,673.47	1,142,246.67	80,483,126.54
Machinery & Equipment	2,374,098.59	524,386.53		2,898,485.12
Totals at historical cost	<u>86,361,973.87</u>	<u>848,634.10</u>	<u>1,142,246.67</u>	<u>88,352,854.64</u>
Gross Assets (Memo only)	<u>89,672,934.50</u>	<u>965,101.57</u>	-	<u>90,638,036.07</u>
Less: Accumulated Depreciation				
Site Improvements	(2,453,996.99)	(176,661.04)		(2,630,658.03)
Buildings & Building Improvements	(22,910,429.83)	(1,757,990.75)		(24,668,420.58)
Machinery & Equipment	(1,587,517.83)	(68,622.34)		(1,656,140.17)
Total Depreciation	<u>(26,951,944.65)</u>	<u>(2,003,274.13)</u>	-	<u>(28,955,218.78)</u>
Total capital assets being depreciated, net of depreciation	<u>59,410,029.22</u>	<u>(1,154,640.03)</u>	<u>1,142,246.67</u>	<u>59,397,635.86</u>
Total Governmental Fund Activities	<u>\$ 62,720,989.85</u>	<u>\$ (1,038,172.56)</u>	<u>\$ -</u>	<u>\$ 61,682,817.29</u>
Proprietary Activities:				
Machinery & Equipment	\$ 303,334.62	\$ 7,140.00		\$ 310,474.62
Totals at historical cost	<u>303,334.62</u>	<u>7,140.00</u>	<u>\$ -</u>	<u>310,474.62</u>
Less: Accumulated Depreciation				
Machinery & Equipment	(282,631.09)	(4,139.86)		(286,770.95)
Total Depreciation	<u>(282,631.09)</u>	<u>(4,139.86)</u>	-	<u>(286,770.95)</u>
Total Proprietary Fund Activities	<u>\$ 20,703.53</u>	<u>\$ 3,000.14</u>	<u>\$ -</u>	<u>\$ 23,703.67</u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 3: CAPITAL ASSETS (CONTINUED)

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

Support Services:		
Other Instruction	\$	2,421.20
Student & Instruction Related Services		26,208.01
General Administrative Services		4,310.29
School Administrative Services		1,463.46
Plant Operations and Maintenance		26,794.74
Pupil Transportation		2,427.89
Direct Expense of Various Functions		<u>1,939,648.54</u>
		<u>\$ 2,003,274.13</u>

NOTE 4: LONG-TERM LIABILITIES

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

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of transactions that affect long-term liabilities for the year ended June 30, 2019:

	Balance, <u>June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2019</u>	Due Within <u>One Year</u>
Bonds Payable	\$ 27,234,000.00		\$ (2,605,000.00)	\$ 24,629,000.00	\$ 2,415,000.00
Compensated Absence	2,361,828.48	\$ 148,122.95		2,509,951.43	
Net Pension Liability	10,223,047.00		(1,329,785.00)	8,893,262.00	
Capital Leases Payable	1,930,758.23	170,130.07	(251,693.00)	1,849,195.30	294,630.23
Total	\$ 41,749,633.71	\$ 318,253.02	\$ (4,186,478.00)	\$ 37,881,408.73	\$ 2,709,630.23

Debt Capacity

Under New Jersey Statutes the District may incur debt in an amount not to exceed 4% of the averaged equalized valuation basis of real property. For the fiscal year ended June 30, 2019, the District borrowing capacity under N.J.S. 18A:24-19 is as follows:

<u>Year</u>	Equalized Valuation of <u>Real Property</u>
2018	\$ 3,414,182,090.00
2017	3,506,600,542.00
2016	3,501,559,239.00
	<u>\$ 10,422,341,871.00</u>
Average equalized valuation	<u>\$ 3,474,113,957.00</u>
School borrowing margin (4% of \$3,474,113,957)	\$ 138,964,558.28
Net school debt as of June 30, 2019	<u>24,629,000.00</u>
School borrowing power available	<u>\$ 114,335,558.28</u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Debt Service Requirements:

The annual requirements to amortize all debt outstanding as of June 30, 2019, including interest payments on issued debt, are as follows:

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u>			
2020	\$ 2,415,000.00	\$ 910,170.00	\$ 3,325,170.00
2021	2,435,000.00	854,495.00	3,289,495.00
2022	2,545,000.00	746,120.00	3,291,120.00
2023	2,660,000.00	630,570.00	3,290,570.00
2024	2,770,000.00	509,720.00	3,279,720.00
2025-2029	10,810,000.00	1,114,650.00	11,924,650.00
2030-2031	<u>994,000.00</u>	<u>27,855.00</u>	<u>1,021,855.00</u>
	<u>\$ 24,629,000.00</u>	<u>\$ 4,793,580.00</u>	<u>\$ 29,422,580.00</u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

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

<u>Issue</u>	<u>Amount Outstanding June 30, 2019</u>
\$9,875,000.00 in 2011 Refunding Bonds due in remaining annual installments ranging between \$550,000.00 and \$1,970,000.00 beginning March 15, 2020 and ending March 15, 2029 with interest at 3.0% to 4.0%	\$ 550,000.00
\$19,205,000.00 in 2012 Refunding Bonds due in remaining annual installments ranging between \$1,110,000.00 and \$2,700,000.00 beginning March 15, 2020 and ending March 15, 2029 with interest at 2.0% to 5.0%	18,760,000.00
\$5,829,000.00 in 2016 School Bonds due in remaining annual installments ranging between \$260,000.00 and \$500,000.00 beginning September 15, 2020 and ending September 15, 2030 with interest at 1.0% to 3.0%	<u>5,319,000.00</u>
	<u><u>\$ 24,629,000.00</u></u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Capital Leases Payable

The District is leasing vehicles, copiers, energy improvements, a piano and maintenance equipment totaling \$3,650,372.96 under capital leases. This capital leases are for up to fifteen years. The following is a schedule of the future minimum lease payments under the capital lease and the present value of the net minimum lease payments at June 30, 2019:

Fiscal Year Ended	<u>Amount</u>
<u>June 30,</u>	
2020	\$ 329,708.48
2021	336,981.68
2022	314,526.44
2023	322,149.44
2024	329,954.13
2025-2026	<u>333,131.92</u>
Total Minimum Lease Payments	1,966,452.09
Less: Amount Representing Interest	<u>(117,256.79)</u>
 Present Value of Lease Payments	 <u>\$ 1,849,195.30</u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 5: PENSION PLANS

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

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

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

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 5: PENSION PLANS (CONTINUED)

Significant Legislation

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

Pension Plan Design Changes

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

Funding Changes

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

COLA Suspension

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

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

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 5: PENSION PLANS (CONTINUED)

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

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

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

Three Year Trend Information for PERS

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>Pension Cost</u> <u>(APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2019	\$449,271.00	100.00%	\$449,271.00
2018	423,373.00	100.00%	423,373.00
2017	411,360.80	100.00%	411,360.80

During the fiscal years ended June 30, 2019, 2018 and 2017, the State of New Jersey contributed \$2,962,344.00, \$2,214,955.00 and \$1,630,405.00 respectively to the TPAF pension system on behalf of the District.

Also, in accordance with N.J.S.A. 18A:66-66 during the years ended June 30, 2019, 2018 and 2017, the State of New Jersey reimbursed the District \$1,163,752.21, \$1,197,366.52 and \$1,141,389.30 respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB 68 reflect the District's liabilities at June 30, 2019.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

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

Public Employees Retirement System (PERS)

At June 30, 2019, the District reported a liability of \$8,893,262.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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, 2018, the District's proportion was 0.0451675304 percent, which was a decrease of 0.0012510811 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$495,082.00 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2018 measurement date.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 169,596.00	\$ 45,857.00
Changes of assumptions	1,465,462.00	2,843,592.00
Net difference between projected and actual earnings on pension plan investments	-	83,419.00
Changes in proportion and differences between District contributions and proportionate share of contributions	299,711.00	330,846.00
District contributions subsequent to the measurement date	<u>474,572.00</u>	
	<u>\$2,409,341.00</u>	<u>\$3,303,714.00</u>

The \$474,572.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2019, the plan measurement date is June 30, 2018) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

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

Public Employees Retirement System (PERS) (Continued)

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

Year Ended <u>June 30</u>	<u>Amount</u>
2020	\$ 55,497.00
2021	(91,684.00)
2022	(619,027.00)
2023	(537,411.00)
2024	<u>(176,320.00)</u>
	<u>\$ (1,368,945.00)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	2.25 Percent
Salary Increases	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.00 Percent

Mortality Rate

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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 Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018 and 7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Long-Term Rate of Return

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed market equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts venture capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 5.66% and 5.00% as of June 30, 2018 and June 30, 2017 respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30 2018 and June 30, 2017 and a municipal bond rate of 3.87% and 3.58% for June 30, 2018 and June 30, 2017 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Discount Rate

Discount Rate (Continued)

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employer contributed 100% of their 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 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2018 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	At Current Discount Rate	1% Increase
<u>4.66%</u>	<u>5.66%</u>	<u>6.66%</u>

District's proportionate share of the net pension liability	\$11,182,252	\$8,893,262	\$6,972,945
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Pension Plan Fiduciary Net Position

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

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

Teachers Pensions and Annuity Fund (TPAF)

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

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2019 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	<u>\$95,685,274</u>
	<u><u>\$95,685,274</u></u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2018, the proportion of the TPAF net pension liability associated with the District was .1504063261% which was a increase of .0002041765 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized on-behalf pension expense and revenue of \$5,578,117.00 in the government-wide financial statements for contributions provided by the State. This pension expense and revenue was based on the pension plans June 30, 2018 measurement date.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

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

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases:	
2012-2021	1.55 - 4.55%
Thereafter	2.00 - 5.45%
Investment rate of return	7.00%

Mortality Rate

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% and 7.00% at June 30, 2018 and June 30, 2017 respectively) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

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

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed market equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts venture capital	8.25%	13.08%
	<u>100.00%</u>	

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

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

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.86% and 4.25% as of June 30, 2018 and 2017, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.00, and a municipal bond rate of 3.87% and 3.58% as of June 30, 2018 and 2017, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 50% of the 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

Pension Plan Fiduciary Net Position

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

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

Plan Description and Benefits Provided

The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan, with that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

Employees Covered by Benefit Terms

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

Active Plan Members	217,131
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	145,050
Inactive Plan Members or Beneficiaries	
Not Yet Receiving Benefits	<u>- 0 -</u>
Total Plan Members	<u>362,181</u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

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

Total Nonemployer OPEB Liability

The portion of the Total Nonemployer OPEB Liability that was associated with the District at June 30, 2019 was as follows:

Nonemployer OPEB Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	\$56,807,974.00
	\$56,807,974.00

The Total Nonemployer OPEB Liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018.

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

For the year ended June 30, 2019, the District recognized on-behalf post-employment expense and revenue of \$2,658,514.00 in the government-wide financial statements for contributions provided by the State. This expense and revenue amount was based on the plan's June 30, 2018 measurement date.

At June 30, 2018, the District's proportion was 0.1231987590 percent, which was an increase of .0019508270 percent from its proportion measured as of June 30, 2017.

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

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

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation 2.5 percent

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases			
Through 2026	1.55-4.55%	2.15-4.15%	2.10-8.98%
	Based on Years of Service	Based on Age	Based of Age
Thereafter	2.00-5.45%	3.15-5.15%	3.10-9.98
	Based on Years of Service	Based on Age	Based of Age

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female fully generational mortality projections from the central year using the MP-2017 scale. Post-Retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2011 - June 30, 2014, and July 1, 2010 - June 30, 2013 for TPAF, PFRS and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participant in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

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

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Pan B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the Total Nonemployer OPEB Liability

Shown below are details regarding the Total Nonemployer OPEB Liability for the Measurement Period from June 30, 2017 to June 30, 2018.

Balance at 6/30/17		\$ 65,037,199.00
Changes for the year:		
Service cost	\$ 2,352,810.00	
Interest	2,386,542.00	
Differences between expected and actual experience	(4,983,053.00)	
Changes in assumptions or other inputs	(6,518,999.00)	
Membership Contributions	52,500.00	
Benefit payments - Net	<u>(1,519,025.00)</u>	
Net changes		<u>(8,229,225.00)</u>
Balance at 6/30/18		<u>\$ 56,807,974.00</u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

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

Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Discount Rate

The following presents the total nonemployer OPEB liability associated with the District as of June 30, 2018 calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2018		
	1.00% <u>Decrease (2.87%)</u>	At Discount <u>Rate (3.87)</u>	1.00% <u>Increase (4.87%)</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$67,158,589	\$56,807,974	\$48,580,304

Sensitivity of the Total Nonemployer OPEB Liability to Changes in Healthcare Trends

The following presents the total nonemployer OPEB liability associated with the District as of June 30, 2018 respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2018		
	1.00% <u>Decrease</u>	Healthcare Cost <u>Trend Rate</u>	1.00% <u>Increase</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$46,955,099	\$56,807,974	\$69,838,778

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's Non-Employer OPEB Liability associated with the District from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ -	\$ 5,514,483.00
Changes of assumptions	-	12,733,798.00
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion	<u>1,077,265.00</u>	<u>-</u>
	<u>\$ 1,077,265.00</u>	<u>\$ 18,248,281.00</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB associated with the District will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2020	\$ (2,033,194.00)
2021	(2,033,194.00)
2022	(2,033,194.00)
2023	(2,033,194.00)
2024	(2,033,194.00)
Total Thereafter	<u>(7,005,046.00)</u>
	<u><u>\$(17,171,016.00)</u></u>

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

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

State Health Benefit Local Education Retired Employee Plan Information

The New Jersey Division of Pension and Benefits issues publicly available reports on the OPEB plan. Those reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295 or on their website at:

<http://www.state.nj.us/treasury/pensions/gasb-notice-opeb.shtml>

NOTE 8: LITIGATION

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

NOTE 9: CONTINGENCIES

The District receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2018-2019 fiscal year were subject to the Federal Uniform Guidance and New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the District's annual audit if expenditures for federal or state programs exceed \$750,000.00. Findings and questioned costs, if any, relative to federal and state financial assistance programs are discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. The District's management does not believe any such audit would result in material amounts of disallowed costs.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 10: RISK MANAGEMENT

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

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

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

<u>Year Ended</u> <u>June 30,</u>	<u>Interest</u> <u>Earned</u>	<u>Board</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2019	\$ 156.33	\$ 96,964.70	\$ 48,446.94	\$ 81,205.54	\$ 80,927.35
2018	18.95		50,223.03	48,735.79	16,564.92
2017	40.74		46,681.50	99,843.57	15,058.73

NOTE 11: COMPENSATED ABSENCES

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

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 11: COMPENSATED ABSENCES (CONTINUED)

The liability for vested compensated absences of the governmental fund types are recorded in the district - wide statement of net position. As of June 30, 2019, a liability existed for compensated absences for governmental fund-types in the district- wide Statement of Net Position of \$2,509,951.43.

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, 2019, no liability existed for compensated absences in the proprietary funds.

