

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, 2020

Prepared by

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

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INTRODUCTORY SECTION



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January 6, 2021

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, 2020 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 2019-2020 fiscal year with an enrollment of

1910 students, which is 42 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
2019-2020	1910	-2.15%
2018-2019	1952	-0.71%
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. We maintain alignment with the New Jersey Student Learning Standards. Curriculum articulation, the implementation of new courses, and improvements occurred in many content areas. In 2017 the district engaged the community in a strategic development planning process, establishing goals that consequently aligned curriculum efforts, budgeting, and hiring.

Bernards High School seniors scored far above the New Jersey and National Scholastic-Aptitude Test (SAT) scores in 2019-2020.

SAT Test – Verbal/Reading

BHS	584
NJ	541
National	528

SAT Test – Math

BHS	575
NJ	540
National	523

The class of 2020 also received many other honors. Seven students were named as National Merit Commended students, with one of these seven moving on to be named a National Merit Semi-Finalist and ultimately a National Merit Finalist. The class of 2020 had 50 students named as AP Scholars, 19 qualified for the AP Scholar with Honors Award, 52 students qualified for the AP Scholar with Distinction Award, 12 students qualified for the AP National Scholar Award, and 1 student qualified for the AP International Diploma.

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 and received the College Board's *AP Computer Science Female Diversity Award* in 2018, recognizing female student representation in AP Computer Science Principles at BHS as being in the top 4% of schools administering AP tests. Bernards High School is continuously ranked among the top high schools in the nation.

For the last 3 years Bernardsville Middle School has been engaged in *School Culture and Climate Initiative* work, in partnership with St. Elizabeth University. The school has a robust Student Council and is proud of its commitment to student voice and agency. In addition, BMS is 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 consistently finishes in the top 3 in the state and consistently boasts of top-ranked individual scores.

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 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 Reading & Writing Workshop* (TCRWP) through Columbia University. The district's elementary and middle schools are both Project Schools with TCRWP, and staff developers work directly with teachers in their classrooms to ensure targeted workshop experiences for students. Many teachers also attend workshops at Teachers College throughout the year.

To address the whole child, our schools provide a wide variety of co-curricular and athletic activities at every level. Music, art, theater, sports, computer science, science and math teams are among some of the programs that have garnered awards. Bedwell Elementary continually receives recognition for its character education program. Additionally, K-12 students contribute

to the greater community through various service learning initiatives. The 2017 Strategic Plan identified Visual Arts as a goal, and the district has expanded coursework in this arena at both BMS and BHS.

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, 2020.

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.

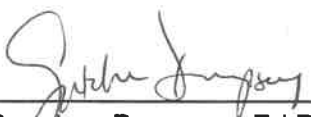
9. OTHER INFORMATION:

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:

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

Respectfully submitted by,



Gretchen Dempsey, Ed.D
Superintendent



Jinnee DeMarco
Business Administrator/Board Secretary

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

**ROSTER OF OFFICIALS
JUNE 30, 2020**

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

BERNARDSVILLE

ROBERT BAKER	2022
TIMOTHY McDONALD, VICE PRESIDENT	2022
SAMANTHA FRENDA	2020
PATRICIA WRY	2022
KATHLEEN TOBER	2020
JANIS VIRTUE	2021

PEAPACK/GLADSTONE

NICOLE COOPER	2021
HEATHER SANTORO	2020

FAR HILLS

JAMIE LEISS, PRESIDENT	2021
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BEDMINSTER

SARAH NATHANS	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

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Auditor

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Westfield, New Jersey 07090-2122**

Board Attorney

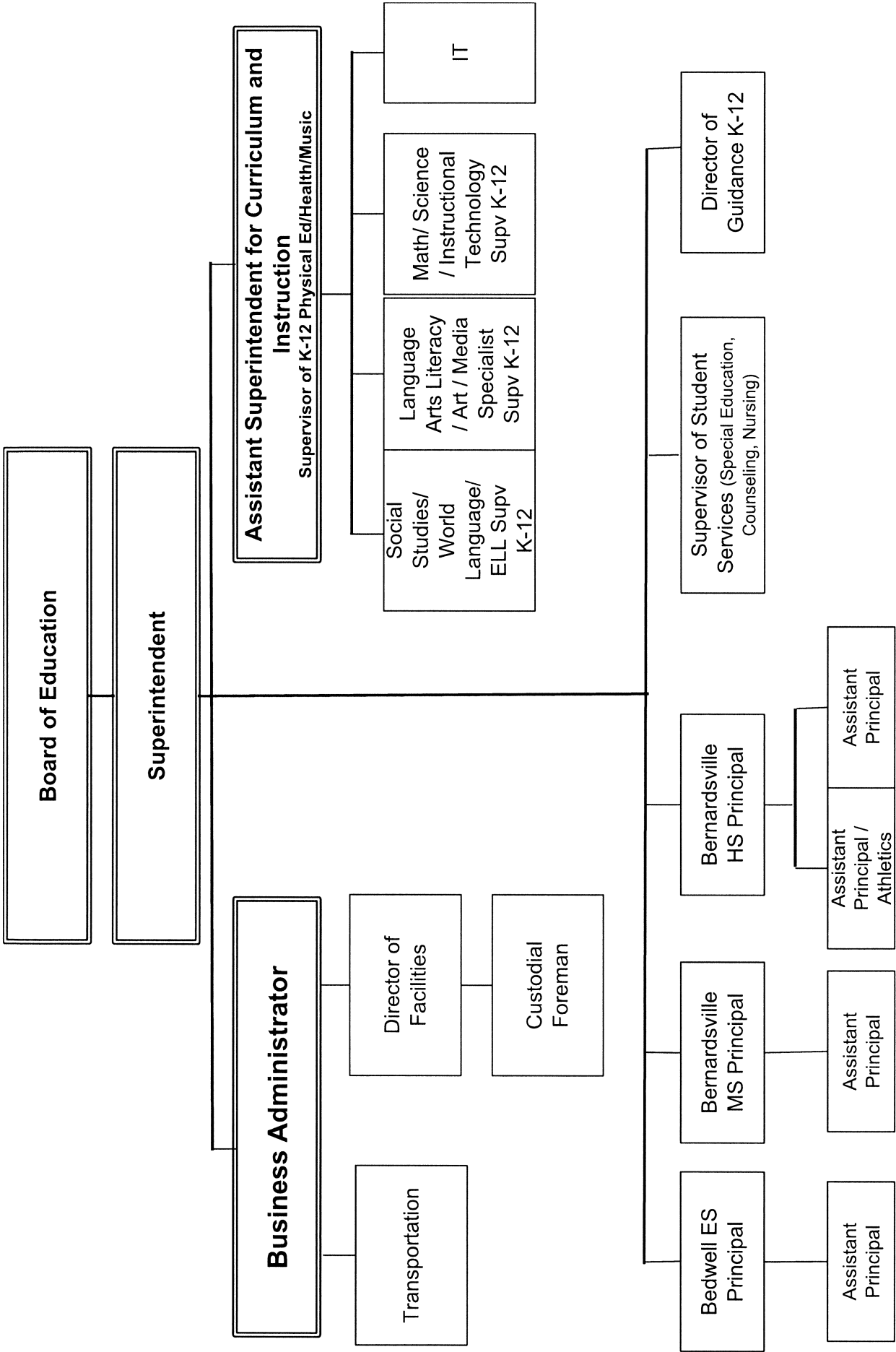
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Bond Counsel

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Official Depository

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Gladstone, NJ 07934**



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FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2020, 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, 2020, 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

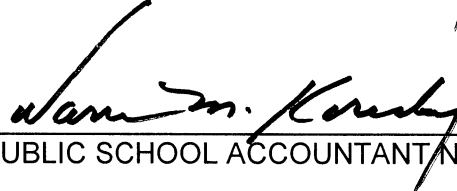
The accompanying supplementary information schedules such as the combining and individual fund financial statements, long-term debt schedules and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New 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 January 6, 2021 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

January 6, 2021

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, 2020
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, 2020. 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 FY2020 are as follows:

- Total net position increased by \$1,185,155.28, which represents a 23.0 percent decrease from 2019.
- General revenues accounted for \$35,662,891.62 or 69.6 percent of all revenues. Program specific revenues in the form of charges for services, operating and capital grants and contributions accounted for \$15,560,484.56 or 30.40 percent of total revenues of \$51,223,676.18.
- The School District had \$50,038,220.90 in expenses; only \$15,560,484.56 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily local property tax levy) of \$35,662,891.62 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$48,628,161.50 in revenues, \$48,490,647.49 in expenditures, and \$249,075.00 in other financing sources. The General Fund's fund balance increased by \$271,543.09 compared to 2019.

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, 2020
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 FY2020?" 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, 2020
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 2020 with comparative data for 2019.

Table 1
Net Position

	FY 2020	FY 2019
Assets		
Current and Other Assets	\$ 7,706,399.14	\$ 7,915,380.02
Capital Assets	60,958,676.87	62,629,659.25
Total Assets	68,665,076.01	70,545,039.27
Deferred Outflow of Resources		
Pension Related	2,474,243.00	2,409,341.00
Liabilities		
Long-Term Liabilities	35,348,872.33	37,881,408.73
Other Liabilities	1,425,988.33	1,953,445.41
Total Liabilities	36,774,860.66	39,834,854.14
Deferred Inflow of Resources		
Gain on Refunding of Long-Term Debt	920,232.08	1,015,223.14
Pension Related	3,458,482.00	3,303,714.00
Total Deferred Inflow of Resources	4,378,714.08	4,318,937.14
Net Position		
Net Investment in Capital Assets	37,230,463.42	36,376,393.19
Restricted	2,055,681.20	1,728,514.54
Unrestricted (deficit)	(9,300,400.35)	(9,304,318.74)
Total Net Position	\$ 29,985,744.27	\$ 28,800,588.99

The District's combined net position was \$29,985,744.27 on June 30, 2020. 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, 2020
UNAUDITED (CONTINUED)

Table 2 shows changes in net position for fiscal year 2020 with comparative data for 2019.

Table 2
Changes in Net Position

	<u>FY 2020</u>	<u>FY 2019</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 4,407,370.28	\$ 5,139,586.76
Operating Grants and Contributions	12,310,679.57	12,374,374.63
Capital Grants and Contributions	115,045.71	-
General Revenues:		
Property Taxes	35,149,219.02	34,761,433.00
Grants and Entitlements	290,612.00	341,318.00
Other	223,060.60	368,210.46
Total Revenues	<u>52,495,987.18</u>	<u>52,984,922.85</u>
Program Expenses		
Instruction	28,337,278.18	28,574,120.78
Support Services:		
Tuition	1,662,076.43	1,568,333.22
Pupils and Instructional Staff	7,758,034.03	7,537,743.69
General and School Administration	4,227,900.24	4,128,388.30
Plant Operations and Maintenance	3,518,102.30	2,836,355.23
Pupil Transportation	2,212,436.59	2,203,585.99
Transfer to Charter Schools	25,542.00	55,951.00
Business Type Activities	446,488.66	583,492.04
Interest on Long Term Debt	923,887.19	1,001,635.71
Unallocated Depreciation and Amortization	2,199,086.28	2,033,152.06
Total Expenses	<u>51,310,831.90</u>	<u>50,522,758.02</u>
Change in Net Position	<u>\$ 1,185,155.28</u>	<u>\$ 2,462,164.83</u>

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED (CONTINUED)

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.

Governmental Activities

Local property taxes made up 67.5 percent of revenues for governmental activities for the SHSD for fiscal year 2020. There was a \$387,786.02 increase in property taxes or 1.12 percent from the prior year. The District's total revenues were \$52,040,418.50 for the year ended June 30, 2020.

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 \$9,080.02
- Charges for services represents \$303,336.30 of revenue. This represents amounts paid by individuals for various program services.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and donated commodities was \$151,461.65.

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.

	Total Cost of Services FY 2020	Total Cost of Services FY 2019	Net Cost of Services FY 2020	Net Cost of Services FY 2019
Instruction	\$ 28,337,278.18	\$ 28,574,120.78	\$ 15,381,433.20	\$ 15,106,071.41
Support Services:				
Tuition	1,662,076.43	1,568,333.22	1,662,076.43	1,568,333.22
Pupils and Instructional Staff	7,758,034.03	7,537,743.69	5,763,121.28	5,622,626.27
General and School Administration	4,227,900.24	4,128,388.30	3,538,780.26	3,475,015.88
Plant Operation and Maintenance	3,518,102.30	2,836,355.23	3,415,085.83	2,751,274.97
Pupil Transportation	2,212,436.59	2,203,585.99	1,577,033.16	1,419,488.55
Transfer to Charter Schools	25,542.00	55,951.00	25,542.00	55,951
Business Type Activities	446,488.66	583,492.04	(8,309.29)	(24,752.44)
Interest and Fiscal Charges	923,887.19	1,001,635.71	923,887.19	1,001,635.71
Unallocated	2,199,086.28	2,033,152.06	2,199,086.28	2,033,152.06
Total Expenses	\$ 51,310,831.90	\$ 50,522,758.02	\$ 34,477,736.34	\$ 33,008,796.63

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
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 \$48,628,161.50 and expenditures were \$48,490,647,49.

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, 2020, and the amount and percentage of increase and decrease in relation to prior year revenues, excluding the capital projects fund activity.

Revenue	Amount	Percent of Total	Inc/(Dec) FY 2019	Percent Inc/(Dec)
Local Sources	\$ 39,504,744.28	81.24%	\$ (392,112.12)	-0.98%
State Sources	8,582,752.56	17.65%	511,657.65	6.34%
Federal Sources	540,664.66	1.11%	(30,082.20)	-5.27%
Total	\$ 48,628,161.50	100.00%	\$ 89,463.33	0.18%

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
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, 2020, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Inc/(Dec) FY 2019</u>	<u>Percent Inc/(Dec)</u>
Current:				
Instruction	\$ 17,246,652.77	35.57%	\$ (22,700.82)	-0.13%
Support Services	27,237,255.50	56.17%	389,168.00	1.45%
Capital Outlay	591,723.22	1.22%	(373,378.35)	-38.69%
Debt Service	<u>3,415,016.00</u>	<u>7.04%</u>	<u>(278,531.98)</u>	<u>-7.54%</u>
Total	<u>\$ 48,490,647.49</u>	<u>100.00%</u>	<u>\$ (285,443.15)</u>	<u>-0.59%</u>

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 2019/2020 general fund tax levy of \$31,984,927 increased by 2.0% over the 2018/2019 tax levy of \$31,357,770. 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 \$1,975,577 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, 2020
UNAUDITED (CONTINUED)

Capital Assets

At the end of the 2020 fiscal year, the School District had \$60,958,676.87 invested in land, building, machinery, and equipment. Table 4 shows fiscal year 2020 balances compared to 2019.

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

	FY 2020	FY 2019
Land	\$ 1,980,000.00	\$ 1,980,000.00
Construction in Progress	257,260.63	305,181.43
Site Improvements	2,587,488.25	2,522,855.97
Building and Building Improvements	55,087,880.58	56,605,783.58
Machinery and Equipment	1,046,047.41	1,215,838.27
Total	\$ 60,958,676.87	\$ 62,629,659.25

Overall capital assets decreased \$1,670,982.38 from fiscal year 2019 to fiscal year 2020.

Debt Administration

At June 30, 2020, the School District had \$35,348,872.33 of long-term liabilities. Of this amount, \$2,604,770.64 is for compensated absences, \$1,739,142.69 is for capital leases payable, \$8,790,959.00 is pension related and 22,214,000.00 is for serial bonds issued for school construction. Table 5 shows serial bonds outstanding for fiscal year 2020 compared to 2019.

Table 5
Serial Bonds Outstanding at June 30,

	FY 2020	FY 2019
Series		
2011		550,000.00
2012	\$ 17,265,000.00	18,760,000.00
2016	4,949,000.00	5,319,000.00
Total	\$ 22,214,000.00	\$ 24,629,000.00

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
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 2020/2021 - 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 Jinnee DeMarco, 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, 2020

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, 2020

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash and cash equivalents	\$ 4,892,122.89	\$ 44,286.13	\$ 4,936,409.02
Receivables, net	831,651.36	3,904.90	835,556.27
Inventory		25,052.66	25,052.66
Prepaid Expenses	129,000.00		129,000.00
Restricted assets:			
Restricted cash and cash equivalents	1,780,381.19		1,780,381.19
Capital assets, net			
Non-depreciable	2,237,260.63		2,237,260.63
Depreciable - net	58,701,178.74	20,237.50	58,721,416.24
Total assets	<u>68,571,594.81</u>	<u>93,481.20</u>	<u>68,665,076.01</u>
DEFERRED OUTFLOW OF RESOURCES:			
Pension Related	2,474,243.00		2,474,243.00
	<u>2,474,243.00</u>		<u>2,474,243.00</u>
LIABILITIES:			
Accounts payable	910,596.52		910,596.52
Payable to other governments	65,093.00		65,093.00
Unearned revenue	161,385.61	39,125.20	200,510.81
Accrued interest payable	249,788.00		249,788.00
Noncurrent liabilities:			
Due within one year	2,802,728.60		2,802,728.60
Due beyond one year:			
Bonds Payable	19,779,000.00		19,779,000.00
Compensated Absences Payable	2,604,770.64		2,604,770.64
Capital Leases Payable	1,371,414.09		1,371,414.09
Net Pension Liability	8,790,959.00		8,790,959.00
Total liabilities	<u>36,735,735.46</u>	<u>39,125.20</u>	<u>36,774,860.66</u>
DEFERRED INFLOW OF RESOURCES:			
Pension Related	3,458,482.00		3,458,482.00
Gain on Refunding of Long-Term Debt	920,232.08		920,232.08
Total Deferred Inflow of Resources	<u>4,378,714.08</u>		<u>4,378,714.08</u>
NET POSITION:			
Net investment in capital assets	37,210,225.92	20,237.50	37,230,463.42
Restricted for:			
Capital projects	1,815,059.20		1,815,059.20
Debt service	38.00		38.00
Other purposes	240,584.00		240,584.00
Unrestricted (deficit)	<u>(9,334,518.85)</u>	<u>34,118.50</u>	<u>(9,300,400.35)</u>
Total Net Position	<u>\$ 29,931,388.27</u>	<u>\$ 54,356.00</u>	<u>\$ 29,985,744.27</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, 2020

Functions/Programs	Expenses	Indirect Expense Allocation	Charges for Services	Programs Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		
						Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	\$ 12,281,287.01	\$ 7,575,500.67	\$ 3,563,254.98	\$ 4,559,346.76	\$ 47,032.46	\$ (11,687,153.48)	\$	\$ (11,687,153.48)
Special	2,896,207.52	1,610,201.23	465,704.00	2,817,133.88	11,033.38	(1,212,537.49)		(1,212,537.49)
Other instruction	2,004,660.86	1,150,310.67		665,592.36	7,636.95	(2,481,742.22)		(2,481,742.22)
Support services:								
Tuition	1,662,076.43					(1,662,076.43)		(1,662,076.43)
Student and instruction related services	4,835,823.60	2,708,643.90		1,762,848.31	18,497.91	(5,763,121.28)		(5,763,121.28)
General administrative services	682,585.03	106,552.84		1,758.88	2,600.37	(784,778.62)		(784,778.62)
School administrative services	1,415,119.27	950,542.78		541,855.91	5,391.03	(1,818,415.11)		(1,818,415.11)
Central services and info technology	742,541.41	199,282.78		3,408.88	2,828.78	(935,586.53)		(935,586.53)
Plant operations and maintenance	2,918,082.25	516,606.37		7,548.46	12,054.33	(3,415,085.83)		(3,415,085.83)
Pupil transportation	2,028,412.86	158,779.29	75,075.00	527,113.48	7,970.50	(1,577,033.17)		(1,577,033.17)
Unallocated Benefits	14,916,267.38	(14,916,267.38)						
Transfer to Charter Schools	25,542.00					(25,542.00)		(25,542.00)
Interest on long-term debt	923,887.19					(923,887.19)		(923,887.19)
Unallocated depreciation and amortization	2,259,239.43	(60,153.15)				(2,199,086.28)		(2,199,086.28)
Total governmental activities	49,591,732.24	(0.00)	4,104,033.98	10,886,606.92	115,045.71	(34,486,045.63)		(34,486,045.63)
Business-type activities								
Food service	446,488.66		303,336.30	151,461.65			8,309.29	8,309.29
Total business-type activities	446,488.66		303,336.30	151,461.65			8,309.29	8,309.29
Total primary government	\$ 50,038,220.90	\$ (0.00)	\$ 4,407,370.28	\$ 11,038,068.57	\$ 115,045.71	\$ (34,486,045.63)	\$ 8,309.29	\$ (34,477,736.34)
General revenues:				10,886,606.92				
Taxes:								
Property taxes, levied for general purposes, net						\$ 31,984,926.81	\$	\$ 31,984,926.81
Taxes levied for debt service						3,164,292.21		3,164,292.21
Federal and state aid not restricted						129,734.00		129,734.00
Federal and state aid restricted						160,878.00		160,878.00
Miscellaneous income						222,289.87	770.73	223,060.60
Total general revenues and transfers						35,662,120.89	770.73	35,662,891.62
Change in net position						1,176,075.26	9,080.02	1,185,155.28
Net position beginning (as restated)						28,755,313.01	\$ 45,275.98	28,800,588.99
Net position ending						\$ 29,931,388.27	\$ 54,356.00	\$ 29,985,744.27