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

NOTE 12: FUND BALANCE APPROPRIATED - GAAP BASIS

General Fund Of the \$6,295,754.97 in General Fund Balance at June 30, 2019, \$196,746.75 has been assigned for encumbrances; \$1,327,676.45 has been restricted in the Capital Reserve account; \$240,584.00 has been restricted for maintenance reserve; \$1,119,077.35 has been restricted as excess surplus; \$1,216,957.24 has been restricted as excess surplus – designated for subsequent years' expenditures and has been appropriated and included as anticipated revenue for the year ended June 30, 2020; \$758,619.75 has been assigned and included as anticipated revenue for the year ended June 30, 2020; and \$1,436,093.42 is unassigned.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 13: CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

Calculation of Excess Surplus In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2004,c.73 (S1701), the Restricted Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2019 is \$2,336,034.59 consisting of \$1,216,957.24 from June 30, 2018 and \$1,119,077.35 from June 30, 2019 as calculated below:

General Fund Expenditures Fiscal Year Ended June 30, 2019	\$44,024,603.15
Less:	
On-behalf TPAF Pension and Social Security Reimbursement	(5,562,602.21)
Assets Acquired Under Capital Leases	<u>(170,130.07)</u>
Adjusted General Fund Expenditures	\$38,291,870.87
Excess Surplus Percentage	<u>2.00%</u>
2% of Adjusted 2018-19 General Fund Expenditures	765,837.42
Add: Allowable Adjustments	783,685.00
Maximum Unassigned Fund Balance	1,549,522.42
Actual Unassigned Fund Balance (Budgetary)	<u>2,668,599.77</u>
Excess Surplus	<u>\$1,119,077.35</u>

Based on the above calculation as of June 30, 2019, \$1,216,957.24 is reported as Reserved Fund Balance-Excess Surplus Designated for Subsequent Year's Expenditures and was required to be appropriated for property tax relief in the 2019-2020 budget. \$1,119,077.35 is reported as Reserved Fund Balance-Excess Surplus and is required to be appropriated for property tax relief in the 2020-2021 budget.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2019:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 712,407.41	
Special Revenue Fund		\$ 188,194.77
Capital Projects Fund		389,904.18
Debt Service Fund		41,896.70
Enterprise Funds		67,756.40
Fiduciary Funds		24,655.36
	<u>\$ 712,407.41</u>	<u>\$ 712,407.41</u>

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

NOTE 15: CAPITAL RESERVE ACCOUNT

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

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 15: CAPITAL RESERVE ACCOUNT (CONTINUED)

The activity of the capital reserve during the year ended June 30, 2019, is as follows:

Balance, July 1, 2018	\$ 1,172,555.62
Interest Earnings	5,120.83
Deposits:	
Budgeted	<u>150,000.00</u>
Balance, June 30, 2019	<u>\$ 1,327,676.45</u>

NOTE 16: MAINTENANCE RESERVE ACCOUNT

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

The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with EFCFA (N.J.S.A. 18A:7G-9). The passage of S1701 also impacts deposits into maintenance reserve. EFCFA requires that upon the district completion of school facilities project, the district must submit a plan for the maintenance of that facility. The activity of the maintenance reserve for the July 1, 2018 to June 30, 2019 year is as follows:

Balance, July 1, 2019	\$ 201,000.00
Deposits:	
By Board Resolution	200,000.00
Withdrawals:	
By Board Resolution	<u>(160,416.00)</u>
Balance June 30, 2019	<u>\$ 240,584.00</u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 17: INVENTORY

Inventory in the Food Service Fund at June 30, 2019 consisted of the following:

Food	\$6,232.52
Supplies	<u>4,065.77</u>
 Total Inventory	 <u>\$10,298.29</u>

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

NOTE 18: SUBSEQUENT EVENTS

The District has evaluated material subsequent events occurring after the financial statement date through November 15, 2019 which is the date the financial statements were available to be issued. The District has determined that there are no material subsequent events needed to be disclosed.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES					
Local sources:					
Local tax levy	\$ 31,357,770.00	\$	\$ 31,357,770.00	\$ 31,357,770.00	\$ 0.00
Tuition from individuals	0.00		0.00	9,885.84	9,885.84
Tuition from LEAs within state	4,875,200.00		4,875,200.00	4,484,384.00	(390,816.00)
Transportation fees from individuals	80,000.00		80,000.00	82,650.00	2,650.00
Transportation fees from other LEAs	0.00		0.00	121,049.49	121,049.49
Interest earned on Maintenance Reserve	500.00		500.00	0.00	(500.00)
Interest earned on capital reserve funds	1,000.00		1,000.00	5,120.83	4,120.83
Unrestricted miscellaneous revenues	70,648.00		70,648.00	362,890.43	292,242.43
Total revenues-local sources	36,385,118.00	0.00	36,385,118.00	36,423,750.59	38,632.59
State sources:					
Transportation aid	303,192.00		303,192.00	517,812.00	214,620.00
Special education aid	651,097.00		651,097.00	651,097.00	0.00
Security aid	130,156.00		130,156.00	130,156.00	0.00
Extraordinary aid	0.00		0.00	712,699.00	712,699.00
Other state aid - Nonpublic school transportation costs	0.00		0.00	70,986.00	70,986.00
Reimbursed TPAF social security contributions (non-budgeted)	0.00		0.00	1,163,752.21	1,163,752.21
On-behalf TPAF pension (non-budgeted)	0.00		0.00	2,962,344.00	2,962,344.00
On-behalf TPAF non-contributory insurance (non-budgeted)	0.00		0.00	62,010.00	62,010.00
On-behalf TPAF long-term disability insurance (non-budgeted)	0.00		0.00	2,654.00	2,654.00
On-behalf TPAF post retirement medical (non-budgeted)	0.00		0.00	1,371,842.00	1,371,842.00
Total - state sources	1,084,445.00	0.00	1,084,445.00	7,645,352.21	6,560,907.21
Federal sources:					
Medicaid Reimbursement	26,350.00		26,350.00	14,339.86	(12,010.14)
Total federal sources	26,350.00	0.00	26,350.00	14,339.86	(12,010.14)
Total revenues	37,495,913.00	0.00	37,495,913.00	44,083,442.66	6,587,529.66
EXPENDITURES					
CURRENT EXPENSE:					
Instruction - regular programs:					
Salaries of teachers:					
Kindergarten	613,803.00	(43,645.35)	570,157.65	517,229.13	52,928.52
Grades 1-5	3,035,414.00	(77,916.41)	2,957,497.59	2,957,497.59	0.00
Grades 6-8	2,861,719.00	(361,780.66)	2,499,938.34	2,497,903.34	2,035.00
Grades 9-12	5,048,655.00	216,839.24	5,265,494.24	5,265,494.24	0.00
Regular programs - home instruction:					
Salaries of teachers	122,875.00	(20,554.67)	102,320.33	102,320.33	0.00
Purchased professional educational services	6,000.00	3,750.00	9,750.00	9,650.02	99.98

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Regular programs - undistributed instruction:					
Other salaries for instruction	70,582.00	(9,507.03)	61,074.97	61,074.97	0.00
Purchased professional educational services	5,000.00	(5,000.00)	0.00	0.00	0.00
Purchased Technical Services	0.00	450.00	450.00	450.00	0.00
Other purchased services (400-500 series)	188,975.00	(10,999.60)	177,975.40	149,846.48	28,128.92
General supplies	613,038.00	15,336.47	628,374.47	592,900.98	35,473.49
Textbooks	174,240.00	(72,706.53)	101,533.47	80,685.05	20,848.42
Other objects	30,650.00	(1,820.00)	28,830.00	23,339.56	5,490.44
Total regular programs	12,770,951.00	(367,554.54)	12,403,396.46	12,258,391.69	145,004.77
Special education - instruction:					
Special Education- Behavioral Disabilities	62,004.00	6,122.84	68,126.84	68,126.84	0.00
Salaries of teachers	0.00	0.00	0.00	0.00	0.00
Other Salaries for Instruction					
Total behavioral disabilities	62,004.00	6,122.84	68,126.84	68,126.84	0.00
Special education - multiple disabilities:					
Salaries of teachers	135,013.00	(10,553.00)	124,460.00	124,460.00	0.00
Other salaries for instruction	21,496.00	86,386.08	107,882.08	107,860.92	21.16
Other Purchased Services (400-500 series)	235.00	0.00	235.00	228.96	6.04
General supplies	10,500.00	3,818.84	14,318.84	14,100.91	217.93
Total multiple disabilities	167,244.00	79,651.92	246,895.92	246,650.79	245.13
Resource room/resource center:					
Salaries of teachers	1,387,839.00	140,843.19	1,528,682.19	1,463,394.93	65,287.26
Other salaries for instruction	356,090.00	20,771.67	376,861.67	314,778.56	62,083.11
Purchased professional-education services	60,850.00	16,767.56	77,617.56	77,602.98	14.58
General supplies	19,100.00	(2,808.58)	16,291.42	15,798.75	492.67
Total resource room/resource center	1,823,879.00	175,573.84	1,999,452.84	1,871,575.22	127,877.62
Autism					
Salaries of teachers	54,934.00	(54,007.73)	926.27	926.27	0.00
Other salaries for instruction	21,633.00	(21,633.00)	0.00	0.00	0.00
Total autism	76,567.00	(75,640.73)	926.27	926.27	0.00
Preschool disabilities - part time:					
Salaries of teachers	87,370.00	2,737.00	90,107.00	90,107.00	0.00
Other salaries for instruction	50,992.00	0.00	50,992.00	11,653.82	39,338.18
Purchased professional - education services	0.00	3,959.67	3,959.67	2,074.77	1,884.90
General supplies	3,000.00	(3,000.00)	0.00	0.00	0.00
Total preschool disabilities - part time	141,362.00	3,696.67	145,058.67	103,835.59	41,223.08

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Preschool disabilities - full time:					
Salaries of teachers	62,605.00 \$	0.00 \$	62,605.00 \$	57,539.68	5,065.32
Other salaries for instruction	54,390.00	(40,213.12)	14,176.88	12,102.05	2,074.83
Purchased professional-education services	2,500.00	0.00	2,500.00	2,014.00	486.00
General supplies	2,500.00	(2,500.00)	0.00	0.00	0.00
Total preschool disabilities - full time	121,995.00	(42,713.12)	79,281.88	71,655.73	7,626.15
Special education instruction - home instruction					
Salaries of teachers	9,225.00	0.00	9,225.00	201.25	9,023.75
Purchased professional-education services	35,000.00	(7,561.39)	27,438.61	27,234.55	204.06
General supplies	100.00	(100.00)	0.00	0.00	0.00
Total home instruction	44,325.00	(7,661.39)	36,663.61	27,435.80	9,227.81
Total special education - instruction	2,437,376.00	139,030.03	2,576,406.03	2,390,206.24	186,199.79
Salaries of teachers	220,903.00	240,120.46	461,023.46	445,463.96	15,559.50
General Supplies	0.00		0.00		0.00
Total basic skills/remedial - instruction	220,903.00	240,120.46	461,023.46	445,463.96	15,559.50
Bilingual education - instruction:					
Salaries of teachers	250,743.00	44,223.92	294,966.92	294,966.92	0.00
Other salaries for instruction	0.00	14,544.13	14,544.13	14,544.13	0.00
Purchased professional-education services	0.00	3,196.62	3,196.62	3,196.62	0.00
General supplies	3,000.00	(1,601.68)	1,398.32	1,398.32	0.00
Total bilingual education - instruction	253,743.00	60,362.99	314,105.99	314,105.99	0.00
School sponsored cocurricular activities - instruction:					
Salaries	270,000.00	(18,321.71)	251,678.29	239,747.55	11,930.74
Other purchased services (400-500 series)	14,000.00	(2,703.38)	11,296.62	11,196.62	100.00
Supplies and materials	33,787.00	(4,683.64)	29,103.36	28,925.89	177.47
Other objects	13,400.00	(573.44)	12,826.56	12,535.42	291.14
Total school sponsored cocurricular activities - instruction	331,187.00	(26,282.17)	304,904.83	292,405.48	12,499.35
School sponsored athletics - instruction:					
Salaries	533,739.00	150,882.37	684,621.37	682,678.55	1,942.82
Purchased services (300-500 series)	188,950.00	(35,273.91)	153,676.09	152,971.11	704.98
Supplies and materials	75,800.00	4,285.20	80,085.20	79,850.20	235.00
Other objects	5,060.00	(665.00)	4,395.00	4,394.99	0.01
Total school sponsored athletics - instruction	803,549.00	119,228.66	922,777.66	919,894.85	2,882.81
Total instruction	16,817,709.00	164,905.43	16,982,614.43	16,620,468.21	362,146.22

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Undistributed expenditures - instruction:					
Tuition to other LEAs within the state - special	\$ 331,128.00	\$ 58,087.33	\$ 389,215.33	\$ 331,080.39	\$ 58,134.94
Tuition to county vocational school district - regular	0.00	3,250.00	3,250.00	2,267.50	982.50
Tuition to county vocational school district - special	25,925.00	(8,100.00)	17,825.00	3,250.00	14,575.00
Tuition to private schools for the disabled within state	1,339,264.00	(162,278.67)	1,176,985.33	1,176,985.33	0.00
Tuition private school disabled and other LEA outside state	79,900.00	(25,150.00)	54,750.00	54,750.00	0.00
Total undistributed expenditures - instruction	1,776,217.00	(134,191.34)	1,642,025.66	1,568,333.22	73,692.44
Undistributed expenditures - attendance and social work services:					
Salaries	1,803.00	2,603.01	4,406.01	4,406.01	0.00
Total undistributed expend. - attendance and social work services	1,803.00	2,603.01	4,406.01	4,406.01	0.00
Undistributed expenditures - health services:					
Salaries	392,491.00	(3,694.24)	388,796.76	388,796.76	0.00
Purchased professional and technical services	22,000.00	7,560.21	29,560.21	29,528.40	31.81
Other Purchased Services	10,000.00	(1,064.63)	8,935.37	8,871.75	63.62
Supplies and materials	9,760.00	(2,567.43)	7,192.57	7,132.57	60.00
Total undistributed expenditures - health services	434,251.00	233.91	434,484.91	434,329.48	155.43
Undistributed expenditures - speech, OT, PT and related services					
Salaries	352,543.00	64,189.05	416,732.05	416,732.05	0.00
Purchased professional - educational services	245,919.00	(5,538.10)	240,380.90	239,455.85	925.05
Total undistributed expenditures - speech, OT, PT and related services	598,462.00	58,650.95	657,112.95	656,187.90	925.05
Undistributed expenditures - other support services - Students - extraordinary services:					
Salaries	615,402.00	(88,801.68)	526,600.32	489,700.81	36,899.51
Purchased professional - educational services	183,348.00	(7,054.95)	176,293.05	176,243.77	49.28
Total undistributed expenditures - other support services - students - extraordinary services	798,750.00	(95,856.63)	702,893.37	665,944.58	36,948.79
Undistributed expenditures - guidance					
Salaries of other professional staff	836,998.00	(17,004.13)	819,993.87	799,236.79	20,757.08
Salaries of secretarial and clerical assistants	108,756.00	6,970.48	115,726.48	115,726.48	0.00
Purchased professional - educational services	25,300.00	(13,470.81)	11,829.19	11,829.19	0.00
Supplies and materials	7,362.16	(987.55)	6,374.61	6,374.61	0.00
Other objects	4,000.00	502.00	4,502.00	4,502.00	0.00
Total undistributed expenditures - guidance	982,416.16	(23,990.01)	958,426.15	937,669.07	20,757.08

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Undistributed expenditures - child study teams	\$ 775,617.00	\$(56,186.45)	\$ 719,430.55	\$ 711,628.48	\$ 7,802.07
Salaries of other professional staff	101,179.00	18,000.00	119,179.00	117,818.10	1,360.90
Salaries of secretarial and clerical assistants	0.00	26,191.61	26,191.61	25,213.50	978.11
Purchased professional - educational services	82,110.00	(12,142.76)	69,967.24	65,681.40	4,285.84
Other purchased professional and technical services	5,655.00	0.00	5,655.00	1,093.19	4,561.81
Misc. purchased services (400-500 series other than resid. cost)	11,505.00	(3,278.61)	8,226.39	7,468.05	758.34
Supplies and materials	25,700.00	16,622.84	42,322.84	41,633.87	688.97
Other objects	1,001,766.00	(10,793.37)	990,972.63	970,536.59	20,436.04
Total undistributed expenditures - child study teams					
Undistributed expenditures - improvement of instruction:					
Salaries of supervisors of instruction	451,059.00	(35,592.01)	415,466.99	415,466.99	0.00
Salaries of other professional staff	30,000.00	2,600.00	32,600.00	32,600.00	0.00
Other purchased services (400-500 series)	32,500.00	(4,700.00)	27,800.00	26,690.43	1,109.57
Supplies and materials	1,600.00	6,577.47	8,177.47	8,177.47	0.00
Other objects	20,000.00	(10,106.36)	9,893.64	5,672.11	4,221.53
Total undistributed expenditures - improvement of instruction	535,159.00	(41,220.90)	493,938.10	488,607.00	5,331.10
Undistributed expenditures - educational media services/ school library:					
Salaries	241,559.00	4,048.50	245,607.50	245,607.50	0.00
Salaries of Technology Coordinators	0.00	6,449.50	6,449.50	6,449.50	0.00
Other purchased services (400-500 series)	26,706.00	(5,659.32)	21,046.68	21,046.68	0.00
Supplies and materials	56,050.00	(9,073.92)	46,976.08	33,402.21	13,573.87
Total educational media services/school library	324,315.00	(4,235.24)	320,079.76	306,505.89	13,573.87
Instructional staff training services:					
Salaries of supervisors of instruction	82,000.00	(82,000.00)	0.00	0.00	0.00
Other Salaries	0.00	82,000.00	82,000.00	50,150.00	31,850.00
Purchased professional-educational services	91,000.00	(12,348.89)	78,651.11	41,812.85	36,838.26
Other purchased services (400-500 series)	34,700.00	5,765.02	40,465.02	36,607.19	3,857.83
Supplies and materials	500.00	0.00	500.00	0.00	500.00
Total instructional staff training services	208,200.00	(6,583.87)	201,616.13	128,570.04	73,046.09
Support services general administration:					
Salaries	348,527.00	(17,020.00)	331,507.00	331,317.91	189.09
Legal services	96,100.00	(30,148.00)	65,952.00	57,285.53	8,666.47
Audit fees	19,025.00	800.00	19,825.00	19,825.00	0.00
Other purchased professional services	27,948.00	3,488.48	31,436.48	31,279.66	156.82
Communications/telephone	88,500.00	(3,190.22)	85,309.78	84,380.92	928.86
BOE other purchased services	4,064.00	(525.11)	3,538.89	3,538.89	0.00
Other purchased services (400-500 series)	69,918.00	(13,416.12)	56,501.88	50,477.46	6,024.42
General supplies	10,000.00	(5,086.47)	4,913.53	4,669.72	243.81
BOE in-house training/meeting supplies	3,451.00	406.46	3,857.46	3,856.81	0.65
Judgements against the school district	0.00	52,336.00	52,336.00	52,336.00	0.00
Miscellaneous expenditures	30,000.00	(14,606.95)	15,393.05	14,681.33	711.72
BOE membership dues and fees	16,000.00	0.00	16,000.00	15,628.45	371.55
Total support services general administration	713,533.00	(26,961.93)	686,571.07	669,277.68	17,293.39

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Support services school administration:					
Salaries of principals/assistant principals	\$ 828,428.00	\$ 74,619.53	\$ 903,047.53	\$ 903,047.53	\$ 0.00
Salaries of secretarial and clerical assistants	430,661.00	(24,053.90)	406,607.10	406,606.80	0.30
Supplies and materials	32,640.00	(5,498.48)	27,141.52	25,179.03	1,962.49
Other objects	36,500.00	(9,728.00)	26,772.00	23,450.37	3,321.63
Total support services school administration	1,328,229.00	35,339.15	1,363,568.15	1,358,283.73	5,284.42
Central services:					
Salaries	305,308.00	25,027.99	330,335.99	330,335.99	0.00
Purchased technical services	38,940.00	2,973.50	41,913.50	41,909.04	4.46
Miscellaneous purchased services (400-500 series)	1,530.00	(899.17)	630.83	630.83	0.00
Supplies and materials	9,690.00	(525.97)	9,164.03	9,115.83	48.20
Miscellaneous expenditures	5,914.00	(1,551.31)	4,362.69	4,362.69	0.00
Total central services	361,382.00	25,025.04	386,407.04	386,354.38	52.66
Administration information technology:					
Salaries	388,040.00	(2,197.00)	385,843.00	371,389.28	14,453.72
Purchased technical services	0.00	10,000.00	10,000.00	10,000.00	0.00
Other purchased services (400-500 series)	1,000.00	(1,000.00)	0.00	0.00	0.00
Supplies and materials	1,715.00	(1,000.00)	715.00	543.75	171.25
Other objects	5,000.00	(2,502.00)	2,498.00	2,149.00	349.00
Total administration information technology	395,755.00	3,301.00	399,056.00	384,082.03	14,973.97
Required maintenance for school facilities:					
Salaries	407,693.00	34,622.82	442,315.82	442,315.82	0.00
Cleaning, repair and maintenance services	266,105.00	180,652.25	446,757.25	439,295.41	7,461.84
Lead testing of drinking water	1,000.00	(1,000.00)	0.00	0.00	0.00
General supplies	67,170.00	36,473.08	103,643.08	98,848.42	4,794.66
Other objects	7,570.00	(5,167.94)	2,402.06	1,276.99	1,125.07
Total required maintenance for school facilities	749,538.00	245,580.21	995,118.21	981,736.64	13,381.57

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Custodial Services					
Salaries	\$ 961,938.00	\$ 76,888.89	\$ 1,038,826.89	\$ 1,038,826.89	\$ 0.00
Purchased professional and technical services	20,565.00	(16,100.00)	4,465.00	4,465.00	0.00
Cleaning, repair, and maintenance services	40,086.00	15,626.94	55,712.94	54,660.27	1,052.67
Other purchased property services	44,880.00	11,246.03	56,126.03	54,415.35	1,710.68
Insurance	195,000.00	(12,610.93)	182,389.07	182,389.07	0.00
Miscellaneous purchased services	925.00	(18.00)	907.00	0.00	907.00
General supplies	83,980.00	18,049.03	102,029.03	101,276.08	752.95
Energy (natural gas)	231,360.00	(36,938.01)	194,421.99	189,323.54	5,098.45
Energy (electricity)	701,781.00	4,999.49	706,780.49	706,780.49	0.00
Other objects	500.00	1,168.00	1,668.00	1,667.41	0.59
Total custodial services	2,281,015.00	62,311.44	2,343,326.44	2,333,804.10	9,522.34
Care and upkeep of grounds					
Salaries	61,343.00	0.00	61,343.00	61,242.56	100.44
Grounds purchasing services	40,000.00	(1,700.00)	38,300.00	38,166.02	133.98
General supplies	20,000.00	(1,470.61)	18,529.39	18,424.50	104.89
Total care and upkeep of grounds	121,343.00	(3,170.61)	118,172.39	117,833.08	339.31
Security					
Salaries	58,000.00	(58,000.00)	0.00	0.00	0.00
Purchased professional and technical services	0.00	115,000.00	115,000.00	110,208.36	4,791.64
General Supplies	13,948.46	947.50	14,895.96	14,895.25	0.71
Total security	71,948.46	57,947.50	129,895.96	125,103.61	4,792.35
Student transportation services:					
Salaries for noninstructional aides	31,594.00	5,459.01	37,053.01	37,053.01	0.00
Salaries for pupil transportation (bet. home and school)-reg	65,028.00	39,005.15	104,033.15	104,033.15	0.00
Salaries for pupil transportation (bet. home and school)-sp. Ed.	264,402.00	44,335.76	308,737.76	308,737.76	0.00
Management fee - ESC and CTSA transportation programs	58,068.00	(13,354.13)	44,713.87	41,756.89	2,956.98
Other purchased professional and technical services	11,588.00	7,192.00	18,780.00	16,175.00	2,605.00
Cleaning, repair, and maintenance services	30,600.00	28,247.00	58,847.00	44,583.73	14,263.27
Lease purchase payments- school buses	11,469.00	14,072.45	25,541.45	25,541.45	0.00
Contracted services (between home and school) - vendors	876,442.00	(57,450.32)	818,991.68	760,174.90	58,816.78
Contracted services (sp. ed. stds.) - joint agreements	640,494.00	(213,418.70)	427,075.30	407,343.31	19,731.99
Contracted services - aid in lieu of payments - nonpublic	342,448.00	(45,572.44)	296,875.56	291,728.62	5,146.94
Miscellaneous purchased services - transportation	6,120.00	(5,211.65)	908.35	908.35	0.00
Transportation Supplies	26,010.00	5,106.00	31,116.00	30,950.54	165.46
Other objects	1,020.00	3,100.00	4,120.00	4,119.60	0.40
Total student transportation services	2,365,283.00	(188,489.87)	2,176,793.13	2,073,106.31	103,686.82

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Unallocated benefits - employee benefits:					
Social security contributions	\$ 547,118.00	\$ 3,264.00	\$ 550,382.00	\$ 550,382.00	\$ 0.00
Other retirement contributions - PERS	421,508.00	29,777.00	451,285.00	451,285.00	0.00
Other retirement contributions - Regular	43,000.00	(6,528.00)	36,472.00	16,610.11	19,861.89
Unemployment Compensation	55,000.00	41,964.70	96,964.70	96,964.70	0.00
Workers' compensation	173,112.00	0.00	173,112.00	158,936.39	14,175.61
Health benefits	5,223,503.00	(67,613.70)	5,155,889.30	4,802,226.64	353,662.66
Tuition reimbursement	242,000.00	0.00	242,000.00	141,396.20	100,603.80
Other employee benefits	14,000.00	35,223.00	49,223.00	45,672.65	3,550.35
Unused Sick Payment to Terminated/Retired Staff	215,000.00	(52,025.87)	162,974.13	162,974.13	0.00
Total unallocated benefits - employee benefits	6,934,241.00	(15,938.87)	6,918,302.13	6,426,447.82	491,854.31
Reimbursed TPAF social security contributions (non-budgeted)	0.00	0.00	0.00	1,163,752.21	(1,163,752.21)
On-behalf TPAF pension (non-budgeted)	0.00	0.00	0.00	2,962,344.00	(2,962,344.00)
On-behalf TPAF non-contributory insurance (non-budgeted)	0.00	0.00	0.00	62,010.00	(62,010.00)
On-behalf TPAF long-term disability insurance (non-budgeted)	0.00	0.00	0.00	2,654.00	(2,654.00)
On-behalf TPAF post retirement medical (non-budgeted)	0.00	0.00	0.00	1,371,842.00	(1,371,842.00)
Total on-behalf TPAF contributions	0.00	0.00	0.00	5,562,602.21	(5,562,602.21)
Total undistributed expenditures	21,983,606.62	(60,440.43)	21,923,166.19	26,579,721.37	(4,656,555.18)
Total expenditures - current expense	38,801,315.62	104,465.00	38,905,780.62	43,200,189.58	(4,294,408.96)
CAPITAL OUTLAY:					
Equipment:					
Regular programs - instruction:	8,000.00	0.00	8,000.00	0.00	8,000.00
Grades 1-5	8,000.00	0.00	8,000.00	0.00	8,000.00
Total equipment	16,000.00	0.00	16,000.00	0.00	16,000.00
Facilities acquisition and construction services:					
Architectural/Engineering Services	0.00	28,158.80	28,158.80	28,158.80	0.00
Construction services	685,763.05	(19,158.80)	666,604.25	480,327.70	186,276.55
Supplies and materials	9,000.00	(9,000.00)	0.00	0.00	0.00
Assessment for debt service on SDA funding	89,846.00	0.00	89,846.00	89,846.00	0.00
Total facilities acquisition and construction services	784,609.05	(0.00)	784,609.05	598,332.50	186,276.55
Assets acquired under capital leases (non-budgeted)	0.00	0.00	0.00	170,130.07	(170,130.07)
TOTAL CAPITAL OUTLAY	792,609.05	(0.00)	792,609.05	768,462.57	24,146.48
Transfer of Funds to Charter School	0.00	55,951.00	55,951.00	55,951.00	0.00
TOTAL EXPENDITURES	39,593,924.67	160,416.00	39,754,340.67	44,024,603.15	(4,270,262.48)

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Excess (deficiency) of revenues over (under) expenditures	\$ (2,098,011.67)	\$ (160,416.00)	\$ (2,258,427.67)	\$ 58,839.51	\$ 2,317,267.18
Other financing sources (uses):					
Capital leases (non-budgeted)	0.00	0.00	0.00	170,130.07	170,130.07
Total other financing sources (uses)	0.00	0.00	0.00	170,130.07	170,130.07
Excess (deficiency) of revenues and Other financing sources over (under) Expenditures and other financing (uses)	(2,098,011.67)	(160,416.00)	(2,258,427.67)	228,969.58	2,487,397.25
Fund Balances, July 1, 2018	6,180,214.39	0.00	6,180,214.39	6,180,214.39	0.00
Fund Balances, June 30, 2019	\$ 4,082,202.72	\$ (160,416.00)	\$ 3,921,786.72	\$ 6,409,183.97	\$ 2,487,397.25
Recapitulation of fund balance:					
Restricted:					
Excess surplus - designated for subsequent year's expenditures				\$ 1,216,957.24	
Excess surplus				1,119,077.35	
Maintenance reserve				240,584.00	
Capital reserve				1,327,676.45	
Assigned:					
Encumbrances				196,746.75	
Designated for subsequent year's expenditures				758,619.76	
Unassigned fund balance				1,549,522.42	
				6,409,183.97	
Reconciliation to governmental funds statements (GAAP):					
Deferred state aid payments not recognized on GAAP basis				(113,429.00)	
Fund balance per governmental funds (GAAP)				6,295,754.97	

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
REVENUES:					
State sources	\$ 282,575.00	\$ 764.06	\$ 283,339.06	\$ 249,550.70	\$ (33,788.36)
Federal sources	611,012.00	0.00	611,012.00	556,407.00	(54,605.00)
Other sources	<u>107,793.33</u>	<u>0.00</u>	<u>107,793.33</u>	<u>69,442.81</u>	<u>(38,350.52)</u>
Total revenues	<u>1,001,380.33</u>	<u>764.06</u>	<u>1,002,144.39</u>	<u>875,400.51</u>	<u>(126,743.88)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	50,065.00	0.00	50,065.00	49,063.71	1,001.29
Purchased professional - Educational Services	160,725.94	764.06	161,490.00	128,183.29	33,306.71
Tuition	386,555.00	(16,974.00)	369,581.00	363,449.00	6,132.00
General Supplies	116,950.33	0.00	116,950.33	82,781.10	34,169.23
Textbooks	<u>25,525.00</u>	<u>0.00</u>	<u>25,525.00</u>	<u>25,408.28</u>	<u>116.72</u>
Total instruction	<u>739,821.27</u>	<u>(16,209.94)</u>	<u>723,611.33</u>	<u>648,885.38</u>	<u>74,725.95</u>
Support services:					
Salaries	3,152.00	0.00	3,152.00	3,152.00	0.00
Employee benefits	13,950.00	977.00	14,927.00	14,927.00	0.00
Purchased professional - Educational Services	114,059.00	15,997.00	130,056.00	98,377.00	31,679.00
Other purchased services	82,116.06	0.00	82,116.06	78,918.87	3,197.19
Supplies & Materials	<u>34,182.00</u>	<u>0.00</u>	<u>34,182.00</u>	<u>17,040.26</u>	<u>17,141.74</u>
Total support services	<u>247,459.06</u>	<u>16,974.00</u>	<u>264,433.06</u>	<u>212,415.13</u>	<u>52,017.93</u>
Facilities acquisition and construction services:					
Land and Improvements	<u>14,100.00</u>	<u>0.00</u>	<u>14,100.00</u>	<u>14,100.00</u>	<u>0.00</u>
Total facilities acquisition and construction serv.	<u>14,100.00</u>	<u>0.00</u>	<u>14,100.00</u>	<u>14,100.00</u>	<u>0.00</u>
Total expenditures	<u>\$ 1,001,380.33</u>	<u>\$ 764.06</u>	<u>\$ 1,002,144.39</u>	<u>\$ 875,400.51</u>	<u>\$ 126,743.88</u>

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 44,083,442.66	\$ 875,400.51
Difference - budget to GAAP:		
The deferred State aid payments are recognized as revenue for budgetary purposes and differs from GAAP which does not recognize the revenue until the subsequent year when the State recognizes the related expense (GASB 33).	(113,429.00)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	89,545.00	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 44,059,558.66</u>	<u>\$ 875,400.51</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 44,024,603.15	\$ 875,400.51
Difference - budget to GAAP:		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$ 44,024,603.15</u>	<u>\$ 875,400.51</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Measurement Date Ending June 30.	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.0450460784%	\$ 8,609,201	\$ 3,017,655.00	285.29%	48.72%
2014	0.0462549334%	8,660,189	3,189,349.00	271.53%	52.08%
2015	0.0465312552%	10,445,334	3,138,013.00	332.86%	47.92%
2016	0.0458652128%	13,583,961	3,051,348.00	445.18%	40.14%
2017	0.0439164493%	10,223,047	3,354,474.00	304.76%	48.10%
2018	0.0451675304%	8,893,262	3,481,008.00	255.48%	53.60%

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

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to the			District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
		Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll		
2014	\$ 381,319	\$ 381,319	\$ -0-	\$ 3,017,655.00	12.64%	
2015	400,044	400,044	-0-	3,189,349.00	12.54%	
2016	407,460	407,460	-0-	3,138,013.00	12.98%	
2017	406,839	406,839	-0-	3,051,348.00	13.33%	
2018	449,271	449,271	-0-	3,354,474.00	13.39%	
2019	474,572	474,572	-0-	3,481,008.00	13.63%	

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

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS PENSION AND ANNUITY FUND
LAST TEN YEARS

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	District's Covered-Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	State's Proportionate Share of the Total Net Pension Liability associated with the District as a percentage of the District's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.1628803006%	\$ -0-	\$ 272,931,832	\$ 15,029,227.00	-0-	1816.01%	33.76%
2014	0.1529963162%	-0-	283,017,383	15,488,199.00	-0-	1827.31%	33.64%
2015	0.1553602551%	-0-	343,489,498	15,152,689.00	-0-	2266.86%	28.71%
2016	0.1523812979%	-0-	414,923,825	15,755,075.00	-0-	2633.59%	22.33%
2017	0.1502021496%	-0-	349,042,812	16,527,482.00	-0-	2111.89%	25.41%
2018	0.1504063261%	-0-	345,047,738	16,124,957.00	-0-	2139.84%	26.49%

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

SOMERSET HILLS SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms:

None

Change in assumptions:

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

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

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms:

None

Change in assumptions:

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

REQUIRED SUPPLEMENTARY INFORMATION - PART IV

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

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN YEARS

	<u>Measurement Date Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
Total Non-Employer OPEB Liability - State's Proportionate Share of Total OPEB Liability Associated with the School District		
Balance at 6/30	\$ 65,037,199.00	\$ 70,076,647.00
Changes for the year:		
Service cost	2,352,810.00	2,840,160.00
Interest	2,386,542.00	2,057,598.00
Changes of benefit terms		
Differences between expected and actual experience	(4,983,053.00)	
Changes in assumptions or other inputs	(6,518,999.00)	(8,486,275.00)
Membership Contributions	52,500.00	55,469.00
Benefit payments - Net	(1,519,025.00)	(1,506,400.00)
Net changes	<u>(8,229,225.00)</u>	<u>(5,039,448.00)</u>
Balance at 6/30	<u>\$ 56,807,974.00</u>	<u>\$ 65,037,199.00</u>
Covered Employee Payroll	\$ 19,605,965.00	\$ 19,881,956.00
District's Proportionate Share of the Total Non-Employer OPEB Liability as a percentage of the District's Covered Employee Payroll	-0-	-0-
Total OPEB Liability as a percentage of Covered Employee Payroll	289.75%	327.12%

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

SOMERSET HILLS SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART IV
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Change in benefit terms: None

Change in assumptions: The discount rate changed from 3.58% to 3.87% as of
June 30, 2018.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

SOMERSET HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	IDEA PART B BASIC	TITLE I PART A	TITLE III	TITLE IIA	IDEA PART B PRESCHOOL
REVENUES:					
State sources	\$ 407,795.00	\$ 68,792.00	\$ 15,476.00	\$ 31,057.00	\$ 16,974.00
Federal sources					
Other sources					
Total revenues	\$ 407,795.00	\$ 68,792.00	\$ 15,476.00	\$ 31,057.00	\$ 16,974.00
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$	\$ 45,000.00	\$	\$	\$
Purchased professional - educational services					
Tuition	363,449.00	9,842.00	5,347.00		
General supplies					
Textbooks					
Total instruction	363,449.00	54,842.00	5,347.00	0.00	0.00
Support services:					
Salaries			3,152.00		
Employee Benefits		13,950.00	977.00		
Purchased professional - educational services	44,346.00		6,000.00	31,057.00	16,974.00
Other purchased services					
Supplies and materials	0.00				
Total support services	44,346.00	13,950.00	10,129.00	31,057.00	16,974.00
Facilities acquisition and construction serv:					
Land and Improvements					
Total facilities acquisition and construction serv.	0.00	0.00	0.00	0.00	0.00
Total expenditures	\$ 407,795.00	\$ 68,792.00	\$ 15,476.00	\$ 31,057.00	\$ 16,974.00