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, 2020

	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u> <u>FUND</u>	<u>CAPITAL</u> <u>PROJECTS</u> <u>FUND</u>	<u>DEBT</u> <u>SERVICE</u> <u>FUND</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
ASSETS					
Cash and cash equivalents	\$ 4,281,642.26	\$ 110,251.38	\$ 371,191.25	\$ 129,038.00	\$ 4,892,122.89
Receivables from other governments:					
Federal		43,106.75			43,106.75
State	765,189.35	12,639.00			777,828.35
Other		1,066.00			1,066.00
Due from other funds	9,650.26				9,650.26
Prepaid expenses			129,000.00		129,000.00
Restricted cash and cash equivalents	<u>1,780,381.19</u>				<u>1,780,381.19</u>
 Total assets	 <u>\$ 6,836,863.06</u>	 <u>\$ 167,063.13</u>	 <u>\$ 500,191.25</u>	 <u>\$ 129,038.00</u>	 <u>\$ 7,633,155.44</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 269,565.00	\$ 69,584.52			\$ 339,149.52
Payable to state government		65,093.00			65,093.00
Unearned Revenue		<u>32,385.61</u>		129,000.00	<u>161,385.61</u>
 Total liabilities	 <u>269,565.00</u>	 <u>167,063.13</u>		 <u>129,000.00</u>	 <u>565,628.13</u>
Fund balances:					
Restricted:					
Capital reserve account	1,539,797.19				1,539,797.19
Maintenance reserve account	240,584.00				240,584.00
Excess surplus	1,142,951.91				1,142,951.91
Excess surplus - designated for subsequent years expenditures	1,119,077.35				1,119,077.35
Capital projects fund			500,191.25		500,191.25
Assigned:					
Designated for subsequent years expenditures	918,462.65			38.00	918,500.65
Encumbrances	269,654.47				269,654.47
Unassigned	<u>1,336,770.49</u>				<u>1,336,770.49</u>
 Total fund balances	 <u>6,567,298.06</u>		 <u>500,191.25</u>	 <u>38.00</u>	 <u>7,067,527.31</u>
 Total liabilities and fund balances	 <u>\$ 6,836,863.06</u>	 <u>\$ 167,063.13</u>	 <u>\$ 500,191.25</u>	 <u>\$ 129,038.00</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, 2020

Total Fund Balances (Brought Forward)		\$7,067,527.31
Amounts Reported for Governmental Activities in the Statement of Net Assets (A-1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of Assets	\$92,246,401.10	
Accumulated Depreciation	<u>(31,307,961.73)</u>	60,938,439.37
Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Net Pension Liability	(8,790,959.00)	
Compensated Absences	(2,604,770.64)	
Bonds Payable	(\$22,214,000.00)	
Gain on Refunding Bonds	<u>(920,232.08)</u>	
Capital Leases	<u>(1,739,142.69)</u>	(36,269,104.41)
Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.		
Pensions:		
Deferred Outflows Pension Related		2,474,243.00
Deferred Inflows Pension Related		(3,458,482.00)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.		
Accounts Payable - Pension Related	(571,447.00)	
Accrued Interest Payable	<u>(249,788.00)</u>	<u>(821,235.00)</u>
Net Position of Governmental Activities		<u><u>\$29,931,388.27</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, 2020

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local sources:					
Local tax levy	\$ 31,984,926.81	\$	\$	\$ 3,164,292.21	\$ 35,149,219.02
Tuition	4,028,958.98				4,028,958.98
Transportation fees	75,075.00				75,075.00
Miscellaneous	222,289.87	29,201.41			251,491.28
Total - local sources	36,311,250.66	29,201.41		3,164,292.21	39,504,744.28
State sources	8,104,516.85	202,312.00	115,045.71	160,878.00	8,582,752.56
Federal sources	12,191.09	528,473.57			540,664.66
Total revenues	44,427,958.60	759,986.98	115,045.71	3,325,170.21	48,628,161.50
EXPENDITURES:					
Current expense:					
Regular instruction	12,166,565.16	179,219.23			12,345,784.39
Special instruction	2,517,427.52	378,780.00			2,896,207.52
Other Instruction	2,004,660.86				2,004,660.86
Support services:					0.00
Tuition	1,662,076.43				1,662,076.43
Student and instruction related services	4,653,621.61	201,987.75			4,855,609.36
General administration	682,585.03				682,585.03
School administration	1,415,119.27				1,415,119.27
Central services and technology	742,541.41				742,541.41
Plant operations and maintenance	3,164,200.65				3,164,200.65
Pupil transportation	2,092,217.18				2,092,217.18
Unallocated Benefits	12,597,364.17				12,597,364.17
Transfer to Charter Schools	25,542.00				25,542.00
Debt service:					0.00
Principal				2,415,000.00	2,415,000.00
Interest	89,846.00			910,170.00	1,000,016.00
Capital outlay	591,723.22				591,723.22
Total expenditures	44,405,490.51	759,986.98		3,325,170.00	48,490,647.49
Excess (deficiency) of revenues over (under) expenditures	22,468.09		115,045.71	0.21	137,514.01
Other financing sources (uses):					
Capital leases (non-budgeted)	249,075.00				249,075.00
Total other financing sources (uses)	249,075.00				249,075.00
Net change in fund balances	271,543.09		115,045.71	0.21	386,589.01
Fund balances, June 30, 2019	6,295,754.97	\$	\$ 385,145.54	\$ 37.79	6,680,938.30
Fund balances, June 30, 2020	\$ 6,567,298.06	\$	\$ 500,191.25	\$ 38.00	\$ 7,067,527.31

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, 2020

Total net change in fund balances - governmental funds (from B-2) \$ 386,589.01

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period

Capital outlays	591,723.22
Depreciation expense	(2,259,239.43)

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.

Payment of bond principal	2,415,000.00
Payment of capital lease principal	359,127.61

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.

Original Issue Premium on Refunding Bonds	180,645.98
Deferred Amount on Refunding Bond Payments to Escrow Agent	(85,654.92)
Capital Lease Proceeds	(249,075.00)

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.

16,216.00

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.

District pension contributions	\$474,572.00
Less: Pension expense	(559,010.00)
	(84,438.00)

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 (+).

(94,819.21)

Change in net position of governmental activities \$ 1,176,075.26

OTHER FUNDS

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u>
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 44,286.13
Accounts receivable:	
State	1,305.35
Federal	2,599.56
Inventories	<u>25,052.66</u>
Total current assets	<u>73,243.70</u>
Noncurrent assets:	
Furniture, machinery and equipment	310,474.62
Less accumulated depreciation	<u>(290,237.12)</u>
Total noncurrent assets	<u>20,237.50</u>
Total assets	<u>\$ 93,481.20</u>
LIABILITIES:	
Current liabilities:	
Unearned Revenue	<u>39,125.20</u>
Total current liabilities	<u>39,125.20</u>
Total liabilities	<u>39,125.20</u>
NET POSITION:	
Net investment in capital assets	20,237.50
Unrestricted	<u>34,118.50</u>
Total net position	<u>\$ 54,356.00</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, 2020

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u>
OPERATING REVENUES:	
Charges for services:	
Daily sales - reimbursable programs	\$ 140,375.95
Daily sales - non-reimbursable programs	162,960.35
	<hr/>
Total operating revenues	303,336.30
	<hr/>
OPERATING EXPENSES:	
Cost of sales-reimbursable programs	103,380.20
Cost of sales-non-reimbursable programs	83,036.93
Salaries	141,701.17
Employee benefits	37,044.74
Other purchase property services (repairs)	13,684.87
Other purchase services	18,011.40
Supplies and materials	45,282.40
Miscellaneous	880.78
Depreciation	3,466.17
	<hr/>
Total operating expenses	446,488.66
	<hr/>
Operating (loss)	(143,152.36)
	<hr/>
NON-OPERATING REVENUES (EXPENSES):	
State sources	
State school lunch program	4,932.16
Federal sources	
National school lunch program (cash assistance)	104,432.84
National school lunch program (non-cash assistance)	42,096.65
Interest earned	770.73
	<hr/>
Total non-operating revenues	152,232.38
	<hr/>
Change in net position	9,080.02
Total net position - beginning	45,275.98
	<hr/>
Total net position - ending	\$ 54,356.00
	<hr/> <hr/>