SOMERSET HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	TITLE III IMMIGRANT	TITLE IV	SOMERSET HILLS EDUCATION FUND	OTHER LOCAL GRANTS
REVENUES:				
State sources				
Federal sources	\$ 6,313.00	\$ 10,000.00	\$ 43,450.66	\$ 25,992.15
Other sources				
Total revenues	\$ 6,313.00	\$ 10,000.00	\$ 43,450.66	\$ 25,992.15
EXPENDITURES:				
Instruction:				
Salaries of teachers	\$	\$	\$	\$ 4,063.71
Purchased professional - educational services				
Tuition		10,000.00	43,450.66	7,828.44
General supplies				
Textbooks				
Total instruction	6,313.00	10,000.00	43,450.66	11,892.15
Support services:				
Salaries				
Employee benefits				
Purchased professional - educational services				
Other purchased services				
Supplies and materials				
Total support services	0.00	0.00	0.00	0.00
Facilities acquisition and construction serv:				
Land and Improvements				14,100.00
Total facilities acquisition and construction serv.	0.00	0.00	0.00	14,100.00
Total expenditures	\$ 6,313.00	\$ 10,000.00	\$ 43,450.66	\$ 25,992.15

SOMERSET HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	NON-PUBLIC HOME INSTRUCTION	NON-PUBLIC SECURITY	NON-PUBLIC TRANSPORTATION	NON-PUBLIC TEXTBOOKS	NON-PUBLIC EXAM CLASS
REVENUES:					
State sources	\$ 764.06	\$ 71,502.81	\$ 6,652.00	\$ 25,408.28	\$ 19,841.00
Federal sources					
Other sources					
Total revenues	<u>\$ 764.06</u>	<u>\$ 71,502.81</u>	<u>\$ 6,652.00</u>	<u>\$ 25,408.28</u>	<u>\$ 19,841.00</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$	\$	\$	\$	\$ 19,841.00
Purchased professional - educational services					
Tuition					
General supplies				25,408.28	
Textbooks					
Total instruction	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>25,408.28</u>	<u>19,841.00</u>
Support services:					
Salaries					
Employee benefits					
Purchased professional - educational services	764.06	71,502.81	6,652.00		
Other purchased services					
Supplies and materials					
Total support services	<u>764.06</u>	<u>71,502.81</u>	<u>6,652.00</u>	<u>0.00</u>	<u>0.00</u>
Facilities acquisition and construction serv:					
Land and Improvements					
Total facilities acquisition and construction serv.	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Expenditures	<u>\$ 764.06</u>	<u>\$ 71,502.81</u>	<u>\$ 6,652.00</u>	<u>\$ 25,408.28</u>	<u>\$ 19,841.00</u>

SOMERSET HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	NON-PUBLIC COMPLE.	NON-PUBLIC SUPPLEMENTAL INSTRUCTION	NON-PUBLIC CORRECTIVE SPEECH	NON-PUBLIC NURSING SERVICES	NON-PUBLIC TECHNOLOGY	TOTAL
REVENUES:						
State sources	\$ 25,381.00	\$ 15,224.00	\$ 21,427.00	\$ 46,310.29	\$ 17,040.26	\$ 249,550.70
Federal sources						\$ 556,407.00
Other sources						\$ 69,442.81
Total revenues	\$ 25,381.00	\$ 15,224.00	\$ 21,427.00	\$ 46,310.29	\$ 17,040.26	\$ 875,400.51
EXPENDITURES:						
Instruction:						
Salaries of teachers	\$	\$	\$	\$ 0.00	\$	\$ 49,063.71
Purchased professional - educational services	25,381.00	15,224.00	21,427.00	46,310.29		128,183.29
Tuition						363,449.00
General supplies	0.00	0.00				82,781.10
Textbooks						25,408.28
Total instruction	25,381.00	15,224.00	21,427.00	46,310.29	0.00	648,885.38
Support services:						
Salaries						3,152.00
Employee benefits						14,927.00
Purchased professional - educational services						98,377.00
Other purchased services					17,040.26	78,918.87
Supplies and materials						17,040.26
Total support services	0.00	0.00	0.00	0.00	17,040.26	212,415.13
Facilities acquisition and construction serv.:						
Land and Improvements	0.00					14,100.00
Total facilities acquisition and construction serv.	0.00	0.00	0.00	0.00	0.00	14,100.00
Total expenditures	\$ 25,381.00	\$ 15,224.00	\$ 21,427.00	\$ 46,310.29	\$ 17,040.26	\$ 875,400.51

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
AS OF JUNE 30, 2019

<u>ISSUE/PROJECT TITLE</u>	<u>APPROPRIATIONS</u>	<u>EXPENDITURES TO DATE</u>		<u>UNEXPENDED PROJECT BALANCE</u>
		<u>PRIOR YEAR</u>	<u>CURRENT YEAR</u>	
Improvements to High School Student Access	\$ 143,061.08	\$ 25,313.53	\$ 23,367.67	\$ 94,379.88
Improvements to Bedwell Bathroom & Sidewalk	559,175.38	473,527.38	85,648.00	0.00
Improvements to Bernardsville Middle School Walkway	142,767.78	83,214.08	44,553.70	0.00
Bernardsville High School Library	3,155,814.51	3,133,797.56	4,815.23	15,000.00
Improvements to Bernardsville High School S/E Wing	1,063,226.42	974,812.79	0.00	0.00
Improvements to Bernardsville High School Parking & Ramp	869,693.49	721,811.34	114,000.40	88,413.63
Improvements to Auditorium	1,387,555.00	1,136,240.73	0.00	0.00
Totals	\$ 7,321,293.66	\$ 6,548,717.41	\$ 272,385.00	\$ 500,191.25

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>REVISED AUTHORIZED COST</u>
Revenues and Other Financing Sources:	
Prior year adjustment-debt authorized	\$ (641.00)
Total revenues	<u>(641.00)</u>
Expenditures and Other Financing Uses:	
Purchased professional and technical services	\$ 5,347.67
Land and improvements	4,815.23
Construction services	<u>262,222.10</u>
Total expenditures	<u>272,385.00</u>
Excess (deficiency) of revenues over (under) expenditures	(273,026.00)
Fund balance - beginning - budgetary basis	<u>773,217.25</u>
Fund balance - ending - budgetary basis	<u>\$ 500,191.25</u>
<u>Reconciliation to GAAP Financial Statements:</u>	
Fund Balance- Budgetary Basis (Exhibit F-2)	\$ 500,191.25
Less: Unearned Revenue (GAAP Basis)	<u>115,045.71</u>
Fund Balance- GAAP Basis (Exhibit B-1)	<u>\$ 385,145.54</u>
Reserved for Encumbrances	\$ 0.00
Restricted for Capital Projects	<u>385,145.54</u>
	<u>\$ 385,145.54</u>

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

	<u>For the Year Ended June 30, 2019</u>			<u>Revised Authorized Cost</u>
	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	
Revenues and Other Financing Sources:				
Transfer from capital reserve	\$ 36,300.00	\$	\$ 36,300.00	36,300.00
Transfer within bond referendum projects		106,761.08	106,761.08	106,761.08
Total revenues	<u>36,300.00</u>	<u>106,761.08</u>	<u>143,061.08</u>	<u>143,061.08</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	24,618.53	5,347.67	29,966.20	35,300.00
Construction services	695.00	18,020.00	18,715.00	107,761.08
Total expenditures	<u>25,313.53</u>	<u>23,367.67</u>	<u>48,681.20</u>	<u>143,061.08</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 10,986.47</u>	<u>\$ 83,393.41</u>	<u>\$ 94,379.88</u>	<u>\$ 0.00</u>
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date				
Bonds Authorized				
Bonds Issued				
SCC Amount	N/A			
Local Share	N/A			
Original Authorized Cost	36,300.00			
Revised Authorized Cost	143,061.08			
Percentage Increase Over Original Authorized Cost				
Percentage completion	34%			
Original target completion date	6/30/2019			
Revised target completion date	6/30/2021			

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS
IMPROVEMENTS TO BEDWELL ELEMENTARY SCHOOL BATHROOMS, SIDEWALKS AND RETAINING WALL

	<u>For the Year Ended June 30, 2019</u>			Revised Authorized Cost
	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	
Revenues and Other Financing Sources:				
Bond proceeds	\$ 417,150.00	\$	\$ 417,150.00	\$ 417,150.00
Transfer from capital reserve	60,595.34		60,595.34	60,595.34
Transfer within bond referendum projects	0.00	81,430.04	81,430.04	81,430.04
Total revenues	<u>477,745.34</u>	<u>81,430.04</u>	<u>559,175.38</u>	<u>559,175.38</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	24,060.10		24,060.10	24,060.10
Construction services	449,467.28	85,648.00	535,115.28	535,115.28
Total expenditures	<u>473,527.38</u>	<u>85,648.00</u>	<u>559,175.38</u>	<u>559,175.38</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>4,217.96</u>	\$ <u>(4,217.96)</u>	\$ <u>0.00</u>	\$ <u>0.00</u>
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	9/15/2015			
Bonds Authorized	\$417,150.00			
Bonds Issued	498,580.04			
SCC Amount	N/A			
Local Share	N/A			
Original Authorized Cost	501,100.00			
Revised Authorized Cost	559,175.38			
Percentage Increase Over Original Authorized Cost				
Percentage completion	100%			
Original target completion date	6/30/2017			
Revised target completion date	12/31/2018			

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS
IMPROVEMENTS TO BERNARDSVILLE MIDDLE SCHOOL WALKWAY AND TEACHER'S PARKING LOT

	<u>For the Year Ended June 30, 2019</u>			Revised Authorized Cost
	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	
Revenues and Other Financing Sources:				
Bond Proceeds	\$ 108,291.20	\$	\$ 108,291.20	\$ 108,291.20
Transfer within bond referendum projects	0.00	34,476.58	34,476.58	34,476.58
Total revenues	<u>108,291.20</u>	<u>34,476.58</u>	<u>142,767.78</u>	<u>142,767.78</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	9,694.25		9,694.25	9,694.25
Construction services	73,519.83	44,553.70	118,073.53	133,073.53
Total expenditures	<u>83,214.08</u>	<u>44,553.70</u>	<u>127,767.78</u>	<u>142,767.78</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 25,077.12</u>	<u>\$ (10,077.12)</u>	<u>\$ 15,000.00</u>	<u>\$ 0.00</u>
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	9/15/2015			
Bonds Authorized	108,291.20			
Bonds Issued	142,767.78			
SCC Amount	N/A			
Local Share	N/A			
Original Authorized Cost	108,291.20			
Revised Authorized Cost	142,767.78			
Percentage Increase Over Original Authorized Costs	N/A			
Percentage completion	89%			
Original target completion date	6/30/2017			
Revised target completion date	6/30/2020			

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS
BERNARDS HIGH SCHOOL LIBRARY/MEDIA CENTER

	<u>For the Year Ended June 30, 2019</u>			Revised
	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized</u>
				<u>Cost</u>
Revenues and Other Financing Sources:				
Bond proceeds	\$ 3,396,493.82	\$	\$ 3,396,493.82	\$ 3,396,493.82
Transfer within bond referendum projects	0.00	(240,679.31)	(240,679.31)	(240,679.31)
Total revenues	<u>3,396,493.82</u>	<u>(240,679.31)</u>	<u>3,155,814.51</u>	<u>3,155,814.51</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	75,713.56		75,713.56	75,713.56
Land and improvements	0.00	4,815.23	4,815.23	4,815.23
Construction services	3,058,084.00		3,058,084.00	3,075,285.72
Total expenditures	<u>3,133,797.56</u>	<u>4,815.23</u>	<u>3,138,612.79</u>	<u>3,155,814.51</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 262,696.26</u>	<u>\$ (245,494.54)</u>	<u>\$ 17,201.72</u>	<u>\$ 0.00</u>
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	9/15/2015			
Bonds Authorized	\$3,299,643.53			
Bonds Issued	\$3,155,814.51			
SCC Amount	N/A			
Local Share	N/A			
Original Authorized Cost	2,921,175.00			
Revised Authorized Cost	3,155,814.51			
Percentage Increase Over Original Authorized Cost	NONE			
Percentage completion	99%			
Original target completion date	6/30/2017			
Revised target completion date	6/30/2020			

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

	<u>For the Year Ended June 30, 2019</u>			<u>Revised Authorized Cost</u>
	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	
Revenues and Other Financing Sources:				
Bond proceeds	\$ 1,100,600.00	\$	\$ 1,100,600.00	\$ 1,100,600.00
Prior year adjustment-debt authorized		(641.00)	(641.00)	(641.00)
Transfer within bond referendum projects		(36,732.58)	(36,732.58)	(36,732.58)
Total revenues	<u>1,100,600.00</u>	<u>(37,373.58)</u>	<u>1,063,226.42</u>	<u>1,063,226.42</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	27,383.23		27,383.23	27,383.23
Construction services	947,429.56		947,429.56	1,035,843.19
Total expenditures	<u>974,812.79</u>	<u>0.00</u>	<u>974,812.79</u>	<u>1,063,226.42</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 125,787.21</u>	<u>\$ (37,373.58)</u>	<u>\$ 88,413.63</u>	<u>\$ 0.00</u>
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	9/15/2015			
Bonds Authorized	\$1,100,600.00			
Bonds Issued	\$1,063,867.42			
SDA Amount	N/A			
Local Share	N/A			
Original Authorized Cost	1,100,600.00			
Revised Authorized Cost	1,063,226.42			
Percentage Increase Over Original Authorized Cost				
Percentage completion	92%			
Original target completion date	6/30/2017			
Revised target completion date	6/30/2020			

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

	<u>For the Year Ended June 30, 2019</u>			<u>Revised Authorized Cost</u>
	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	
Revenues and Other Financing Sources:				
Bond proceeds	\$ 814,949.30	\$	\$ 814,949.30	\$ 814,949.30
Transfer within bond referendum projects	0.00	54,744.19	54,744.19	54,744.19
Total revenues	<u>814,949.30</u>	<u>54,744.19</u>	<u>869,693.49</u>	<u>869,693.49</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	53,029.87		53,029.87	53,029.87
Construction services	668,781.47	114,000.40	782,781.87	816,663.62
Total expenditures	<u>721,811.34</u>	<u>114,000.40</u>	<u>835,811.74</u>	<u>869,693.49</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 93,137.96</u>	<u>\$ (59,256.21)</u>	<u>\$ 33,881.75</u>	<u>\$ 0.00</u>
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	9/15/2015			
Bonds Authorized	\$814,949.30			
Bonds Issued	\$869,693.49			
SCC Amount	N/A			
Local Share	N/A			
Original Authorized Cost	960,787.68			
Revised Authorized Cost	814,949.30			
Percentage Increase Over Original Authorized Cost	NONE			
Percentage completion	96%			
Original target completion date	6/30/2017			
Revised target completion date	6/30/2020			

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

	<u>For the Year Ended June 30, 2019</u>			<u>Revised Authorized Cost</u>
	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	
Revenues and Other Financing Sources:				
Transfer from capital reserve	\$ 818,013.00	\$ 0.00	\$ 818,013.00	\$ 818,013.00
SDA Grant	569,542.00		569,542.00	569,542.00
Total revenues	<u>1,387,555.00</u>	<u>0.00</u>	<u>1,387,555.00</u>	<u>1,387,555.00</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	127,901.45		127,901.45	133,500.00
Construction services	1,008,339.28		1,008,339.28	1,254,055.00
Total expenditures	<u>1,136,240.73</u>	<u>0.00</u>	<u>1,136,240.73</u>	<u>1,387,555.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 251,314.27</u>	<u>\$ 0.00</u>	<u>\$ 251,314.27</u>	<u>\$ 0.00</u>
Additional project information:				
Project Number	4815-020-14-G3JZ			
Grant Date	5/2/2014			
Original Authorized Cost	1,423,855.00			
Additional Authorized Cost	N/A			
Revised Authorized Cost	1,387,555.00			
Percentage Increase Over Original				
Authorized Costs	N/A			
Percentage completion	82%			
Original target completion date	6/30/2016			
Revised target completion date	6/30/2020			

FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

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

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

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

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

SOMERSET HILLS SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUND
 JUNE 30, 2019

		AGENCY FUNDS	TOTAL AGENCY	PRIVATE PURPOSE AWARD FUND SCHOLARSHIP FUNDS	STATE UNEMPLOYMENT COMPENSATION TRUST	TOTAL TRUST
ASSETS:		PAYROLL AGENCY	AGENCY	FUND	TRUST	TRUST
Cash and cash equivalents	\$	26,530.19	\$339,530.27	\$ 143,101.60	\$ 80,927.35	\$ 224,028.95
Total assets		26,530.19	339,530.27	143,101.60	80,927.35	224,028.95
LIABILITIES:						
Interfunds payable		24,655.36	24,655.36			
Payroll deductions and withholdings		1,874.83	1,874.83			
Due to student groups			313,000.08			
Total liabilities	\$	\$ 26,530.19	\$ 339,530.27	\$ 0.00	\$ 0.00	\$ 0.00
NET POSITION:						
Held in trust for unemployment claims					80,927.35	80,927.35
Held in trust for scholarships				143,101.60		143,101.60
Total net position	\$		\$ 143,101.60	\$ 80,927.35	\$ 224,028.95	\$ 224,028.95

SOMERSET HILLS SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>PRIVATE PURPOSE AWARD FUND</u>	<u>STATE UNEMPLOYMENT COMPENSATION TRUST FUND</u>	<u>TOTAL</u>
ADDITIONS:			
Contributions:			
Other	\$ 2,186.57	\$ 96,964.70	\$ 99,151.27
Employee withholdings		48,446.94	48,446.94
Total contributions	<u>2,186.57</u>	<u>145,411.64</u>	<u>147,598.21</u>
Investment earnings:			
Interest	132.76	156.33	289.09
Net investment earnings	<u>132.76</u>	<u>156.33</u>	<u>289.09</u>
Total additions	<u>2,319.33</u>	<u>145,567.97</u>	<u>147,887.30</u>
DEDUCTIONS:			
Scholarships awarded	9,750.00		9,750.00
Unemployment claims		81,205.54	81,205.54
Total deductions	<u>9,750.00</u>	<u>81,205.54</u>	<u>90,955.54</u>
Change in net position	<u>(7,430.67)</u>	<u>64,362.43</u>	<u>56,931.76</u>
Net position beginning of year	<u>150,532.27</u>	<u>16,564.92</u>	<u>167,097.19</u>
Net position end of year	<u>\$ 143,101.60</u>	<u>\$ 80,927.35</u>	<u>\$ 224,028.95</u>

SOMERSET HILLS SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>BALANCE</u> <u>JULY 1, 2018</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSE-</u> <u>MENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2019</u>
ELEMENTARY SCHOOL				
Bedwell	\$ 7,078.48	\$ 22,209.65	\$ 23,591.56	\$ 5,696.57
MIDDLE SCHOOL				
Activity	86,374.57	101,840.47	102,179.72	86,035.32
Athletic	49,334.25	52,825.52	12,545.85	89,613.92
HIGH SCHOOL				
Activity	123,648.08	484,502.28	485,046.98	123,103.38
Athletic	<u>5,546.56</u>	<u>117,770.79</u>	<u>114,766.46</u>	<u>8,550.89</u>
Total all schools	<u>\$ 271,981.94</u>	<u>\$ 779,148.71</u>	<u>\$ 738,130.57</u>	<u>\$ 313,000.08</u>

SOMERSET HILLS SCHOOL DISTRICT
PAYROLL AGENCY FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>BALANCE</u> <u>JULY 1, 2018</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2019</u>
ASSETS:				
Cash and cash equivalents	\$ 171,152.37	\$ 25,768,163.04	\$ 25,912,785.22	\$ 26,530.19
Total assets	<u>\$ 171,152.37</u>	<u>\$ 25,768,163.04</u>	<u>\$ 25,912,785.22</u>	<u>\$ 26,530.19</u>
LIABILITIES:				
Interfunds payable	\$ 21,170.21	\$ 15,000.00	\$ 11,514.85	\$ 24,655.36
Net salary and wages	0.00	14,115,721.49	14,115,721.49	0.00
Payroll deductions and withholdings	<u>149,982.16</u>	<u>11,637,441.55</u>	<u>11,785,548.88</u>	<u>1,874.83</u>
Total liabilities	<u>\$ 171,152.37</u>	<u>\$ 25,768,163.04</u>	<u>\$ 25,912,785.22</u>	<u>\$ 26,530.19</u>

LONG-TERM OBLIGATIONS SCHEDULES

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

SOMERSET HILLS SCHOOL DISTRICT
 LONG-TERM OBLIGATIONS
 SCHEDULE OF SERIAL BONDS
 JUNE 30, 2019

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JULY 1, 2018	RETIRED	BALANCE JUNE 30, 2019
			DATE	AMOUNT				
Refunding School Bonds	2009	3,305,000.00				\$ 375,000.00	\$ 375,000.00	\$ 0.00
Refunding School Bonds	3/15/12	9,875,000.00	3/15/20	\$ 550,000.00	4.000%	2,520,000.00	1,970,000.00	550,000.00
Refunding School Bonds	3/15/12	19,205,000.00	3/15/20	1,495,000.00	2.000%			
			3/15/21	2,050,000.00	5.000%			
			3/15/22	2,150,000.00	5.000%			
			3/15/23	2,250,000.00	5.000%			
			3/15/24	2,345,000.00	4.000%			
			3/15/25	2,320,000.00	4.000%			
			3/15/26	2,700,000.00	4.000%			
			3/15/27	1,110,000.00	4.000%			
			3/15/28	1,145,000.00	4.000%			
			3/15/29	1,195,000.00	4.000%	18,760,000.00		18,760,000.00
School Bonds, Series 2016	9/15/2015	5,829,000.00	9/15/19	370,000.00	1.000%			
			9/15/20	385,000.00	1.000%			
			9/15/21	395,000.00	2.000%			
			9/15/22	410,000.00	2.000%			
			9/15/23	425,000.00	2.000%			
			9/15/24	440,000.00	2.000%			
			9/15/25	450,000.00	2.000%			
			9/15/26	465,000.00	2.000%			
			9/15/27	485,000.00	2.000%			
			9/15/28	500,000.00	2.000%			
			9/15/29	500,000.00	2.250%			
			9/15/30	494,000.00	3.000%			
						5,579,000.00	260,000.00	5,319,000.00
						\$ 27,234,000.00	\$ 2,605,000.00	\$ 24,629,000.00

SOMERSET HILLS SCHOOL DISTRICT
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

PURPOSE	DATE OF LEASE	TERM OF LEASE	AMOUNT OF ORIGINAL LEASE PRINCIPAL	BALANCE JUNE 30, 2018	ISSUED	RETIRED	BALANCE JUNE 30, 2019
Bus	7/1/2017	6/15/2024	156,740.89	136,043.74	\$	21,237.79	\$ 114,805.95
E.S.I.P.	7/16/2010	7/15/2025	3,180,023.00	1,708,651.87		202,361.77	1,506,290.10
Piano, Truck	8/30/2016	8/30/2020	143,479.00	86,062.62		28,093.44	57,969.18
Bus - 54 Passenger	10/1/2018	10/1/2023	105,418.75		105,418.75		105,418.75
Bus - 24 Passenger	12/1/2018	12/1/2023	64,711.32		64,711.32		64,711.32
				\$ 1,930,758.23	\$ 170,130.07	\$ 251,693.00	\$ 1,849,195.30

SOMERSET HILLS SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>ORIGINAL BUDGET</u>	<u>MODIFIED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:				
Local sources:				
Local tax levy	\$ 3,403,662.00	\$ 3,403,662.00	\$ 3,403,663.00	\$ 1.00
State sources:				
Debt service aid type II	200,076.00	200,076.00	200,076.00	0.00
Total revenues	<u>3,603,738.00</u>	<u>3,603,738.00</u>	<u>3,603,739.00</u>	<u>1.00</u>
EXPENDITURES:				
Regular debt service:				
Interest	998,739.00	998,739.00	998,701.98	37.02
Redemption of principal	2,605,000.00	2,605,000.00	2,605,000.00	0.00
Total regular debt service-expenditures	<u>3,603,739.00</u>	<u>3,603,739.00</u>	<u>3,603,701.98</u>	<u>37.02</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1.00)</u>	<u>(1.00)</u>	<u>37.02</u>	<u>38.02</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>(1.00)</u>	<u>(1.00)</u>	<u>37.02</u>	<u>38.02</u>
Fund balance, July 1	<u>0.77</u>	<u>0.77</u>	<u>0.77</u>	
Fund balance, June 30	<u>(0.23)</u>	<u>(0.23)</u>	<u>37.79</u>	<u>38.02</u>

STATISTICAL SECTION
(UNAUDITED)

SOMERSET HILLS SCHOOL DISTRICT
STATISTICAL SECTION

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

Sources

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

SOMERSET HILLS SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities										
Net investment in capital assets	\$ 35,429,551.23	\$ 33,556,231.62	\$ 32,786,890.83	\$ 27,150,588.40	\$ 30,895,137.50	\$ 29,162,587.15	\$ 26,218,977.35	\$ 24,774,593.36	\$ 24,197,413.10	\$ 24,197,413.10
Restricted	1,728,514.54	1,832,696.60	1,866,600.47	6,029,773.91	1,366,346.98	610,272.96	942,827.07	512,681.54	666,619.55	666,619.55
Unrestricted (deficit)	(9,325,891.05)	(9,070,828.40)	(9,250,513.00)	(9,033,982.60)	(8,440,639.13)	876,988.86	2,847,535.65	2,250,782.56	1,685,713.65	1,685,713.65
Total governmental activities net position	\$ 27,832,174.72	\$ 26,318,099.82	\$ 25,402,978.30	\$ 24,146,379.71	\$ 23,820,845.35	\$ 30,649,848.77	\$ 30,009,340.07	\$ 27,538,057.46	\$ 26,549,746.30	\$ 26,549,746.30
Business-type activities										
Net investment in capital assets	\$ 23,703.67	\$ 20,703.53	\$ 24,102.60	\$ 33,205.28	\$ 43,126.16	\$ 50,196.49	\$ 59,499.66	\$ 48,203.98	\$ 55,152.48	\$ 67,696.68
Unrestricted (deficit)	21,572.31	(379.19)	(23,583.00)	1,267.96	1,706.67	26,450.44	72,886.29	229,109.48	203,119.35	182,161.33
Total business-type activities net position	\$ 45,275.98	\$ 20,324.34	\$ 519.60	\$ 34,473.24	\$ 44,832.83	\$ 76,646.93	\$ 132,385.95	\$ 277,313.46	\$ 258,271.83	\$ 249,858.01
District-wide										
Net investment in capital assets	\$ 35,453,254.90	\$ 33,576,935.15	\$ 32,810,993.43	\$ 27,183,793.68	\$ 30,938,263.66	\$ 29,212,783.64	\$ 26,278,477.01	\$ 24,822,797.34	\$ 24,252,565.58	\$ 24,265,109.78
Restricted	1,728,514.54	1,832,696.60	1,866,600.47	6,029,773.91	1,366,346.98	610,272.96	942,827.07	512,681.54	666,619.55	666,619.55
Unrestricted (deficit)	(9,304,318.74)	(9,071,207.59)	(9,274,096.00)	(9,032,714.64)	(8,438,932.46)	903,439.10	2,920,421.94	2,479,892.04	1,888,833.00	1,867,874.98
Total district net position	\$ 27,877,450.70	\$ 26,338,424.16	\$ 25,403,497.90	\$ 24,180,852.95	\$ 23,865,678.18	\$ 30,726,495.70	\$ 30,141,726.02	\$ 27,815,370.92	\$ 26,808,018.13	\$ 26,799,604.31

Source: CAFR Schedule A-1

SOMERSET HILLS SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
EXPENSES										
Governmental activities										
Instruction										
Regular	\$ 20,962,550.16	\$ 21,491,658.33	\$ 22,091,922.57	\$ 20,183,503.83	\$ 19,337,481.98	\$ 16,096,884.83	\$ 16,851,786.14	\$ 15,452,570.85	\$ 15,074,125.53	\$ 16,055,321.53
Special education	4,415,209.99	3,982,948.01	4,803,335.55	4,080,388.97	3,577,794.17	2,834,607.06	3,998,064.82	4,339,473.36	4,559,745.72	4,443,018.34
Other instruction	3,196,360.63	2,654,266.48	2,739,555.93	2,482,599.85	2,358,343.69	1,807,011.25	1,695,330.91	1,663,156.61	1,725,611.93	1,755,650.37
Support Services:										
Tuition	1,568,333.22	1,471,689.09	1,539,878.03	1,533,571.15	1,400,904.85	2,607,100.16				
Student & instruction related services	7,537,743.69	7,579,742.76	6,922,795.92	6,715,853.37	6,098,451.70	4,672,405.30	5,474,053.69	5,034,191.47	5,012,940.79	4,934,891.09
General administrative services	785,020.11	786,480.70	971,884.92	999,394.98	836,728.43	1,009,666.70	856,367.87	973,813.78	954,199.52	931,980.80
School administrative services	2,306,956.74	2,286,214.33	2,487,548.63	2,377,858.77	2,114,649.15	1,831,799.64	1,875,172.90	1,612,284.74	1,684,256.32	1,635,420.57
Plant operations and maintenance	3,852,997.04	4,040,783.96	3,756,210.23	3,458,503.78	3,103,470.65	3,139,646.69	2,585,251.89	3,361,039.87	3,515,484.42	3,551,959.19
Student transportation services	2,203,585.99	2,315,106.25	2,385,195.39	2,267,672.63	2,038,265.46	2,129,382.93	1,992,940.41	2,176,219.01	2,155,857.45	2,193,985.90
Central services & Information Technology	1,036,411.45	944,789.15	1,133,608.27	923,863.89	886,516.77	684,448.84	700,237.60	688,375.74	688,663.97	715,990.17
Transfer to Charter Schools	55,951.00									
Interest on long-term debt	1,001,635.71	978,695.47	1,074,169.06	1,074,384.49	1,099,099.88	1,484,329.31	1,337,227.37	1,237,048.02	1,627,237.54	1,692,428.93
Unallocated depreciation	1,939,648.54	1,926,568.71	1,912,878.03	1,830,972.28	1,809,529.31	1,820,151.83	1,769,633.51	1,736,840.03	1,692,987.29	1,060,991.45
Total governmental activities expenses	\$ 50,862,404.27	\$ 50,458,943.25	\$ 51,818,982.62	\$ 47,928,567.89	\$ 44,661,236.04	\$ 40,117,434.54	\$ 39,136,067.11	\$ 38,275,013.48	\$ 38,661,110.48	\$ 38,971,638.34
Business-type activities:										
Food Service	583,492.04	565,343.81	623,102.47	602,108.62	650,409.20	648,818.00	716,434.09	599,996.19	600,447.71	584,632.69
Total business-type activities expense	583,492.04	565,343.81	623,102.47	602,108.62	650,409.20	648,818.00	716,434.09	599,996.19	600,447.71	584,632.69
Total district expenses	\$ 51,445,896.31	\$ 51,024,287.06	\$ 52,442,084.99	\$ 48,530,676.31	\$ 45,311,645.24	\$ 40,766,252.54	\$ 39,852,501.20	\$ 38,875,009.67	\$ 39,261,558.19	\$ 39,556,271.03
PROGRAM REVENUES										
Governmental activities:										
Operating grants and contributions	\$ 12,207,747.58	\$ 12,040,944.37	\$ 13,828,150.39	\$ 10,255,933.04	\$ 8,865,869.63	\$ 4,954,393.62	\$ 5,573,850.54	\$ 4,598,914.86	\$ 4,114,855.26	\$ 4,808,397.11
Charges for services	4,697,969.33	4,909,908.99	4,926,276.87	4,914,295.88	4,998,852.57	4,419,158.70	4,369,866.02	4,124,986.40	4,172,898.20	4,756,056.68
Capital grants and contributions	-	2,503.69	451,992.60	10,445.00	10,445.00	726.40	65,599.60	-	82,976.15	273,237.92
Total governmental activities program revenues	\$ 16,905,716.91	\$ 16,953,357.05	\$ 19,206,419.86	\$ 15,170,228.92	\$ 13,875,167.20	\$ 9,374,278.72	\$ 10,009,416.16	\$ 8,723,901.26	\$ 8,370,729.61	\$ 9,837,691.71
Business-type activities:										
Charges for services	441,617.43	411,314.50	425,261.92	432,320.31	466,385.96	457,756.19	453,379.37	515,375.27	509,115.37	501,091.25
Operating grants and contributions	166,627.05	173,733.47	163,711.32	159,196.15	151,994.59	135,101.74	117,780.84	102,610.09	97,124.86	90,343.19
Capital grants and contributions	-	-	-	-	-	0.00	-	-	-	36,910.41
Total business-type activities program revenues	\$ 608,244.48	\$ 585,047.97	\$ 588,973.24	\$ 591,516.46	\$ 618,370.55	\$ 592,857.93	\$ 571,160.21	\$ 617,985.36	\$ 606,240.23	\$ 628,344.85
Total district program revenues	\$ 17,513,961.39	\$ 17,538,405.02	\$ 19,795,393.10	\$ 15,761,745.38	\$ 14,493,537.75	\$ 9,967,136.65	\$ 10,580,576.37	\$ 9,341,886.62	\$ 8,976,969.84	\$ 10,466,036.56
NET (EXPENSE)/REVENUE										
Governmental activities	\$ (33,956,687.36)	\$ (33,505,586.20)	\$ (32,612,562.66)	\$ (32,758,338.77)	\$ (30,786,068.84)	\$ (30,743,155.82)	\$ (29,126,650.95)	\$ (29,551,112.22)	\$ (30,290,380.87)	\$ (29,133,946.69)
Business-type activities	24,752.44	19,704.16	(34,129.23)	(10,590.07)	(32,038.65)	(55,960.07)	(145,273.88)	17,989.17	5,792.52	43,712.16
Total district-wide net expense	\$ (33,931,934.92)	\$ (33,485,882.04)	\$ (32,646,691.89)	\$ (32,768,930.93)	\$ (30,818,107.49)	\$ (30,799,115.89)	\$ (29,271,924.83)	\$ (29,533,123.05)	\$ (30,284,588.35)	\$ (29,090,234.47)