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, 2020

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u>
Cash flows from operating activities:	
Receipts from customers (net)	\$ 320,787.28
Payments to vendors (net)	<u>(438,406.35)</u>
Net cash provided by (used for) operating activities)	<u>(117,619.07)</u>
Cash flows from noncapital financing activities:	
State sources	3,955.28
Federal sources	109,898.26
Transfers from/(to) other funds	<u>(67,756.40)</u>
Net cash provided by noncapital financing activities:	<u>46,097.14</u>
Cash flows from investing activities:	
Interest earned	<u>770.73</u>
Net cash provided by investing activities	<u>770.73</u>
Net decrease in cash and cash equivalents	(70,751.20)
Cash and cash equivalents, July 1, 2019	<u>115,037.33</u>
Cash and cash equivalents, June 30, 2020	<u>\$ 44,286.13</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating (loss)	\$ (143,152.36)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	3,466.17
Federal commodities (non-cash assistance)	42,096.65
Change in assets and liabilities:	
Increase (decrease) in Unearned Revenue	19,925.82
(Increase) decrease in inventories	(14,754.57)
Increase (decrease) in accounts payable	<u>(25,200.78)</u>
	<u>25,533.29</u>
Net cash provided by (used for) operating activities	<u>\$ (117,619.07)</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, 2020

	STATE UNEMPLOYMENT COMPENSATION TRUST FUND	PRIVATE PURPOSE AWARD FUND	AGENCY FUNDS
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
Cash and cash equivalents	\$ 99,408.27	\$ 135,250.23	\$ 345,001.88
	<u> </u>	<u> </u>	<u> </u>
Total Assets	99,408.27	135,250.23	345,001.88
	<u> </u>	<u> </u>	<u> </u>
LIABILITIES:			
Interfund payable			9,650.26
Payroll deductions and withholdings			30,769.69
Due to student groups			304,581.93
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities			\$ 345,001.88
	<u> </u>	<u> </u>	<u> </u>
NET POSITION:			
Held in trust for unemployment claims	99,408.27		
Held in trust for scholarships		135,250.23	
	<u> </u>	<u> </u>	
Total Net Position	\$ 99,408.27	\$ 135,250.23	
	<u> </u>	<u> </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, 2020

	<u>PRIVATE PURPOSE AWARD FUND SCHOLARSHIP FUND</u>	<u>STATE UNEMPLOYMENT COMPENSATION TRUST FUND</u>
ADDITIONS:		
Contributions:		
Other	\$ 1,010.91	\$ 0.00
Employee Withholdings		40,562.68
Total contributions	<u>1,010.91</u>	<u>40,562.68</u>
Investment earnings:		
Interest	<u>137.72</u>	<u>574.42</u>
Net investment earnings	<u>137.72</u>	<u>574.42</u>
Total additions	<u>1,148.63</u>	<u>41,137.10</u>
DEDUCTIONS:		
Awards granted	9,000.00	
Unemployment claims		22,656.18
Total deductions	<u>9,000.00</u>	<u>22,656.18</u>
Change in net position	<u>(7,851.37)</u>	<u>18,480.92</u>
Net position beginning of year	<u>143,101.60</u>	<u>80,927.35</u>
Net position end of year	<u>\$ 135,250.23</u>	<u>\$ 99,408.27</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, 2020

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, 2020

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, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds

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

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

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

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

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

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2020

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, 2020

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, 2020

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, 2020

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 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, 2020

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, 2020

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 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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020, 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 \$8,092,674.70, \$250,000.00 was covered by Federal Depository Insurance and \$7,842,674.70 was covered under the provisions of NJGUDPA.

As of June 30, 2020, 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	\$ 7,192,399.40	\$ 4,648.98	\$ 524,544.30	\$ 6,672,504.08
Proprietary	51,320.39	-	7,034.26	44,286.13
Fiduciary	848,954.91	-	269,294.53	579,660.38
	<u>\$ 8,092,674.70</u>	<u>\$ 4,648.98</u>	<u>\$ 800,873.09</u>	<u>\$ 7,296,450.59</u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2020

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, 2020

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, 2020, 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, 2020

NOTE 3: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020, 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	305,181.43	\$ 529,501.22	\$ (577,422.02)	257,260.63
Total Capital Assets not being depreciated	<u>2,285,181.43</u>	<u>529,501.22</u>	<u>(577,422.02)</u>	<u>2,237,260.63</u>
Site Improvements	5,153,514.00	-	247,374.94	5,400,888.94
Buildings & Building Improvements	81,274,204.16	35,550.00	307,071.00	81,616,825.16
Machinery & Equipment	2,941,778.29	26,672.00	22,976.08	2,991,426.37
Totals at historical cost	<u>89,369,496.45</u>	<u>62,222.00</u>	<u>577,422.02</u>	<u>90,009,140.47</u>
Gross Assets (Memo only)	<u>89,672,934.50</u>	<u>591,723.22</u>	<u>-</u>	<u>92,246,401.10</u>
Less: Accumulated Depreciation				
Site Improvements	(2,630,658.03)	(182,742.66)		(2,813,400.69)
Buildings & Building Improvements	(24,668,420.58)	(1,860,524.00)		(26,528,944.58)
Machinery & Equipment	(1,749,643.69)	(215,972.77)		(1,965,616.46)
Total Depreciation	<u>(29,048,722.30)</u>	<u>(2,259,239.43)</u>	<u>-</u>	<u>(31,307,961.73)</u>
Total capital assets being depreciated, net of depreciation	<u>60,320,774.15</u>	<u>(2,197,017.43)</u>	<u>577,422.02</u>	<u>58,701,178.74</u>
Total Governmental Fund Activities	<u>\$ 62,605,955.58</u>	<u>\$ (1,667,516.21)</u>	<u>\$ -</u>	<u>\$ 60,938,439.37</u>
Proprietary Activities:				
Machinery & Equipment	\$ 310,474.62	\$ -		\$ 310,474.62
Totals at historical cost	<u>310,474.62</u>	<u>-</u>	<u>\$ -</u>	<u>310,474.62</u>
Less: Accumulated Depreciation				
Machinery & Equipment	(286,770.95)	(3,466.17)		(290,237.12)
Total Depreciation	<u>(286,770.95)</u>	<u>(3,466.17)</u>	<u>-</u>	<u>(290,237.12)</u>
Total Proprietary Fund Activities	<u>\$ 23,703.67</u>	<u>\$ (3,466.17)</u>	<u>\$ -</u>	<u>\$ 20,237.50</u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2020

NOTE 3: CAPITAL ASSETS (CONTINUED)

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

Support Services:		
Other Instruction	\$	2,421.20
Student & Instruction Related Services		25,723.35
General Administrative Services		2,178.67
School Administrative Services		1,463.45
Plant Operations and Maintenance		25,838.57
Pupil Transportation		2,427.91
Direct Expense of Various Functions		<u>2,199,186.28</u>
	<u>\$</u>	<u>2,259,239.43</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, 2020

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of transactions that affect long-term liabilities for the year ended June 30, 2020:

	Balance, <u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2020</u>	Due Within <u>One Year</u>
Bonds Payable	\$ 24,629,000.00		\$ (2,415,000.00)	\$ 22,214,000.00	\$ 2,435,000.00
Compensated Absences	2,509,951.43	\$ 94,819.21		2,604,770.64	
Net Pension Liability	8,893,262.00		(102,303.00)	8,790,959.00	
Capital Leases Payable	1,849,195.30	249,075.00	(359,127.61)	1,739,142.69	367,728.60
Total	\$ 37,881,408.73	\$ 343,894.21	\$ (461,430.61)	\$ 35,348,872.33	\$ 2,802,728.60

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, 2020, the District borrowing capacity under N.J.S. 18A:24-19 is as follows:

<u>Year</u>	Equalized Valuation of <u>Real Property</u>
2019	\$ 3,436,694,339.00
2018	3,414,182,090.00
2017	3,506,600,542.00
	<u>\$ 10,357,476,971.00</u>
Average equalized valuation	<u>\$ 3,452,492,323.67</u>
School borrowing margin (4% of \$3,452,492,323.67)	\$ 138,099,692.95
Net school debt as of June 30, 2020	<u>22,214,000.00</u>
School borrowing power available	<u>\$ 115,885,692.95</u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2020

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Debt Service Requirements:

The annual requirements to amortize all debt outstanding as of June 30, 2020, including interest payments on issued debt, are as follows:

Fiscal Year		<u>Principal</u>		<u>Interest</u>		<u>Total</u>
<u>June 30,</u>						
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		2,760,000.00		407,270.00		3,167,270.00
2026-2030		8,550,000.00		727,825.00		9,277,825.00
2031		494,000.00		7,410.00		501,410.00
		<u>\$ 22,214,000.00</u>		<u>\$ 3,883,410.00</u>		<u>\$ 26,097,410.00</u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2020

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, 2020</u>
\$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%	17,265,000.00
\$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%	4,949,000.00
	<u>\$ 22,214,000.00</u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2020

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Capital Leases Payable

The District is leasing vehicles, copiers, energy improvements, a piano and maintenance equipment totaling \$3,899,447.96 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, 2020:

Fiscal Year Ended	<u>Amount</u>
<u>June 30,</u>	
2021	\$ 401,479.06
2022	379,023.82
2023	386,646.82
2024	329,954.13
2025	296,773.44
2026	<u>36,358.48</u>
Total Minimum Lease Payments	1,830,235.75
Less: Amount Representing Interest	<u>(91,093.06)</u>
Present Value of Lease Payments	<u>\$ 1,739,142.69</u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2020

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, 2020

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, 2020

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>
2020	\$474,572.00	100.00%	\$474,572.00
2019	449,271.00	100.00%	449,271.00
2018	423,373.00	100.00%	423,373.00

During the fiscal years ended June 30, 2020, 2019 and 2018, the State of New Jersey contributed \$3,365,027.00, \$2,962,344.00 and \$2,214,955.00 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, 2020, 2018 and 2017, the State of New Jersey reimbursed the District \$1,264,280.85, \$1,163,752.21 and \$1,197,366.52 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, 2020.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2020

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

Public Employees Retirement System (PERS)

At June 30, 2020, the District reported a liability of \$8,790,959.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the District's proportion was 0.0487885625 percent, which was an increase of 0.0036210321 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$559,008.00 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2019 measurement date.