SOMERSET HILLS SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 31,357,770.00	\$ 30,742,912.00	\$ 30,140,110.00	\$ 29,549,127.00	\$ 28,969,733.00	\$ 28,163,596.00	\$ 27,611,369.00	\$ 27,069,970.00	\$ 26,539,186.00	\$ 25,803,779.00
Taxes levied for debt service	3,403,663.00	3,054,087.00	3,247,712.00	3,184,619.00	3,240,188.00	3,163,854.00	3,234,883.00	3,294,658.00	3,323,846.00	3,329,300.00
Grants and contributions	341,318.00	421,637.00	259,077.00	240,599.00	292,977.65	196,160.00	192,375.00	202,896.00	83,041.20	88,524.55
Disposal of capital assets	368,011.26	202,071.72	222,262.27	109,528.14	63,367.77	151,296.22	193,064.87	185,568.59	130,638.45	(300,733.80)
Miscellaneous income	35,470,762.26	34,420,707.72	33,869,151.27	33,083,873.14	32,566,266.42	31,749,906.22	31,231,891.87	30,753,092.59	30,076,711.65	29,057,260.12
Total governmental activities	199,20	100,58	175,59	232,57	224,55	220,75	346,37	1,052,46	2,621,30	3,053,45
Business-type activities:										
Miscellaneous income	199,20	100,58	175,59	232,57	224,55	220,75	346,37	1,052,46	2,621,30	3,053,45
Total business-type activities	199,20	100,58	175,59	232,57	224,55	220,75	346,37	1,052,46	2,621,30	3,053,45
Total district-wide	\$ 35,470,961.46	\$ 34,420,808.30	\$ 33,869,336.86	\$ 33,084,105.71	\$ 32,566,490.97	\$ 31,750,126.97	\$ 31,232,038.24	\$ 30,754,145.05	\$ 30,079,332.95	\$ 29,060,313.57
CHANGE IN NET POSITION										
Governmental activities	\$ 1,514,074.90	\$ 915,121.52	\$ 1,256,598.81	\$ 325,534.37	\$ 1,780,197.58	\$ 1,006,750.40	\$ 2,105,040.92	\$ 1,201,980.37	\$ (213,669.22)	\$ (76,686.51)
Business-type activities	24,951.64	19,804.74	(33,953.64)	(10,359.59)	(31,814.10)	(55,739.32)	(144,927.51)	19,041.63	8,413.82	46,765.61
Total district	\$ 1,539,026.54	\$ 934,926.26	\$ 1,222,644.97	\$ 315,174.78	\$ 1,748,383.48	\$ 951,011.08	\$ 1,960,113.41	\$ 1,221,022.00	\$ (205,255.40)	\$ (29,920.90)

Source: CAFR Schedule A-2

SOMERSET HILLS SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 UNAUDITED

	Fiscal Year Ending June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund										
Reserved	\$ 3,904,295.04	\$ 4,113,542.96	\$ 3,545,342.50	\$ 3,091,089.02	\$ 2,992,605.15	\$ 2,997,879.81	\$ 3,858,953.01	\$ 2,232,250.61	\$ 2,328,347.48	\$ 3,996,921.17
Restricted	955,366.51	726,481.57	511,519.42	185,632.47	417,775.06	316,788.81	158,571.81	833,045.33	88,180.22	
Assigned	1,436,093.42	1,250,644.86	1,308,028.36	902,608.87	788,994.57	768,899.18	804,953.17	990,233.10	1,401,088.77	
Unassigned										
Unreserved										
Total general fund	\$ 6,295,754.97	\$ 6,090,669.39	\$ 5,364,890.28	\$ 4,179,330.36	\$ 4,199,374.78	\$ 4,083,567.80	\$ 4,822,477.99	\$ 4,055,529.04	\$ 3,817,616.47	\$ 565,762.70
										\$ 4,562,683.87
All Other Governmental Funds										
Reserved	\$ 385,145.54	\$ 657,531.31	\$ 1,077,008.65	\$ 5,518,116.68	\$ 636,904.07	\$ 744,310.91	\$ 244,698.77	\$ 391,965.84	\$ 204,556.42	\$ 596,947.57
Restricted										
Assigned	37.79									
Unreserved, reported in:										
Capital projects fund										414,912.39
Debt service fund										18,399.56
Total all other governmental funds	\$ 385,183.33	\$ 657,531.31	\$ 1,077,008.65	\$ 5,518,116.68	\$ 636,904.07	\$ 744,310.91	\$ 244,698.77	\$ 391,965.84	\$ 204,556.42	\$ 1,030,259.52

Source: CAFR Schedule B-1

SOMERSET HILLS SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues										
Tax levy	\$ 34,761,433.00	\$ 33,795,999.00	\$ 33,387,822.00	\$ 32,733,746.00	\$ 32,209,921.00	\$ 31,327,450.00	\$ 30,846,252.00	\$ 30,364,628.00	\$ 29,863,032.00	\$ 29,133,079.00
Tuition charges	4,494,269.84	4,755,392.46	4,761,665.71	4,835,970.88	4,908,964.57	4,318,976.70	4,259,078.52	4,027,501.40	4,066,861.20	4,642,131.68
Transportation charges	203,699.49	154,516.53	164,611.16	78,385.00	89,888.00	100,182.00	110,887.50	97,485.00	106,037.00	113,925.00
Miscellaneous	437,454.07	304,284.08	288,872.14	133,606.72	188,107.07	245,561.87	333,939.12	314,360.61	290,578.07	704,028.78
State sources	8,071,094.91	7,023,287.21	6,570,149.90	5,371,786.30	4,952,921.53	4,390,694.15	4,962,902.16	4,085,590.67	3,347,827.07	3,882,047.75
Federal sources	570,748.86	595,687.49	588,642.20	600,199.61	531,490.45	604,646.42	718,283.73	587,428.17	825,403.72	720,473.43
Total revenue	48,538,698.17	46,630,166.77	45,761,763.11	43,753,634.51	42,881,292.62	40,987,511.14	41,231,343.03	39,476,983.85	38,499,739.06	39,195,685.64
Expenditures										
Instruction:										
Regular instruction	12,543,828.07	12,875,963.15	12,495,057.63	12,443,373.11	12,195,486.89	11,947,000.86	16,674,454.14	15,341,182.63	15,405,666.00	15,706,254.73
Special education instruction	2,753,655.24	2,557,404.22	2,897,910.79	2,685,739.75	2,496,253.16	2,211,614.56	4,024,660.82	4,342,591.98	4,620,546.44	4,399,016.40
Other instruction	1,971,870.28	1,648,493.41	1,619,372.26	1,619,522.31	1,529,797.18	1,389,788.79	1,695,330.91	1,661,461.12	1,715,196.79	1,762,868.30
Support services:										
Tuition	1,568,333.22	1,471,689.09	1,539,878.03	1,533,571.15	1,400,904.85	1,378,171.26	5,593,780.69	5,051,631.92	5,058,177.90	4,943,482.10
Student and instruction related services	4,805,171.69	4,739,379.82	4,076,171.03	4,378,286.24	4,330,190.79	4,583,340.30	991,269.96	958,906.23	950,266.25	963,697.30
General administrative services	669,277.68	697,215.98	769,268.19	795,453.65	628,415.62	861,880.05	1,784,269.90	1,683,730.43	1,633,811.16	1,698,077.98
School administrative services	1,358,283.73	1,312,128.14	1,370,981.38	1,359,921.72	1,419,874.65	1,377,312.43	1,784,269.90	1,683,730.43	1,633,811.16	1,698,077.98
Central services and information technology	770,436.41	767,822.11	736,521.39	687,272.61	733,502.90	535,202.64	681,721.40	674,440.39	638,815.40	617,742.47
Plant operations and maintenance	3,558,477.43	3,239,104.22	3,069,484.86	3,122,224.08	2,968,283.18	2,918,640.12	2,678,739.45	3,033,041.89	3,535,582.68	3,539,201.04
Student transportation services	2,073,106.31	2,201,807.33	2,197,490.44	2,168,756.46	1,977,190.85	2,164,083.55	1,983,640.41	2,178,566.51	2,156,977.01	2,192,866.34
Unallocated employee benefits	11,989,050.03	10,734,409.42	9,661,174.05	9,072,073.60	8,593,308.82	7,900,546.01				
Transfer of funds to charter schools	55,951.00									
Capital outlay	965,101.57	941,839.25	5,346,926.31	1,628,960.76	1,349,152.29	865,948.42	910,448.88	3,652,162.17	916,169.86	1,620,353.11
Debt service:										
Principal	2,605,000.00	2,215,000.00	2,210,000.00	2,140,000.00	2,070,000.00	2,000,000.00	2,373,859.17	2,406,795.68	1,856,406.45	1,763,401.90
Interest and other charges	1,088,547.98	1,078,349.75	1,170,563.86	1,121,721.42	1,190,531.50	1,254,954.00	1,361,384.56	1,295,981.72	1,637,474.81	1,701,294.24
Total expenditures	48,776,090.64	46,480,605.89	49,160,790.22	44,736,876.86	42,872,892.48	41,388,482.99	40,753,560.29	42,280,492.67	40,125,090.75	40,898,255.91
Excess (deficiency) of revenues over (under) expenditures	(237,392.47)	149,560.88	(3,398,027.11)	(983,242.35)	8,400.14	(400,971.85)	477,782.74	(2,803,498.82)	(1,625,351.69)	(1,702,570.27)
Other financing sources (uses)										
Capital leases (non-budgeted)	170,130.07	156,740.89	143,479.00			100,000.00	132,134.14	3,228,820.81	106,878.96	93,612.00
Bond proceeds	-	-	-	5,829,000.00	15,410.54	61,673.80	9,765.00			
Prior year accounts payable cancelled										
Costs of issuance										
Total other financing sources (uses)	170,130.07	156,740.89	143,479.00	5,844,410.54	15,410.54	61,673.80	9,765.00	3,228,820.81	106,878.96	93,612.00
Net change in fund balances	\$ (67,262.40)	\$ 306,301.77	\$ (3,255,548.11)	\$ 4,861,168.19	\$ 8,400.14	\$ (239,298.05)	\$ 619,681.88	\$ 425,321.99	\$ (1,518,472.73)	\$ (1,608,958.27)
Debt service as a percentage of noncapital expenditures	7.73%	7.23%	7.72%	7.57%	7.85%	8.03%	9.37%	9.59%	8.91%	8.82%

Source: CAFR Schedule B-2

SOMERSET HILLS SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Tuition	Transportation	Interest on Investments	Use of Facilities	Refunds/ Reimbursements	Miscellaneous	Total
2019	\$ 4,494,269.84	\$ 203,699.49	\$ 22,090.01	\$ 99,112.63	\$	\$ 246,808.62	\$ 5,065,980.59
2018	4,755,392.46	154,516.53	8,711.66	65,841.00		127,519.06	5,111,980.71
2017	4,761,665.71	164,611.16	9,819.52	67,515.00		144,927.75	5,148,539.14
2016	4,835,910.88	78,385.00	9,667.13	28,422.00		56,028.47	5,008,413.48
2015	4,908,964.57	89,888.00	7,100.03	22,285.87		33,981.87	5,062,220.34
2014	4,318,976.70	100,182.00	8,802.64	28,090.00		52,729.78	4,508,781.12
2013	4,259,078.52	110,887.50	788.37	55,607.00		45,904.50	4,472,265.89
2012	4,027,501.40	97,485.00	21,562.00	57,892.00		93,664.90	4,298,105.30
2011	4,066,861.20	106,037.00	49,388.00	35,655.00	12,317.00	33,278.00	4,303,536.20
2010	4,642,131.68	113,925.00	51,734.97	61,050.00	11,596.88	12,008.52	4,892,447.05

Source: District Records

SOMERSET HILLS SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY - BOROUGH OF BERNARDSVILLE
 LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Q-Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (a)	Net Valuation Taxable	Est. Actual (County Equalized Value)	Total Direct School Tax Rate (b)
2019	\$ 21,352,300	\$ 1,864,595,800	\$ 149,322,600	\$ 425,800	\$ 173,846,000	\$ 19,117,800	\$ 3,560,000	\$ 2,232,240,300	\$ 4,761,539	\$ 2,237,001,839	\$ 2,252,058,730	\$ 1.179
2018	24,627,200	1,876,573,500	145,447,100	412,100	168,935,300	19,128,600	3,560,700	2,238,684,500	4,483,157	2,243,167,657	2,278,095,553	1.102
2017	25,711,000	1,904,889,700	148,849,900	412,100	167,754,500	18,927,600	3,529,300	2,270,074,100	4,483,157	2,274,557,257	2,302,928,097	1.102
2016	26,497,400	1,930,542,200	140,920,600	417,300	166,303,300	19,404,400	3,484,100	2,287,569,300	4,480,834	2,292,050,134	2,304,973,550	1.070
2015	27,932,300	1,947,237,300	137,060,600	410,900	167,902,200	20,104,500	3,779,000	2,304,426,800	4,281,431	2,308,708,231	2,337,146,886	1.046
2014	30,005,100	1,129,944,200	133,765,500	407,000	166,017,800	19,881,600	3,807,400	2,261,741,200	4,310,168	2,266,051,368	2,318,046,841	1.040
2013	30,468,300	1,901,669,600	131,154,400	405,600	163,455,700	19,872,200	3,806,600	2,250,832,400	5,294,599	2,256,126,999	2,250,832,400	1.017
2012	31,488,100	1,916,662,700	128,354,600	395,300	164,244,800	20,640,800	3,782,300	2,265,568,600	6,572,663	2,272,141,263	2,447,185,977	0.990
2011	33,023,300	1,950,806,000	125,149,000	394,300	168,061,800	20,786,800	3,799,100	2,302,020,300	6,729,224	2,308,749,524	2,614,752,194	0.954
2010	32,981,900	1,979,566,300	122,425,900	440,600	172,608,900	21,328,300	4,187,200	2,333,539,100	6,434,817	2,339,973,917	2,608,798,038	0.921

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

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Req.	Q-Farm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax Exempt Property	Public Utilities (a)	Net Valuation Taxable	Est. Actual (County Equalized Value)	Total Direct School Tax Rate (b)
2019	\$ 8,993,200	\$ 507,084,600	\$ 88,830,200	\$ 533,835	\$ 122,599,200	\$ 6,200,000	\$ 6,435,700	\$ 740,676,735	\$	\$	\$ 740,676,735	\$ 739,419,721	0.888
2018	9,678,400	496,156,200	89,227,498	501,137	123,025,100	6,200,000	5,948,500	730,738,835			730,738,835	732,643,709	0.908
2017	11,124,300	490,976,400	91,599,500	501,137	122,755,800	6,200,000	5,948,500	729,105,637			729,105,637	729,974,456	0.908
2016	12,488,500	483,078,900	89,067,000	497,687	119,877,800	6,200,000	5,861,400	717,071,287	54,261,700		717,071,287	729,974,456	0.925
2015	12,672,200	470,962,100	87,476,200	488,577	120,940,500	6,200,000	5,781,000	704,520,577			704,520,577	717,254,747	0.931
2014	13,109,600	452,536,600	84,478,600	489,887	123,126,700	6,200,000	5,610,700	685,552,087			685,552,087	705,290,742	0.931
2013	11,889,800	441,885,300	81,210,500	500,622	123,552,600	6,200,000	5,510,700	670,749,522		1,230,516	670,749,522	707,840,357	0.944
2012	11,547,800	447,633,500	77,320,400	520,322	131,049,700	6,555,000	5,637,400	680,264,122		1,294,482	681,494,638	734,467,849	0.926
2011	11,958,400	443,333,800	79,426,500	526,577	134,443,300	6,780,000	5,702,000	682,170,577		989,957	683,465,089	753,209,260	0.923
2010	13,213,100	447,103,700	73,134,000	521,377	148,388,600	6,900,000	5,957,600	695,218,377			696,208,334	867,089,841	0.894

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

*Information not available

SOMERSET HILLS SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY - BOROUGH OF FAR HILLS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Req.	Q-Farm	Commercial	Apartment	Total Assessed Value	Public Utilities (a)	Net Valuation Taxable	Est. Actual (County Equalized Value)	Total Direct School Tax Rate (b)
2019	\$ 2,700,400	\$ 262,353,200	\$ 136,301,800	\$ 473,720	\$ 28,632,499	\$ 2,652,400	\$ 433,114,019	\$ 415,140	\$ 433,529,159	\$ 432,233,703	0.464
2018	3,302,500	273,550,100	128,663,380	420,140	28,610,400	3,068,400	437,614,920	415,140	438,030,060	447,502,900	0.425
2017	5,067,500	278,901,700	134,195,200	420,140	28,742,900	3,099,700	450,427,140	415,140	450,842,280	447,502,900	0.425
2016	5,294,300	281,403,400	130,496,000	419,040	28,365,300	3,069,900	449,047,940	409,346	449,457,286	442,435,593	0.422
2015	6,190,800	276,938,100	129,868,000	415,900	28,053,000	3,171,000	444,636,800	406,763	445,043,563	440,234,691	0.421
2014	6,536,700	272,925,600	123,564,500	413,100	27,895,100	3,137,900	434,472,900	406,763	434,879,663	437,856,821	0.422
2013	5,655,700	266,527,300	120,489,600	432,250	27,605,660	3,091,800	423,802,310	501,983	424,304,293	423,802,310	0.429
2012	5,971,700	277,220,000	119,601,600	415,010	28,290,400	3,209,600	434,708,310	480,124	435,188,434	449,834,580	0.417
2011	6,651,500	274,393,200	117,502,400	411,510	28,529,200	3,208,400	430,696,210	496,676	431,192,886	510,580,689	0.414
2010	6,884,600	283,108,600	118,171,800	432,060	29,849,700	408,000	438,854,760	462,405	439,317,165	504,523,866	0.388

Source: District records Tax list summary and Municipal Tax Assessor
 Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.
 Reassessment occurs when ordered by the County Board of Taxation
 (a): Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
 (b): Tax rates are per \$100
 *Information not available