At June 30, 2020, 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	\$157,786	\$38,835
Changes of assumptions	877,810	3,051,314
Net difference between projected and actual earnings on pension plan investments		138,769
Changes in proportion and differences between District contributions and proportionate share of contributions	867,200	229,564
District contributions subsequent to the measurement date	<u>571,447</u>	
	<u>\$2,474,243</u>	<u>\$3,458,482</u>

The \$571,447.00 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, 2020, the plan measurement date is June 30, 2019) 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, 2020

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>
2021	(\$126,316)
2022	(695,934)
2023	(607,776)
2024	(217,736)
2025	92,076
	<u>(\$1,555,686)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. These actuarial valuations used the following assumptions:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inflation	2.75%	2.25%
Salary Increases		
Through 2026	2.00-6.00%	1.65-4.15%
Thereafter	3.00-7.00%	2.65-5.15%
	Based on	Based on
	Years of Service	Age
Investment Rate of Return	7.00%	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2020

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, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at both June 30, 2019 and June 30, 2018) 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. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Market Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2020

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.28% and 5.66% as of June 30, 2019 and June 30, 2018, respectively. These single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30 2019 and June 30, 2018 and a municipal bond rate of 3.50% and 3.87% for June 30, 2019 and June 30, 2018 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 based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 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 District's proportionate share of the net pension liability as of June 30, 2019, 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 <u>5.28%</u>	At Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
District's proportionate share of the net pension liability	\$12,078,721	\$8,790,959	\$7,531,959

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2020

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

Pension Plan Fiduciary Net Position

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

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 non-employer 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 non-employer 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, 2020 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State’s proportionate share associated with the District	<u>\$ 92,437,361</u>
	<u><u>\$ 92,437,361</u></u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 which was rolled forward to June 30, 2019. 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, 2019, the proportion of the TPAF net pension liability associated with the District was .1506207251% which was an increase of .0002143990 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized on-behalf pension expense and revenue of \$5,452,203.00 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, 2019 measurement date.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2020

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

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inflation rate:		2.25%
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through 2026	1.55%-4.45%	1.55%-4.55%
	Based on Years of Service	Based on Years of Service
Thereafter	2.75%-5.65%	2.00%-5.45%
	Based on Years of Service	Based on Years of Service
Investment Rate of Return	7.00%	7.00%

Mortality Rate

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2020

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

Actuarial Assumptions (Continued)

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, 2019 and June 30, 2018 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. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Market Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 5.60% and 4.86% as of June 30, 2019 and 2018, 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 3.50% and 3.87% as of June 30, 2019 and 2018, 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.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2020

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

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return (Continued)

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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, 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, 2020

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 non-employer 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	216,892
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	148,051
Inactive Plan Members or Beneficiaries	
Not Yet Receiving Benefits	<u>- 0 -</u>
Total Plan Members	<u>364,943</u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2020

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

Total Non-employer OPEB Liability

The portion of the Total Non-employer OPEB Liability that was associated with the District at June 30, 2020 was as follows:

Total OPEB Liability:	
District's Proportionate Share	\$-0-
State's Proportionate Share associated with the District	51,965,806
	51,965,806
	\$51,965,806

The Total Non-employer OPEB Liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

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

For the year ended June 30, 2020, the District recognized on-behalf post-employment expense and revenue of \$1,385,903.00 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, 2019 measurement date.

At June 30, 2019, the District's proportion was 0.1245313932 percent, which was an increase of .0013326342 percent from its proportion measured as of June 30, 2018.

The State, a Non-employer 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, 2020

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, 2019 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:

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Inflation – 2.5%			
Salary Increases			
Through 2026	1.55-3.05%*	2.00-6.00%*	3.25-15.25%*
Thereafter	1.55-3.05%*	3.00-7.00%*	Applied to All Future Years

*-Based on Years of Service

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 — June 30, 2018, July 1, 2014 — June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF, PERS and PFRS, respectively.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2020

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2019 and June 30, 2018 was 3.50% and 3.87% 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total Non-employer OPEB Liability

Shown below are details regarding the Total Non-employer OPEB Liability for the Measurement Period from June 30, 2018 to June 30, 2019.

Balance at 6/30/18		\$56,807,974
Changes for the year:		
Service cost	2,066,523	
Interest	2,248,775	
Differences between expected and actual experience	(8,384,371)	
Changes in assumptions or other inputs	774,814	
Membership contributions	47,286	
Benefit payments - Net	<u>(1,595,195)</u>	
Net changes		<u>(4,842,168)</u>
Balance at 6/30/19		<u><u>\$51,965,806</u></u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2020

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

Sensitivity of the Total Non-employer OPEB Liability to Changes in the Discount Rate

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the total non-employer 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, 2019		
	1.00% <u>Decrease (2.50%)</u>	At Discount Rate (3.50)	1.00% <u>Increase (4.50%)</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$61,392,152	\$51,965,806	\$44,478,033

Sensitivity of the Total Non-employer OPEB Liability to Changes in Healthcare Trends

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2019 respectively, calculated using the healthcare trend rate as disclosed above as well as what the total non-employer 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, 2019		
	1.00% <u>Decrease</u>	Healthcare Cost Trend Rate	1.00% <u>Increase</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$42,817,508	\$51,965,806	\$64,076,274

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2020

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, 2019, 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	\$	\$ 13,057,073.00
Changes of assumptions		10,562,167.00
Changes in proportion	<u>1,674,708.00</u>	<u> </u>
	\$ <u>1,674,708.00</u>	\$ <u>23,619,240.00</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:

Year Ended <u>June 30,</u>	<u>Amount</u>
2020	(\$2,836,284)
2021	(2,836,284)
2022	(2,836,284)
2023	(2,836,284)
2024	(2,836,284)
Total	
Thereafter	<u>(7,763,110)</u>
	<u>(\$21,944,532)</u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2020

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

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.

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-notices-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, 2020

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>
2020	\$ 574.42	\$ -	\$ 40,562.68	\$ 22,656.18	\$ 99,408.27
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

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, 2020

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, 2020, a liability existed for compensated absences for governmental fund-types in the district- wide Statement of Net Position of \$2,604,770.64.

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, 2020, 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 \$6,567,298.06 in General Fund Balance at June 30, 2020, \$269,654.47 has been assigned for encumbrances; \$1,539,797.19 has been restricted in the Capital Reserve account; \$240,584.00 has been restricted for maintenance reserve; \$1,142,951.91 has been restricted as excess surplus; \$1,119,077.35 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; \$918,462.65 has been assigned and included as anticipated revenue for the year ended June 30, 2020; and \$1,336,770.49 is unassigned.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2020

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, 2020 is \$2,262,029.26 consisting of \$1,119,077.35 from June 30, 2019 and \$1,142,951.91 from June 30, 2020 as calculated below:

General Fund Expenditures Fiscal Year Ended June 30, 2020	\$44,405,490.51
Less:	
On-behalf TPAF Pension and Social Security Reimbursement	(5,962,740.85)
Assets Acquired Under Capital Leases	<u>(249,075.00)</u>
Adjusted General Fund Expenditures	\$38,193,674.66
Excess Surplus Percentage	<u>2.00%</u>
2% of Adjusted 2019-20 General Fund Expenditures	763,873.49
Add: Allowable Adjustments	704,710.00
Maximum Unassigned Fund Balance	1,468,583.49
Actual Unassigned Fund Balance (Budgetary)	<u>2,611,535.40</u>
Excess Surplus	<u>\$1,142,951.91</u>

Based on the above calculation as of June 30, 2020, \$1,119,077.35 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 2020-2021 budget. \$1,142,951.91 is reported as Reserved Fund Balance-Excess Surplus and is required to be appropriated for property tax relief in the 2021-2022 budget.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2020

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2020:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 9,650.26	
Fiduciary Funds		9,650.26
	<u>\$ 9,650.26</u>	<u>\$ 9,650.26</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received. All amounts are to be liquidated within one year.

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, 2020

NOTE 15: CAPITAL RESERVE ACCOUNT (CONTINUED)

The activity of the capital reserve during the year ended June 30, 2020, is as follows:

Balance, July 1, 2019	\$ 1,327,676.45
Interest Earnings	9,397.80
Deposits:	
By Board Resolution	400,000.00
Return of Unused Withdrawal	276,647.94
	<u>2,013,722.19</u>
Withdrawals:	
Budgeted	<u>473,925.00</u>
Balance, June 30, 2020	<u><u>\$ 1,539,797.19</u></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, 2019 to June 30, 2020 year is as follows:

Balance, July 1, 2019	<u>\$ 240,584.00</u>
Balance, June 30, 2020	<u><u>\$ 240,584.00</u></u>

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2020

NOTE 17: INVENTORY

Inventory in the Food Service Fund at June 30, 2020 consisted of the following:

Food	\$19,194.23
Supplies	<u>5,858.43</u>
Total Inventory	<u><u>\$25,052.66</u></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 January 6, 2021, 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. However, the impact of COVID-19 on the District's operations in the 2020-21 school year cannot be reasonably estimated at this time, but may negatively impact the review.

NOTE 19: PRIOR YEAR RESTATEMENT OF NET POSITION

The District had a new capital asset appraisal performed in fiscal year 2020 and as a result, the District's Net Position at June 30, 2019 has been adjusted to properly reflect Net Investment in Capital Assets as reflected below:

	Governmental <u>Activities</u>	Enterprise <u>Activities</u>
Beginning Net Position 06/30/19	\$ 27,832,174.72	\$ 45,275.98
Adjustments:		
Capital Assets, Net of Accumulated Depreciation	<u>923,138.29</u>	<u> </u>
Beginning Net Position 06/30/19 (As restated)	<u><u>\$ 28,755,313.01</u></u>	<u><u>\$45,275.98</u></u>