SOMERSET HILLS SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended <u>December 31,</u>	<u>Borough of Bernardsville</u>			<u>Overlapping Rates</u>		<u>Total Direct and Overlapping Tax Rate</u>
	<u>Basic Rate (a)</u>	<u>General Obligation Debt Service (b)</u>	<u>Total Direct School Tax Rate</u>	<u>Borough of Bernardsville</u>	<u>Somerset County</u>	
2019	1.064	0.115	1.179	0.503	0.356	2.038
2018	1.002	0.100	1.102	0.470	0.356	1.928
2017	0.995	0.107	1.102	0.453	0.352	1.907
2016	0.966	0.104	1.070	0.438	0.353	1.861
2015	0.962	0.108	1.070	0.437	0.354	1.861
2014	0.940	0.106	1.046	0.433	0.356	1.835
2013	0.931	0.109	1.040	0.421	0.351	1.812
2012	0.890	0.100	0.990	0.410	0.340	1.740
2011	0.880	0.110	0.990	0.397	0.335	1.722
2010	0.845	0.109	0.954	0.386	0.331	1.671

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

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

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

SOMERSET HILLS SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended December 31,	Borough of Peapack & Gladstone			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct School Tax Rate	Borough of Peapack & Gladstone	Somerset County	
2019	0.801	0.087	0.888	0.581	0.401	1.870
2018	0.826	0.082	0.908	0.588	0.403	1.899
2017	0.820	0.088	0.908	0.588	0.404	1.900
2016	0.835	0.090	0.925	0.566	0.400	1.891
2015	0.837	0.094	0.931	0.567	0.402	1.894
2014	0.837	0.094	0.931	0.566	0.403	1.900
2013	0.845	0.099	0.944	0.556	0.401	1.901
2012	0.083	0.093	0.176	0.558	0.388	1.122
2011	0.820	0.103	0.923	0.549	0.393	1.865
2010	0.792	0.102	0.894	0.523	0.416	1.833

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

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

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

*Information not available

SOMERSET HILLS SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended December 31,	Borough of Far Hills			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	School Tax Rate	Total Direct Borough of Far Hills	Somerset County	
2019	0.419	0.045	0.464	0.541	0.352	1.357
2018	0.387	0.038	0.425	0.529	0.355	1.309
2017	0.383	0.041	0.425	0.529	0.348	1.302
2016	0.381	0.041	0.422	0.529	0.347	1.298
2015	0.379	0.042	0.421	0.530	0.351	1.302
2014	0.379	0.043	0.422	0.529	0.352	1.303
2013	0.376	0.053	0.429	0.519	0.349	1.297
2012	*	*	0.417	0.467	0.338	1.222
2011	0.368	0.046	0.414	0.477	0.329	1.220
2010	0.344	0.044	0.388	0.418	0.345	1.151

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

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

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

*Information not available

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

<u>Taxpayer</u>	2019		2010	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Bernardsville Centre LLC	\$20,207,300.00	0.90%	\$16,975,000.00	0.73%
Mine Mt. Land Co.	10,238,000.00	0.46%	10,350,000.00	0.44%
Individual Taxpayer	7,969,100.00	0.36%	8,332,700.00	0.36%
Falcon Crest 21 LLC	7,122,200.00	0.32%	10,711,900.00	0.46%
Upton Pynes RE LLC	7,025,900.00	0.31%		0.00%
Individual Taxpayer	6,968,600.00	0.31%	8,098,500.00	0.35%
Palm Family Farm LLC	6,194,400.00	0.28%		0.00%
Individual Taxpayer	6,192,100.00	0.28%	6,774,500.00	0.29%
Isabella Jazz LLC	5,986,500.00	0.27%	6,977,900.00	0.30%
Thomson Reuters			6,850,000.00	0.29%
Individual Taxpayer	5,758,100.00	0.26%	6,693,500.00	0.29%
Individual Taxpayer		0.00%	6,659,200.00	0.28%
Individual Taxpayer				0.00%
Individual Taxpayer				0.00%
Individual Taxpayer				0.00%
Individual Taxpayer				0.00%
Individual Taxpayer				0.00%
Total	\$83,662,200.00	3.74%	\$88,423,200.00	3.78%

Source: Municipal Tax Assessor

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

<u>Taxpayer</u>	<u>2019</u>		<u>2010</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Pharmacia & Upjohn	\$82,689,350.00	11.16%	\$114,176,162.00	16.40%
Natirar Residential Development Group	11,825,000.00	1.60%		0.00%
Main PG, LLC	6,799,000.00	0.92%		
Komline - Sanderson Engineering Corp.	6,726,700.00	0.91%	7,431,400.00	1.07%
Ferris Corp.	6,208,500.00	0.84%	6,311,000.00	0.91%
Individual Taxpayer	5,783,750.00	0.78%	6,009,700.00	0.86%
M.E. Gladstone Proper LLC	5,628,700.00	0.76%		
Individual Taxpayer	4,639,250.00	0.63%	4,665,100.00	0.67%
Blairsdon Hall, LLC	4,472,850.00	0.60%		
Ellistan Hold C/O Quaterwatch LLC	4,060,070.00	0.55%	4,147,550.00	0.60%
Foundation for Classical Arch			3,918,400.00	0.56%
Peapack-Gladstone Bank			3,858,700.00	0.55%
				0.00%
Total	\$138,833,170.00	18.74%	\$150,518,012.00	21.62%

Source: Municipal Tax Assessor
* Information not available

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

Taxpayer	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Far Hills Preservation LLC	\$6,150,700.00	1.40%		
Farrendale Properties		0.00%	\$7,202,800.00	1.64%
Individual Taxpayer	5,723,600.00	1.31%	6,378,200.00	1.45%
Individual Taxpayer	5,656,000.00	1.29%	6,222,200.00	1.42%
Individual Taxpayer	5,572,000.00	1.27%	5,918,700.00	1.35%
Individual Taxpayer	5,540,400.00	1.26%	5,433,600.00	1.24%
97 Spring Hollow Road, LLC	5,126,300.00	1.17%		
Individual Taxpayer	5,074,300.00	1.16%	5,247,400.00	1.19%
Individual Taxpayer	4,879,200.00	1.11%	5,250,400.00	1.20%
Individual Taxpayer	4,816,800.00	1.10%	5,231,100.00	1.19%
Ripplebrook, LLC	4,293,900.00	0.98%		
Individual Taxpayer		0.00%	5,091,700.00	1.16%
Individual Taxpayer		0.00%	5,039,400.00	1.15%
Total	\$52,833,200.00	10.66%	\$57,015,500.00	12.98%

Source: Municipal Tax Assessor
* Information not available

SOMERSET HILLS SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
BOROUGH OF BERNARDSVILLE
UNAUDITED

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (a)</u>		<u>Collections in</u> <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2019	\$ 26,128,479.00	\$ 26,128,479.00	100.00%	-
2018	25,340,383.00	25,340,383.00	100.00%	-
2017	24,753,731.00	24,753,731.00	100.00%	-
2016	24,300,874.00	24,300,874.00	100.00%	-
2015	23,969,326.00	23,969,326.00	100.00%	-
2014	23,139,418.00	23,139,418.00	100.00%	-
2013	22,735,966.23	22,735,966.23	100.00%	-
2012	22,225,051.98	22,225,051.98	100.00%	-
2011	21,812,995.32	21,812,995.32	100.00%	-
2010	21,314,016.47	21,314,016.47	100.00%	-

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

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

SOMERSET HILLS SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
BOROUGH OF PEAPACK AND GLADSTONE
UNAUDITED

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (a)</u>		<u>Collections in</u> <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2019	\$ 6,593,300.00	\$ 6,593,300.00	100.00%	-
2018	6,518,731.00	6,518,731.00	100.00%	-
2017	6,742,946.00	6,742,946.00	100.00%	-
2016	6,530,970.00	6,530,970.00	100.00%	-
2015	6,386,069.00	6,386,069.00	100.00%	-
2014	6,377,595.00	6,377,595.00	100.00%	-
2013	6,276,839.44	6,276,839.44	100.00%	-
2012	6,345,632.45	6,345,632.45	100.00%	-
2011	6,276,417.45	6,276,417.45	100.00%	-
2010	6,176,558.88	6,176,558.88	100.00%	-

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

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

SOMERSET HILLS SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
BOROUGH OF FAR HILLS
UNAUDITED

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (a)</u>		<u>Collections in</u> <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2019	\$ 2,039,654	\$ 2,039,654	100.00%	\$ -
2018	1,937,885	1,937,885	100.00%	\$ -
2017	1,891,145	1,891,145	100.00%	-
2016	1,901,902	1,901,902	100.00%	-
2015	1,854,526	1,854,526	100.00%	-
2014	1,810,438	1,810,438	100.00%	-
2013	1,559,916	1,559,916	100.00%	-
2012	1,793,944	1,793,944	100.00%	-
2011	1,773,619	1,773,619	100.00%	-
2010	1,642,504	1,642,504	100.00%	-

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

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

SOMERSET HILLS SCHOOL DISTRICT
 RATIOS OF OUTSTANDING DEBT BY TYPE
 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				
2019	\$24,629,000.00	\$1,849,195.30		\$26,478,195.30	0.36%	\$2,366.66
2018	27,234,000.00	1,930,758.23		29,164,758.23	0.31%	2,569.13
2017	29,449,000.00	2,037,297.31		31,486,297.31	0.27%	2,778.77
2016	31,659,000.00	2,176,869.71		33,835,869.71	0.25%	2,985.61
2015	27,970,000.00	2,459,421.36		30,429,421.36	0.26%	2,698.60
2014	30,040,000.00	2,732,742.16		32,772,742.16	0.23%	3,025.27
2013	32,040,000.00	3,060,694.33		35,100,694.33	0.21%	3,120.62
2012	34,075,000.00	3,293,441.92		37,368,441.92	0.19%	3,319.57
2011	37,812,000.00	136,416.79		37,948,416.79	0.19%	3,449.86
2010	39,597,000.00	100,944.28		39,697,944.28	0.18%	3,601.05

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

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

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

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

SOMERSET HILLS SCHOOL DISTRICT
RATIOS OF NET BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value (a) of Property	Per Capita (b)
	General Obligation Bonds	Deductions			
2019	\$24,629,000.00		\$24,629,000.00	0.72%	\$2,201.38
2018	27,234,000.00		27,234,000.00	0.80%	2,399.05
2017	29,449,000.00		29,449,000.00	0.85%	2,598.98
2016	31,659,000.00		31,659,000.00	0.92%	2,793.52
2015	27,970,000.00		27,970,000.00	0.83%	2,480.49
2014	30,040,000.00		30,040,000.00	0.89%	2,773.01
2013	32,040,000.00		32,040,000.00	0.96%	2,848.51
2012	34,075,000.00		34,075,000.00	1.01%	3,027.01
2011	37,812,000.00		37,812,000.00	1.10%	3,437.45
2010	39,597,000.00		39,597,000.00	1.14%	3,591.89

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

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

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

SOMERSET HILLS SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2018
UNAUDITED

<u>Governmental Unit</u>	<u>Net Debt</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Bernardsville	\$14,009,200.00	100.00%	\$14,009,200.00
Borough of Peapack Gladstone	4,840,659.17	100.00%	4,840,659.17
Borough of Far Hills	131,207.00	100.00%	131,207.00
Other debt			
Somerset County	220,812,515.20	5.58%	<u>12,315,923.28</u>
Subtotal, overlapping debt			\$31,296,989.45
Somerset Hills School District Direct Debt			<u>24,629,000.00</u>
Total direct and overlapping debt			<u><u>\$55,925,989.45</u></u>

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

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

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

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

SOMERSET HILLS SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
 UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2019:

Equalized Valuation Basis

Calendar Year

2018	\$3,414,182,090.00
2017	3,506,600,542.00
2016	3,501,559,239.00
	<u>\$10,422,341,871.00</u>

Average Equalized Valuation of Taxable Property

	\$138,964,558.28
	24,629,000.00
	<u>\$114,335,558.28</u>

Debt Limit (4% (a) of average equalization value)
 Total Net Debt Applicable to Limit
 Legal Debt Margin

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Debt Limit	\$138,964,558.28	\$139,588,392.99	\$139,968,461.61	\$139,949,340.29	\$141,619,744.37	\$143,562,540.72	\$148,034,026.75	\$157,100,544.56	\$157,101,185.56	\$159,851,987.87
Total Net Debt Applicable To Limit	24,629,000.00	27,234,641.00	29,449,641.00	31,659,641.00	31,659,641.00	30,040,641.00	32,040,641.00	34,075,641.00	37,812,641.00	39,597,641.00
Legal Debt Margin	<u>\$114,335,558.28</u>	<u>\$112,353,751.99</u>	<u>\$110,518,820.61</u>	<u>\$108,289,699.29</u>	<u>\$109,960,103.37</u>	<u>\$113,521,899.72</u>	<u>\$115,993,385.75</u>	<u>\$123,024,903.56</u>	<u>\$119,288,544.56</u>	<u>\$120,254,346.87</u>

Total Net Debt
 Applicable to the Limit
 as a % of Debt Limit

	17.72%	19.51%	21.04%	22.62%	22.36%	20.93%	21.64%	21.69%	24.07%	24.77%
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Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation
 (a) Limit set by N.J.S.A. 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

SOMERSET HILLS SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate (d)</u>		
				<u>Bernardsville</u>	<u>Peapack-Gladstone</u>	<u>Far Hills</u>
2019	11,188	\$1,080,179,024	\$96,548	2.60%	3.10%	2.80%
2018	11,352	1,024,722,336	90,268	3.30%	3.20%	3.80%
2017	11,331	968,437,908	85,468	3.10%	3.30%	3.20%
2016	11,333	948,923,423	83,731	3.40%	4.20%	4.00%
2015	11,276	875,976,060	77,685	4.00%	4.90%	4.40%
2014	10,833	821,823,879	75,863	5.40%	7.20%	3.50%
2013	11,248	821,227,728	73,011	3.30%	6.30%	5.70%
2012	11,257	786,706,702	69,886	3.20%	6.00%	5.50%
2011	11,000	792,000,000	72,000	3.30%	6.20%	5.60%
2010	11,024	795,943,824	72,201	3.20%	6.10%	5.50%

Source:

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

EXHIBIT "J-15"

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

<u>Employer</u>	2017		2008	
	<u># of Employees</u>	<u>Percentage of Total Employment</u>	<u># of Employees</u>	<u>Percentage of Total Employment</u>
(1)	0	0.00%	0	0.00%

Source: Municipal Records

(1) - Data not available

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

Function/Program	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Instruction:									
Regular	146	146	146	147	168	166	164	164	164
Special education	27	27	27	30	30	29	28	28	28
Support Services:									
Student and instruction related services	75	74	73	60	32	31	31	31	31
General administrative services	5	5	5	8	8	8	8	8	8
School administrative services	15	15	15	15	15	15	14	14	14
Plant operations and maintenance	25	25	25	24	24	24	24	24	24
Pupil transportation	7	10	9	6	6	5	4	4	3
Central services	3	3	3	3	3	3	3	3	3
Administration information technology	5	5	5	3	3	1	1	1	1
Total	308	310	308	296	289	282	277	277	276

Source: District Personnel Records

SOMERSET HILLS SCHOOL DISTRICT
OPERATING STATISTICS
UNAUDITED

<u>Fiscal</u> <u>Year</u>	<u>Enrollment</u>	<u>Operating</u> <u>Expenditures (a)</u>	<u>Cost Per</u> <u>Pupil</u>	<u>% Change</u>	<u>Teaching</u> <u>Staff (b)</u>	<u>Pupil/Teacher</u> <u>Ratio</u>	<u>Average Daily</u> <u>Enrollment (c)</u>	<u>Average Daily</u> <u>Attendance (c)</u>	<u>% Change in</u> <u>Average Daily</u> <u>Enrollment</u>	<u>Student</u> <u>Attendance</u> <u>Percentage</u>
2019	1,952	44,117,441.09	22,601.15	5.18%	209	9.3	1,910	1,816	-1.34%	95.08%
2018	1,966	42,245,416.89	21,488.00	6.08%	208	9.5	1,936	1,841	-2.27%	95.09%
2017	1,996	40,433,300.05	20,257.16	3.61%	203	9.9	1,981	1,948	-1.54%	98.33%
2016	2,038	39,846,194.68	19,551.62	5.98%	196	10.4	2,012	1,948	-1.28%	96.82%
2015	2,074	38,263,208.69	18,448.99	1.58%	193	10.7	2,038	1,948	0.99%	95.58%
2014	2,052	37,267,580.57	18,161.59	2.81%	193	10.6	2,018	1,935	0.20%	95.89%
2013	2,044	36,107,867.68	17,665.30	2.88%	196	10.4	2,014	1,943	-0.35%	96.47%
2012	2,052	35,232,962.90	17,170.06	-1.01%	193	10.6	2,021	1,943	-1.84%	96.14%
2011	2,059	35,715,039.63	17,345.82	0.65%	196	10.5	2,059	1,969	-0.78%	95.65%
2010	2,078	35,813,206.66	17,234.46	4.84%	206	10.1	2,075	1,990	-2.40%	95.90%

Sources: District records

Note: Enrollment based on annual October district count.