REQUIRED SUPPLEMENTARY INFORMATION – Part II

BUDGETARY COMPARISON SCHEDULES

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES					
Local sources:					
Local tax levy	\$ 31,984,926.00	\$	\$ 31,984,926.00	\$ 31,984,926.81	\$ 0.81
Tuition from individuals				13,351.00	13,351.00
Tuition from LEAs within state	4,319,910.00		4,319,910.00	4,015,607.98	(304,302.02)
Transportation fees from individuals	80,000.00		80,000.00	75,075.00	(4,925.00)
Interest earned on capital reserve funds				9,397.80	9,397.80
Unrestricted miscellaneous revenues	68,299.00		68,299.00	212,892.07	144,593.07
Total revenues-local sources	36,453,135.00	\$	36,453,135.00	36,311,250.66	(141,884.34)
State sources:					
Transportation aid	517,812.00		517,812.00	517,812.00	
Special education aid	807,482.00		807,482.00	807,482.00	
Security aid	130,156.00		130,156.00	130,156.00	
Extraordinary aid				696,010.00	696,010.00
Other state aid - Nonpublic school transportation costs				8,700.00	8,700.00
Reimbursed TPAF social security contributions (non-budgeted)				1,264,280.85	1,264,280.85
On-behalf TPAF pension (non-budgeted)				3,365,027.00	3,365,027.00
On-behalf TPAF non-contributory insurance (non-budgeted)				60,314.00	60,314.00
On-behalf TPAF long-term disability insurance (non-budgeted)				2,380.00	2,380.00
On-behalf TPAF post retirement medical (non-budgeted)				1,270,739.00	1,270,739.00
Total - state sources	1,455,450.00		1,455,450.00	8,122,900.85	6,667,450.85
Federal sources:					
Medicaid Reimbursement	30,199.00		30,199.00	12,191.09	(18,007.91)
Total federal sources	30,199.00		30,199.00	12,191.09	(18,007.91)
Total revenues	37,938,784.00		37,938,784.00	44,446,342.60	6,507,558.60
EXPENDITURES					
CURRENT EXPENSE:					
Instruction - regular programs:					
Salaries of teachers:					
Kindergarten	632,000.00	(44,380.00)	587,620.00	566,641.93	20,978.07
Grades 1-5	2,749,175.00	17,433.71	2,766,608.71	2,714,281.62	52,327.09
Grades 6-8	2,648,002.00	(12,786.15)	2,635,215.85	2,602,381.68	32,834.17
Grades 9-12	4,978,718.00	180,930.44	5,159,648.44	5,084,184.22	75,464.22
Regular programs - home instruction:					
Salaries of teachers	122,875.00	(113,650.00)	9,225.00	0.00	9,225.00
Purchased professional educational services	6,000.00	(1,945.50)	4,054.50	3,883.64	170.86

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Regular programs - undistributed instruction:					
Other salaries for instruction	\$ 70,582.00	\$ (4,493.00)	\$ 66,089.00	\$ 62,291.35	\$ 3,797.65
Purchased professional educational services	6,000.00	(6,000.00)			
Purchased Technical Services		6,000.00	6,000.00	2,250.00	3,750.00
Other purchased services (400-500 series)	257,467.96	6,297.63	263,765.59	248,080.47	15,685.12
General supplies	527,567.65	27,565.18	555,132.83	516,893.93	38,238.90
Textbooks	138,700.00	(22,995.09)	115,704.91	92,000.72	23,704.19
Other objects	28,450.00	(565.62)	27,884.38	24,600.60	3,283.78
Total regular programs	12,165,537.61	31,411.60	12,196,949.21	11,917,490.16	279,459.05
Special education - instruction:					
Special Education- Behavioral Disabilities					
Salaries of teachers	62,004.00	6,388.33	68,392.33	68,392.33	
Total behavioral disabilities	62,004.00	6,388.33	68,392.33	68,392.33	
Special education - multiple disabilities:					
Salaries of teachers	194,995.00	(7,465.00)	187,530.00	177,162.24	10,367.76
Other salaries for instruction	96,830.00	16,645.13	113,475.13	106,738.21	6,736.92
Other Purchased Services (400-500 series)	250.00		250.00		250.00
General supplies	20,500.00	(7,956.46)	12,543.54	11,008.24	1,535.30
Total multiple disabilities	312,575.00	1,223.67	313,798.67	294,908.69	18,889.98
Resource room/resource center:					
Salaries of teachers	1,547,050.00	36,940.75	1,583,990.75	1,478,400.43	105,590.32
Other salaries for instruction	403,061.00	13,169.00	416,230.00	244,538.60	171,691.40
Purchased professional-education services	71,400.00	(26,199.98)	45,200.02	44,547.94	652.08
General supplies	20,100.00	(8,544.87)	11,555.13	10,215.36	1,339.77
Total resource room/resource center	2,041,611.00	15,364.90	2,056,975.90	1,777,702.33	279,273.57
Autism					
Salaries of teachers	87,370.00	6,189.00	93,559.00	93,559.00	
Other salaries for instruction	50,992.00	(29,301.00)	21,691.00	21,691.00	
Purchased professional - education services	2,500.00		2,500.00	1,382.53	1,117.47
Total preschool disabilities - part time	140,862.00	(23,112.00)	117,750.00	116,632.53	1,117.47

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS AND AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
Preschool disabilities - full time:					
Salaries of teachers	\$ 62,605.00	\$	\$ 62,605.00	\$ 62,080.00	\$ 525.00
Other salaries for instruction	54,390.00		54,390.00	15,845.00	38,545.00
Purchased professional-education services	2,000.00		2,000.00	937.50	1,062.50
General supplies	1,000.00		1,000.00	788.76	211.24
Total preschool disabilities - full time	119,995.00		119,995.00	79,651.26	40,343.74
Special education instruction - home instruction					
Salaries of teachers	9,225.00	156,058.26	165,283.26	165,283.26	
Purchased professional-education services	35,000.00	(20,142.88)	14,857.12	14,857.12	
General supplies	100.00		100.00		100.00
Total home instruction	44,325.00	135,915.38	180,240.38	180,140.38	100.00
Total special education - instruction	2,721,372.00	135,780.28	2,857,152.28	2,517,427.52	339,724.76
Salaries of teachers	563,968.00	(133,577.60)	430,390.40	421,381.00	9,009.40
Total basic skills/remedial - instruction	563,968.00	(133,577.60)	430,390.40	421,381.00	9,009.40
Bilingual education - instruction:					
Salaries of teachers	359,523.00	21,364.01	380,887.01	373,345.15	7,541.86
Other salaries for instruction	10,000.00	14,988.99	24,988.99	24,988.99	
Purchased professional-education services	5,000.00	(1,098.00)	3,902.00	3,901.74	0.26
General supplies	1,000.00	(225.09)	774.91	774.91	
Total bilingual education - instruction	375,523.00	35,029.91	410,552.91	403,010.79	7,542.12
School sponsored cocurricular activities - instruction:					
Salaries	275,000.00	(28,311.00)	246,689.00	239,703.34	6,985.66
Other purchased services (400-500 series)	14,000.00		14,000.00	8,648.92	5,351.08
Supplies and materials	33,800.00		33,800.00	32,671.52	1,128.48
Other objects	13,400.00		13,400.00	9,066.20	4,333.80
Total school sponsored cocurricular activities - instruction	336,200.00	(28,311.00)	307,889.00	290,089.98	17,799.02
School sponsored athletics - instruction:					
Salaries	659,107.00	37,267.93	696,374.93	641,746.40	54,628.53
Purchased services (300-500 series)	188,950.00	19,570.50	208,520.50	173,203.76	35,316.74
Supplies and materials	81,887.00	290.09	82,177.09	72,216.52	9,960.57
Other objects	5,060.00	(2,047.59)	3,012.41	3,012.41	
Total school sponsored athletics - instruction	935,004.00	55,080.93	990,084.93	890,179.09	99,905.84
Total instruction	17,097,604.61	95,414.12	17,193,018.73	16,439,578.54	753,440.19

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS AND AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
Undistributed expenditures - instruction:					
Tuition to other LEAs within the state - special	\$ 190,539.00	\$ 216,374.86	\$ 406,913.86	\$ 381,206.68	\$ 25,707.18
Tuition to county vocational school district - special	25,925.00	1,562.50	27,487.50	27,487.50	
Tuition to private schools for the disabled within state	1,388,522.00	(176,670.14)	1,211,851.86	1,118,760.25	93,091.61
Tuition private school disabled and other LEA outside state	94,750.00		94,750.00	94,750.00	
Tuition - state facility	39,872.00		39,872.00	39,872.00	
Total undistributed expenditures - instruction	1,739,608.00	41,267.22	1,780,875.22	1,662,076.43	118,798.79
Undistributed expenditures - attendance and social work services:					
Salaries	1,803.00		1,803.00	725.00	1,078.00
Total undistributed expend. - attendance and social work services	1,803.00		1,803.00	725.00	1,078.00
Undistributed expenditures - health services:					
Salaries	389,900.00	2,891.62	392,791.62	383,473.44	9,318.18
Purchased professional and technical services	33,500.00	(1,778.62)	31,721.38	23,829.64	7,891.74
Other Purchased Services	10,000.00	(2,715.00)	7,285.00	6,269.53	1,015.47
Supplies and materials	10,700.00	(99.00)	10,601.00	8,754.53	1,846.47
Total undistributed expenditures - health services	444,100.00	(1,701.00)	442,399.00	422,327.14	20,071.86
Undistributed expenditures - speech, OT, PT and related services					
Salaries	420,936.00	12,461.00	433,397.00	430,108.40	3,288.60
Purchased professional - educational services	252,559.00	3,417.47	255,976.47	243,805.96	12,170.51
Total undistributed expenditures - speech, OT, PT and related services	673,495.00	15,878.47	689,373.47	673,914.36	15,459.11
Undistributed expenditures - other support services -					
Students - extraordinary services:					
Salaries	610,076.00	67,586.60	677,662.60	646,722.36	30,940.24
Purchased professional - educational services	201,116.00	(15,093.51)	186,022.49	160,172.49	25,850.00
Total undistributed expenditures - other support services - students - extraordinary services	811,192.00	52,493.09	863,685.09	806,894.85	56,790.24
Undistributed expenditures - guidance					
Salaries of other professional staff	853,359.00	(11,928.40)	841,430.60	794,578.85	46,851.75
Salaries of secretarial and clerical assistants	111,085.00	992.00	112,077.00	112,076.64	0.36
Purchased professional - educational services	25,300.00	1,010.00	26,310.00	9,344.21	16,965.79
Supplies and materials	6,300.00		6,300.00	3,916.44	2,383.56
Other objects	4,000.00		4,000.00	3,857.58	142.42
Total undistributed expenditures - guidance	1,000,044.00	(9,926.40)	990,117.60	923,773.72	66,343.88

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Undistributed expenditures - child study teams					
Salaries of other professional staff	\$ 914,082.00	\$ (61,275.00)	\$ 852,807.00	\$ 765,123.52	\$ 87,683.48
Salaries of secretarial and clerical assistants	120,957.00	2,719.00	123,676.00	123,675.84	0.16
Purchased professional - educational services		14,589.00	14,589.00	6,927.30	7,661.70
Other purchased professional and technical services	82,110.00	(11,267.22)	70,842.78	55,167.40	15,675.38
Misc. purchased services (400-500 series other than resid. cost)	5,655.00		5,655.00		5,655.00
Supplies and materials	11,340.00		11,340.00	5,801.93	5,538.07
Other objects	35,696.00	5,000.00	40,696.00	21,341.59	19,354.41
Total undistributed expenditures - child study teams	<u>1,169,840.00</u>	<u>(50,234.22)</u>	<u>1,119,605.78</u>	<u>978,037.58</u>	<u>141,568.20</u>
Undistributed expenditures - improvement of instruction:					
Salaries of supervisors of instruction	395,214.00	13,631.00	408,845.00	403,532.30	5,312.70
Salaries of other professional staff	20,000.00		20,000.00	13,800.00	6,200.00
Salaries of secretarial and clerical assistants	17,500.00	7,500.00	25,000.00	16,770.73	8,229.27
Other purchased services (400-500 series)	45,000.00	(10,439.14)	34,560.86	22,839.37	11,721.49
Supplies and materials	1,600.00		1,600.00		1,600.00
Other objects	20,000.00		20,000.00	5,127.34	14,872.66
Total undistributed expenditures - improvement of instruction	<u>499,314.00</u>	<u>10,691.86</u>	<u>510,005.86</u>	<u>462,069.74</u>	<u>47,936.12</u>
Undistributed expenditures - educational media services/ school library:					
Salaries	257,119.00		257,119.00	255,710.50	1,408.50
Other purchased services (400-500 series)	26,706.00		26,706.00	19,715.62	6,990.38
Supplies and materials	52,050.00	(1,444.38)	50,605.62	44,558.40	6,047.22
Total educational media services/school library	<u>335,875.00</u>	<u>(1,444.38)</u>	<u>334,430.62</u>	<u>319,984.52</u>	<u>14,446.10</u>
Instructional staff training services:					
Other Salaries	82,000.00		82,000.00	30,410.00	51,590.00
Purchased professional-educational services	68,000.00		68,000.00	10,945.43	57,054.57
Other purchased services (400-500 series)	31,700.00	20.00	31,720.00	24,539.27	7,180.73
Supplies and materials	500.00	(500.00)			
Total instructional staff training services	<u>182,200.00</u>	<u>(480.00)</u>	<u>181,720.00</u>	<u>65,894.70</u>	<u>115,825.30</u>
Support services general administration:					
Salaries	347,173.00	10,447.14	357,620.14	357,620.14	
Legal services	75,100.00	26,776.00	101,876.00	84,282.78	17,593.22
Audit fees	19,425.00	825.00	20,250.00	20,250.00	
Other purchased professional services	27,948.00	7,550.00	35,498.00	28,651.81	6,846.19
Communications/telephone	78,000.00	24,587.86	102,587.86	99,941.83	2,646.03
BOE other purchased services	4,064.00	(100.00)	3,964.00	3,600.00	364.00
Other purchased services (400-500 series)	68,918.00	(13,391.38)	55,526.62	48,747.73	6,778.89
General supplies	5,000.00	(298.65)	4,701.35	3,141.53	1,559.82
BOE in-house training/meeting supplies	4,451.00	60.95	4,511.95	3,191.36	1,320.59
Miscellaneous expenditures	30,000.00	(5,257.46)	24,742.54	17,231.40	7,511.14
BOE membership dues and fees	16,000.00	125.00	16,125.00	15,926.45	198.55
Total support services general administration	<u>676,079.00</u>	<u>51,324.46</u>	<u>727,403.46</u>	<u>682,585.03</u>	<u>44,818.43</u>

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Support services school administration:					
Salaries of principals/assistant principals	\$ 905,723.00	\$ 36,676.51	\$ 942,399.51	\$ 939,361.58	\$ 3,037.93
Salaries of secretarial and clerical assistants	420,721.00	4,614.77	425,335.77	425,335.77	
Supplies and materials	31,640.00	9,396.56	41,036.56	35,637.22	5,399.34
Other objects	36,500.00	(4,970.28)	31,529.72	14,784.70	16,745.02
Total support services school administration	<u>1,394,584.00</u>	<u>45,717.56</u>	<u>1,440,301.56</u>	<u>1,415,119.27</u>	<u>25,182.29</u>
Central services:					
Salaries	330,236.00	612.00	330,848.00	327,744.48	3,103.52
Purchased technical services	25,354.00	13,408.55	38,762.55	38,762.55	
Miscellaneous purchased services (400-500 series)	1,100.00	(710.00)	390.00	183.00	207.00
Supplies and materials	8,304.00	631.47	8,935.47	7,255.31	1,680.16
Miscellaneous expenditures	3,314.00	(442.00)	2,872.00	2,610.98	261.02
Total central services	<u>368,308.00</u>	<u>13,500.02</u>	<u>381,808.02</u>	<u>376,556.32</u>	<u>5,251.70</u>
Administration information technology:					
Salaries	383,898.00	9,352.00	393,250.00	365,358.98	27,891.02
Other purchased services (400-500 series)	1,000.00	(500.00)	500.00		500.00
Supplies and materials	1,400.00		1,400.00	626.11	773.89
Other objects	5,000.00	(5,000.00)			
Total administration information technology	<u>391,298.00</u>	<u>3,852.00</u>	<u>395,150.00</u>	<u>365,985.09</u>	<u>29,164.91</u>
Required maintenance for school facilities:					
Salaries	477,728.00	16,186.00	493,914.00	462,864.45	31,049.55
Cleaning, repair and maintenance services	344,195.00	(34,480.06)	309,714.94	285,091.20	24,623.74
General supplies	68,000.00	16,458.00	84,458.00	83,435.64	1,022.36
Other objects	1,650.00	250.00	1,900.00	1,656.64	243.36
Total required maintenance for school facilities	<u>891,573.00</u>	<u>(1,586.06)</u>	<u>889,986.94</u>	<u>833,047.93</u>	<u>56,939.01</u>

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Custodial Services					
Salaries	\$ 1,013,165.00	\$ 64,643.00	\$ 1,077,808.00	\$ 1,007,585.40	\$ 70,222.60
Purchased professional and technical services	10,300.00		10,300.00	1,800.00	8,500.00
Cleaning, repair, and maintenance services	54,675.00	8,407.90	63,082.90	61,957.83	1,125.07
Other purchased property services	55,100.00		55,100.00	53,082.94	2,017.06
Insurance	190,000.00	(78,796.62)	111,203.38	104,536.69	6,666.69
Miscellaneous purchased services	375.00		375.00	115.53	259.47
General supplies	101,050.00	21,330.35	122,380.35	114,664.24	7,716.11
Energy (natural gas)	189,900.00		189,900.00	189,900.00	
Energy (electricity)	675,000.00	21,000.00	696,000.00	638,094.67	57,905.33
Other objects	500.00	1,200.00	1,700.00	1,680.00	20.00
Total custodial services	<u>2,290,065.00</u>	<u>37,784.63</u>	<u>2,327,849.63</u>	<u>2,173,417.30</u>	<u>154,432.33</u>
Care and upkeep of grounds					
Salaries	62,570.00	1,754.00	64,324.00	64,323.84	0.16
Grounds purchasing services	31,000.00	(1,754.00)	29,246.00	22,559.42	6,686.58
General supplies	27,520.00	400.00	27,920.00	26,582.78	1,337.22
Total care and upkeep of grounds	<u>121,090.00</u>	<u>400.00</u>	<u>121,490.00</u>	<u>113,466.04</u>	<u>8,023.96</u>
Security					
Purchased professional and technical services	120,000.00	(43,126.95)	76,873.05	37,354.38	39,518.67
General Supplies	10,600.00		10,600.00	6,915.00	3,685.00
Total security	<u>130,600.00</u>	<u>(43,126.95)</u>	<u>87,473.05</u>	<u>44,269.38</u>	<u>43,203.67</u>
Student transportation services:					
Salaries for noninstructional aides	52,500.00	17,934.47	70,434.47	70,434.47	0.00
Salaries for pupil transportation (bet. home and school)-reg	133,625.00	21,852.50	155,477.50	155,477.50	0.00
Salaries for pupil transportation (bet. home and school)-sp. Ed.	326,291.00	(74,690.66)	251,600.34	238,574.39	13,025.95
Management fee - ESC and CTSA transportation programs	59,921.00	(11,013.00)	48,908.00	29,979.62	18,928.38
Other purchased professional and technical services	11,588.00	(757.00)	10,831.00	4,828.50	6,002.50
Cleaning, repair, and maintenance services	30,600.00	1,150.00	31,750.00	31,445.80	304.20
Lease purchase payments- school buses	63,805.00	0.00	63,805.00	63,804.32	0.68
Contracted services (between home and school) - vendors	889,963.00	(191,352.96)	698,610.04	694,009.00	4,601.04
Contracted services (sp. ed. stds.) - joint agreements	426,564.00	169,522.53	596,086.53	525,079.08	71,007.45
Contracted services - aid in lieu of payments - nonpublic	324,936.00	14,888.16	339,824.16	220,006.00	119,818.16
Miscellaneous purchased services - transportation	7,232.00	15,808.00	23,040.00	23,040.00	0.00
Transportation Supplies	27,990.00	2,571.00	30,561.00	30,356.49	204.51
Other objects	2,220.00	3,018.00	5,238.00	5,182.01	55.99
Total student transportation services	<u>2,357,235.00</u>	<u>(31,068.96)</u>	<u>2,326,166.04</u>	<u>2,092,217.18</u>	<u>233,948.86</u>