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

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

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

SOMERSET HILLS SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
UNAUDITED

	2019	2018	2017	2016	2015	2014	2013	2012	2011
<u>District Buildings</u>									
Elementary School(s): Bedwell (1960)	83,183	83,183	83,183	83,183	83,183	83,183	83,183	83,183	83,183
Square Feet	741	741	741	741	741	741	741	741	741
Capacity (students)	569	584	597	623	646	640	682	682	696
Enrollment									
Middle School(s): Bernardsville Middle School (1969)	81,746	81,746	81,746	81,746	81,746	81,746	81,746	81,746	81,746
Square Feet	524	524	524	524	524	524	524	524	524
Capacity (students)	520	525	542	551	585	585	524	573	583
Enrollment									
High School(s): Bernards High School (1930)	252,715	252,715	252,715	252,715	252,715	252,715	252,715	252,715	252,715
Square Feet	1,500	861	861	861	861	861	861	861	861
Capacity (students)	863	857	828	837	779	779	808	782	816
Enrollment									
Administration Building: Olcott Administration Building	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500
Square Feet									
Number of Buildings at June 30, 2019									
Elementary School = 1									
Middle School = 1									
High School = 1									
Administration = 1									

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

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
UNAUDITED

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

School Facilities * Project #(s)	Total	Olcott Administrative	Bernards High School	Bedwell Elementary	Bernardsville Middle School
2019	\$ 981,736.64	\$ 34,494.30	\$ 483,741.81	\$ 140,053.98	\$ 323,446.55
2018	762,961.98	60,718.00	438,438.00	134,432.00	129,373.98
2017	699,908.68	41,043.87	398,456.59	135,029.69	125,378.53
2016	857,471.11	58,555.89	492,979.37	140,427.49	165,508.36
2015	810,475.27	102,407.58	459,337.06	116,332.46	132,398.17
2014	780,536.24	98,624.63	442,369.11	112,035.13	127,507.37
2013	656,036.13	47,696.30	396,387.95	85,353.08	126,598.80
2012	715,930.99	62,656.16	383,265.87	122,854.22	147,154.74
2011	683,511.44	64,323.99	339,070.65	126,019.75	154,097.05
2010	729,629.45	32,886.04	398,986.82	132,221.87	165,534.72
2009	745,053.61	43,316.25	392,880.53	178,507.68	130,349.15

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

Source: District records

SOMERSET HILLS SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2019
UNAUDITED

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
School Package Policy - Utica National Insurance Group		
Blanket Buildings and Contents	\$131,438,580.00	\$5,000.00
Comprehensive General Liability	1,000,000.00	
Commercial Umbrella Liability	15,000,000.00	10,000.00
Boiler and Machinery Insurance	131,438,580.00	5,000.00
School Board Legal Liability - NJSIG	6,000,000.00	5,000.00
Comprehensive Automobile Liability	1,000,000.00	
Data Processing Coverage	750,000.00	500.00
Public Employees' Performance Bond - Treasurer of School Monies	300,000.00	
Public Employees' Performance Bond - Business Administrator	240,000.00	
Employee Dishonesty	1,000,000.00	
Money and Securities	25,000.00	500.00
Student Accident Insurance - Zurich	1,000,000.00	
Workers Compensation - NJSIG	Statutory Limits	

Source: District Records

SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Somerset Hills School District, County of Somerset, State of New Jersey (the "District") as of and for the year ended June 30, 2019, 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 15, 2019.

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.

SUPLEE, CLOONEY & COMPANY

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

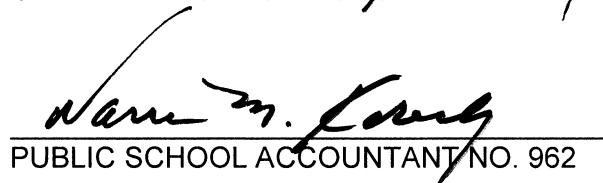
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. However, we noted immaterial instances of noncompliance that we have reported to the Board of Education of the Somerset Hills School District in a separate Auditor's Management Report on Administrative Findings – Financial and Compliance dated November 15, 2019.

Purpose of This Report

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


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT/NO. 962

November 15, 2019



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
STATE FINANCIAL ASSISTANCE PROGRAMS AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

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

Report on Compliance for Each Major State Program

We have audited the Somerset Hills School District's, in the County of Somerset, State of New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2019. The District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey *OMB 15-08*. Those standards, the Uniform Guidance and New Jersey *OMB 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 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 state program. However, our audit does not provide a legal determination of the District's compliance.

SUPLEE, CLOONEY & COMPANY

Opinion on Each Major 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 state programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

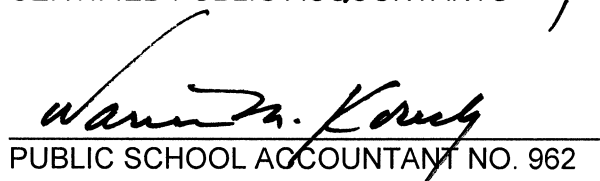
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered District's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with *the Uniform Guidance* and New Jersey OMB 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 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 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 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 and State of New Jersey OMB 15-08. Accordingly, this report is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 962

November 15, 2019

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

FEDERAL CFDA NUMBER	FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	FAIN NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD FROM TO	BALANCE AT JUNE 30, 2018	CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEAR BALANCES	(ACCOUNTS RECEIVABLE)	BALANCE AT JUNE 30, 2019 UNEARNED REVENUE	DUPLICATE GRANTOR
10.555	Enterprise Funds	N/A	191NJ304N1099	\$39,431.23	7/1/18 8/30/19	\$	\$	\$ 39,431.23	\$ (7,262.17)	\$	\$	\$ 2,169.06		
10.555	U.S. Department of Agriculture Passed-Through State Department of Education: National School Lunch Program Cluster: National School Lunch Program- Non-Cash Assistance (Commodities)	N/A	181NJ304N1099	\$39,487.32	7/1/17 8/30/18	2,069.03		8,983.48	(2,069.03)					
10.555	U.S. Department of Agriculture Passed-Through State Department of Education: National School Lunch Program Cluster: National School Lunch Program- Non-Cash Assistance (Commodities)	N/A	181NJ304N1099	128,935.06	10/1/17 9/30/18	(8,983.48)								
10.555	U.S. Department of Agriculture Passed-Through State Department of Education: National School Lunch Program Cluster: National School Lunch Program- Non-Cash Assistance (Commodities)	N/A	191NJ304N1099	122,235.28	10/1/18 9/30/19	(6,914.45)		162,595.01	(161,566.48)			2,169.06		
	Total U.S. Department of Agriculture					(6,914.45)		162,595.01	(161,566.48)			2,169.06		
	Special Revenue Funds													
84.027	U.S. Department of Education Passed-Through State Department of Education: Special Education Cluster: IDEA, Part B, Basic	IDEA481512	H027A130100	497,990.00	9/1/13 8/31/14	(2,570.37)				2,570.37				
84.027	U.S. Department of Education Passed-Through State Department of Education: Special Education Cluster: IDEA, Part B, Basic	IDEA481517	H027A180100	472,451.00	9/1/16 8/31/17	(0.35)				0.35				
84.027	U.S. Department of Education Passed-Through State Department of Education: Special Education Cluster: IDEA, Part B, Basic	IDEA481518	H027A170100	453,699.00	9/1/17 8/31/18	0.65				(0.65)				
84.027	U.S. Department of Education Passed-Through State Department of Education: Special Education Cluster: IDEA, Part B, Basic Carry-over	IDEA481518	H027A170100	453,699.00	9/1/18 8/31/19			20,028.00	(20,028.00)					
84.173	U.S. Department of Education Passed-Through State Department of Education: Subtotal - Special Education Cluster	IDEA481519	H173A180114	425,575.00	9/1/18 8/31/19			387,767.00	(387,767.00)					
84.010	U.S. Department of Education Passed-Through State Department of Education: Title I	NCLB481519	S010A180030	68,792.00	9/1/18 8/31/19	(2,570.07)		16,974.00	(16,974.00)	2,570.07				
84.367A	U.S. Department of Education Passed-Through State Department of Education: Title II, Part A	NCLB481518	S010A170030	68,307.00	9/1/17 8/31/18	(35,969.00)		68,792.00	(68,792.00)					
84.367A	U.S. Department of Education Passed-Through State Department of Education: Title II, Part A	NCLB481518	S387A170029	31,513.00	9/1/17 8/31/18	(31,513.00)		35,969.00						
84.365A	U.S. Department of Education Passed-Through State Department of Education: Title III	NCLB481519	S385A180029	31,057.00	9/1/18 8/31/19			31,513.00						
84.365A	U.S. Department of Education Passed-Through State Department of Education: Title III	NCLB481519	S385A180030	15,476.00	9/1/18 8/31/19			31,057.00						
84.186A	U.S. Department of Education Passed-Through State Department of Education: Title II-Immigration	NCLB481518	S385A170030	17,051.00	9/1/17 8/31/18	(16,783.00)		16,783.00						
84.186A	U.S. Department of Education Passed-Through State Department of Education: Title II-Immigration	NCLB481519	S385A180030	6,195.00	9/1/17 8/31/18	(5,260.00)		5,260.00						
84.424	U.S. Department of Education Passed-Through State Department of Education: Title IV	NCLB481518	S024A170031	10,000.00	9/1/18 8/31/19	(10,000.00)		6,313.00	(6,313.00)					
84.424	U.S. Department of Education Passed-Through State Department of Education: Title IV	NCLB481519	S024A180031	10,000.00	9/1/18 8/31/19	(10,000.00)		10,000.00						
	Total U.S. Department of Education			312,000.00	9/1/18 8/31/19	(33,048.44)		10,000.00	(10,000.00)	33,048.44				
	Total Special Revenue Funds					(135,143.51)		655,932.00	(556,407.00)	35,618.51				
83.778	General Fund U.S. Department of Health & Human Services Passed-through State Department of Education: Medical Assistance Prog. (SEMI)	N/A	1905NJ5MAP	14,339.86	7/1/18 6/30/19			14,339.86	(14,339.86)					
	Total U.S. Department of Education							14,339.86	(14,339.86)					
	Total Federal Financial Assistance					(142,057.96)		852,866.87	(732,315.34)	35,618.51		2,169.06		

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

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

STATE GRANTEE/PROGRAM/TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	ACCOUNTS RECEIVABLE	BALANCE AT JUNE 30, 2018	DUE TO GRANITOR	CASH RECEIVED	BUDGETARY EXPENDITURES	REFUNDED TO GRANITOR	ACCOUNTS RECEIVABLE	BALANCE AT JUNE 30, 2019	DUE TO GRANITOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
		\$		\$	UNEARNEED REVENUE	\$	\$	\$	\$	\$	UNEARNEED REVENUE	\$	\$	
State Department of Education														
General Fund:														
State AIG Cluster														
Special Education Categorical Aid	19-495-034-5120-014	651,097.00	7/1/16-6/30/19				594,246.00	(651,097.00)					(56,851.00)	651,097.00
Transportation Aid	19-495-034-5120-019	517,812.00	7/1/16-6/30/19				472,398.00	(517,812.00)					(45,414.00)	517,812.00
Classroom Aids	19-495-034-5120-064	130,156.00	7/1/16-6/30/19				1,185,638.00	(1,298,068.00)					(113,430.00)	1,298,068.00
Subtotal - State AIG Cluster														
Non-Public School Transportation Aid	19-495-034-5120-014	70,986.00	7/1/16-6/30/19	(86,410.00)			95,410.00	(70,986.00)					(70,986.00)	70,986.00
Non-Public School Transportation Aid	18-495-034-5120-014	95,410.00	7/1/17-6/30/18	(69,237.00)			511,216.00	(1,978.00)					(710,720.00)	95,410.00
Extraordinary Aid	19-495-034-5120-044	509,237.00	7/1/17-6/30/18				2,862,344.00	(710,720.00)					(710,720.00)	509,237.00
Transportation Aid	19-495-034-5120-044	710,720.00	7/1/16-6/30/19				2,862,344.00	(2,862,344.00)						710,720.00
On-Behalf TPAF Non-Contributor Insurance	19-495-034-5094-001	2,864.00	7/1/16-6/30/19				62,010.00	(62,010.00)						2,864.00
On-Behalf TPAF Non-Contributor Insurance	19-495-034-5094-002	2,864.00	7/1/16-6/30/19				2,654.00	(2,654.00)						2,864.00
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-001	1,371,842.00	7/1/16-6/30/19				1,106,492.66	(1,371,842.00)					(57,259.55)	1,371,842.00
On-Behalf TPAF Post-Retirement Medical	19-495-034-5094-001	1,163,752.21	7/1/16-6/30/19				1,106,492.66	(1,163,752.21)					(57,259.55)	1,163,752.21
On-Behalf TPAF Social Security Contribution	19-495-034-5094-003													
Total General Fund				(864,647.00)	0.00	0.00	7,297,694.66	(7,645,352.21)	0.00	0.00	0.00	0.00	(952,374.55)	8,248,027.21
Special Revenue Fund:														
N.J. Non-Public Aid:														
Handicapped Services:														
Corrective Speech	19-100-034-5120-066	33,034.00	7/1/16-6/30/19				33,034.00	(21,427.00)				11,607.00		21,427.00
Corrective Speech	18-100-034-5120-066	30,923.00	7/1/17-6/30/18				36,392.00	(19,841.00)	893.00			16,551.00		30,923.00
Examination and Classification	18-100-034-5120-066	46,910.00	7/1/16-6/30/18				1,638.00		1,638.00					46,910.00
Supplemental Instruction	19-100-034-5120-066	15,224.00	7/1/16-6/30/19				15,224.00	(15,224.00)						15,224.00
Auxiliary Services:														
Compensatory Education	19-100-034-5120-067	29,611.00	7/1/16-6/30/19				29,611.00	(25,381.00)	1,807.00			4,230.00		25,381.00
English as a Second Language	19-100-034-5120-019	863.00	7/1/16-6/30/19				863.00					863.00		863.00
English as a Second Language	18-100-034-5120-067	1,807.00	7/1/17-6/30/18				1,807.00							1,807.00
Transportation	19-100-034-5120-069	6,652.00	7/1/16-6/30/19				6,652.00	(6,652.00)						6,652.00
Transportation	18-100-034-5120-069	1,807.00	7/1/16-6/30/18					(764.06)						1,807.00
Non-Public Textbook Aid	19-100-034-5120-064	29,691.00	7/1/16-6/30/19				282.00							29,691.00
Non-Public Textbook Aid	18-100-034-5120-064	25,525.00	7/1/16-6/30/18				25,525.00	(25,408.28)				116.72		25,408.28
Non-Public Technology Initiative	19-100-034-5120-373	20,054.00	7/1/16-6/30/19				17,208.00	(17,040.26)	117.00			167.74		19,937.00
Non-Public Technology Initiative	18-100-034-5120-373	17,208.00	7/1/16-6/30/18				17,208.00	(17,040.26)				197.19		17,040.26
Non-Public Security Aid	19-100-034-5120-599	71,700.00	7/1/16-6/30/19				46,368.00	(46,310.29)	85.00			56.71		40,955.00
Non-Public Security Aid	18-100-034-5120-599	40,960.00	7/1/17-6/30/18				46,368.00							40,960.00
Non-Public Services	19-100-034-5120-070	52,574.00	7/1/16-6/30/19				292,576.00	(249,550.70)	5,282.00			33,788.36		52,094.00
Non-Public Nursing Services	18-100-034-5120-070													
Debt Service Fund:														
Diet Service Aid, Type II	19-495-034-5120-017	200,076.00	7/1/16-6/30/19				200,076.00	(200,076.00)						200,076.00
Capital Projects Fund:														
New Jersey School Development Authority														
Barnardsville High School Auditorium Roof/HVAC replacement and balcony removal	4815-020-14-633Z	969,542.00	Continuous											969,542.00
Enterprise Fund:														
State School Lunch Program	18-100-010-3350-023	5,328.62	7/1/17-6/30/18	(368.88)			368.88	(5,060.57)					0.00	0.00
State School Lunch Program	19-100-010-3350-023	5,060.57	7/1/16-6/30/19				4,732.10							5,060.57
Total State Financial Assistance				(606,015.88)	115,045.71	115,045.71	7,795,356.64	(8,100,039.48)	5,282.00	(1,082.63)	115,045.71	33,788.36	(952,374.55)	9,478,079.48
Less: On-Behalf amounts not utilized for determination of Major Programs:														
On-Behalf TPAF Pension (non-budgeted)							2,862,344.00	(2,862,344.00)						
On-Behalf TPAF non-contributor insurance (non-budgeted)							62,010.00	(62,010.00)						
On-Behalf TPAF long-term disability insurance							2,864.00	(2,864.00)						
On-Behalf TPAF post retirement medical (non-budgeted)							1,271,842.00	(1,271,842.00)						
Total State Financial Assistance Subject to Single Audit							3,386,506.64	(3,370,189.48)						

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

Somerset Hills School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2019

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

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

NOTE 3: DE MINIMIS INDIRECT COST RATE

The District has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

Somerset Hills School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2019

NOTE 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$23,884.00) for the general fund and (\$-0-) for the special revenue fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$14,339.86	\$7,621,468.21	\$7,635,808.07
Special Revenue Fund	556,407.00	249,550.70	805,957.70
Debt Service Fund		200,076.00	200,076.00
Food Service Fund	161,566.48	5,060.57	166,627.05
	<hr/>	<hr/>	<hr/>
Total Awards & Financial Assistance	<u>\$732,313.34</u>	<u>\$8,076,155.48</u>	<u>\$8,808,468.82</u>

NOTE 5: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6: OTHER

Revenues and expenditures reported in the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF pension contributions, post-retirement medical benefits and long-term disability insurance represents the amount paid by the state on behalf of the district for the year ended June 30, 2019. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2019.

Somerset Hills School District
Somerset County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Program(s)

Not Applicable

State Program(s)

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

- (4) Identification of Major State Program(s):

<u>Program</u>	<u>Grant Number</u>
Extraordinary Aid	19-495-034-5120-044
State Aid Cluster:	
Special Education Categorical Aid	19-495-034-5120-089
Transportation Aid	19-495-034-5120-014
Security Aid	19-495-034-5120-084

Somerset Hills School District
Somerset County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019

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

State Program(s) – (Continued)

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

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

Internal Control Findings

None Reported

Compliance Findings

None Reported

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

State Programs – None Reported

Somerset Hills School District
Somerset County, New Jersey

Schedule of Prior Year Audit Findings

Not Applicable