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS AND AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
Unallocated benefits - employee benefits:					
Social security contributions	\$ 527,118.00	\$ 24,235.15	\$ 551,353.15	\$ 551,353.15	\$
Other retirement contributions - PERS	461,291.00	25,164.43	486,455.43	486,455.43	
Other retirement contributions - Regular	30,118.00	(10,118.00)	20,000.00	18,253.30	1,746.70
Unemployment Compensation	45,701.00	(45,701.00)			
Workers' compensation	158,931.00	88,954.19	247,885.19	247,885.19	
Health benefits	5,231,824.00	(231,699.87)	5,000,124.13	4,996,060.17	4,063.96
Tuition reimbursement	242,000.00	(84,702.94)	157,297.06	157,297.06	
Other employee benefits		124,665.42	124,665.42	124,665.42	
Unused Sick Payment to Terminated/Retired Staff	206,338.00	(133,010.00)	73,328.00	52,653.60	20,674.40
Total unallocated benefits - employee benefits	<u>6,903,321.00</u>	<u>(242,212.62)</u>	<u>6,661,108.38</u>	<u>6,634,623.32</u>	<u>26,485.06</u>
Reimbursed TPAF social security contributions (non-budgeted)				1,264,280.85	(1,264,280.85)
On-behalf TPAF pension (non-budgeted)				3,365,027.00	(3,365,027.00)
On-behalf TPAF non-contributory insurance (non-budgeted)				60,314.00	(60,314.00)
On-behalf TPAF long-term disability insurance (non-budgeted)				2,380.00	(2,380.00)
On-behalf TPAF post retirement medical (non-budgeted)				1,270,739.00	(1,270,739.00)
Total on-behalf TPAF contributions				<u>5,962,740.85</u>	<u>(5,962,740.85)</u>
Total undistributed expenditures	<u>22,381,624.00</u>	<u>(108,871.28)</u>	<u>22,272,752.72</u>	<u>27,009,725.75</u>	<u>(4,736,973.03)</u>
Total expenditures - current expense	<u>39,479,228.61</u>	<u>(13,457.16)</u>	<u>39,465,771.45</u>	<u>43,449,304.29</u>	<u>(3,983,532.84)</u>
CAPITAL OUTLAY:					
Equipment:					
Regular programs - instruction:					
Operation and maintenance of plant	28,672.00	13,457.16	42,129.16	42,129.16	
Total equipment	<u>28,672.00</u>	<u>13,457.16</u>	<u>42,129.16</u>	<u>42,129.16</u>	
Facilities acquisition and construction services:					
Architectural/ Engineering Services		21,577.50	21,577.50	18,577.50	3,000.00
Construction services	420,472.14	491,347.50	911,819.64	531,016.56	380,803.08
Infrastructure	39,000.00	(39,000.00)			
Assessment for debt service on SDA funding	89,846.00		89,846.00	89,846.00	
Capital reserve Transfer to Capital Projects	473,925.00	(473,925.00)			
Total facilities acquisition and construction services	<u>1,023,243.14</u>		<u>1,023,243.14</u>	<u>639,440.06</u>	<u>383,803.08</u>
Assets acquired under capital leases (non-budgeted)				249,075.00	(249,075.00)
TOTAL CAPITAL OUTLAY	<u>1,051,915.14</u>	<u>13,457.16</u>	<u>1,065,372.30</u>	<u>930,644.22</u>	<u>134,728.08</u>
Transfer of Funds to Charter School	53,889.00		53,889.00	25,542.00	28,347.00
TOTAL EXPENDITURES	<u>40,585,032.75</u>		<u>40,585,032.75</u>	<u>44,405,490.51</u>	<u>(3,820,457.76)</u>

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS AND AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (2,646,248.75)	\$ _____	\$ (2,646,248.75)	\$ 40,852.09	\$ 2,687,100.84
Other financing sources (uses):					
Capital leases (non-budgeted)	_____	_____	_____	249,075.00	249,075.00
Total other financing sources (uses)	_____	_____	_____	249,075.00	249,075.00
Excess (deficiency) of revenues and Other financing sources over (under) Expenditures and other financing (uses)	(2,646,248.75)	_____	(2,646,248.75)	289,927.09	2,936,175.84
Fund Balances, July 1, 2019	6,409,183.97	_____	6,409,183.97	6,409,183.97	_____
Fund Balances, June 30, 2020	\$ 3,762,935.22	\$ _____	\$ 3,762,935.22	6,699,111.06	\$ 2,936,175.84
Recapitulation of fund balance:					
Restricted:					
Excess surplus - designated for subsequent year's expenditures				\$ 1,119,077.35	
Excess surplus				1,142,951.91	
Maintenance reserve				240,584.00	
Capital reserve				1,539,797.19	
Assigned:					
Encumbrances				269,654.47	
Designated for subsequent year's expenditures				918,462.65	
Unassigned fund balance				1,468,583.49	
				6,699,111.06	-
Reconciliation to governmental funds statements (GAAP):					
Deferred state aid payments not recognized on GAAP basis				(131,813.00)	
Fund balance per governmental funds (GAAP)				\$ 6,567,298.06	

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
REVENUES:					
State sources	\$ 229,052.00	\$ (24,841.00)	\$ 204,211.00	\$ 202,312.00	\$ (1,899.00)
Federal sources	549,262.00	45,122.00	594,384.00	536,755.75	(57,628.25)
Other sources	<u>17,823.37</u>	<u>35,480.97</u>	<u>53,304.34</u>	<u>29,201.41</u>	<u>(24,102.93)</u>
Total revenues	<u>796,137.37</u>	<u>55,761.97</u>	<u>851,899.34</u>	<u>768,269.16</u>	<u>(83,630.18)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	84,084.00	(36,475.26)	47,608.74	26,761.97	20,846.77
Purchased professional - Educational Services	119,186.00	(22,771.00)	96,415.00	96,016.00	399.00
Tuition	399,333.00	(20,553.00)	378,780.00	378,780.00	
General Supplies	3,000.00	55,648.23	58,648.23	40,640.44	18,007.79
Textbooks	22,665.00	(582.00)	22,083.00	22,083.00	
Other objects	<u> </u>	<u>2,000.00</u>	<u>2,000.00</u>	<u>2,000.00</u>	<u> </u>
Total instruction	<u>628,268.00</u>	<u>(22,733.03)</u>	<u>605,534.97</u>	<u>566,281.41</u>	<u>39,253.56</u>
Support services:					
Salaries		6,500.00	6,500.00	6,500.00	
Employee benefits					
Purchased professional - Educational Services	70,910.00	62,583.00	133,493.00	94,058.75	39,434.25
Other purchased services	71,721.00	2,883.00	74,604.00	70,104.00	4,500.00
Supplies & Materials	<u>25,238.37</u>	<u>6,529.00</u>	<u>31,767.37</u>	<u>31,325.00</u>	<u>442.37</u>
Total support services	<u>167,869.37</u>	<u>78,495.00</u>	<u>246,364.37</u>	<u>201,987.75</u>	<u>44,376.62</u>
Total expenditures	<u>\$ 796,137.37</u>	<u>\$ 55,761.97</u>	<u>\$ 851,899.34</u>	<u>\$ 768,269.16</u>	<u>\$ 83,630.18</u>

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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	\$ 44,446,342.60	\$ 768,269.16
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).	(131,813.00)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	113,429.00	
Adjust for encumbrances:		
Less current year encumbrances		(8,282.18)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 44,427,958.60</u>	<u>\$ 759,986.98</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 44,405,490.51	\$ 768,269.16
Difference - budget to GAAP:		
Adjust for encumbrances:		
Less current year encumbrances		(8,282.18)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$ 44,405,490.51</u>	<u>\$ 759,986.98</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 SEVEN 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 its 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%
2019	0.0487885625%	8,790,959	3,868,848.00	227.22%	56.27%

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 SEVEN YEARS

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to the		Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
		Contractually Required Contributions	Contractually Required Contributions			
2014	\$ 381,319	\$ 381,319	\$ -0-	\$ -0-	3,017,655.00	12.64%
2015	400,044	400,044	-0-	-0-	3,189,349.00	12.54%
2016	407,460	407,460	-0-	-0-	3,138,013.00	12.98%
2017	406,839	406,839	-0-	-0-	3,051,348.00	13.33%
2018	449,271	449,271	-0-	-0-	3,354,474.00	13.39%
2019	474,572	474,572	-0-	-0-	3,481,008.00	13.63%
2020	571,447	571,447	-0-	-0-	3,868,848.00	14.77%

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 SEVEN 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 its 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-	\$ 82,318,423	15,029,227.00	-0-	547.72%	33.76%
2014	0.1529963162%	-0-	81,771,552	15,488,199.00	-0-	527.96%	33.64%
2015	0.1553602551%	-0-	98,194,502	15,152,689.00	-0-	648.03%	28.71%
2016	0.1523812979%	-0-	119,872,831	15,755,075.00	-0-	760.85%	22.33%
2017	0.1502021496%	-0-	101,271,705	16,527,482.00	-0-	612.75%	25.41%
2018	0.1504063261%	-0-	95,685,274	16,527,482.00	-0-	578.95%	26.49%
2019	0.1506207251%	-0-	92,437,361	16,124,957.00	-0-	573.26%	26.95%

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, 2020

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>
2019	6.28%	7.00%	07/01/14-06/30/18
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

	Measurement Date Ended June 30,		
	<u>2019</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	\$ 56,807,974.00	\$ 65,037,199.00	\$ 70,076,647.00
Changes for the year:			
Service cost	2,066,523.00	2,352,810.00	2,840,160.00
Interest	2,248,775.00	2,386,542.00	2,057,598.00
Changes of benefit terms			
Differences between expected and actual experience	(8,384,371.00)	(4,983,053.00)	
Changes in assumptions or other inputs	774,814.00	(6,518,999.00)	(8,486,275.00)
Membership Contributions	47,286.00	52,500.00	55,469.00
Benefit payments - Net	(1,595,195.00)	(1,519,025.00)	(1,506,400.00)
Net changes	<u>(4,842,168.00)</u>	<u>(8,229,225.00)</u>	<u>(5,039,448.00)</u>
Balance at 6/30	<u>\$ 51,965,806.00</u>	<u>\$ 56,807,974.00</u>	<u>\$ 65,037,199.00</u>
Covered Employee Payroll	\$ 19,993,805.00	\$ 20,008,490.00	\$ 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-	-0-
Total OPEB Liability as a percentage of Covered Employee Payroll	259.91%	283.92%	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, 2020

Change in benefit terms: None

Change in assumptions: The discount rate changed from 3.87% to 3.50% as of
June 30, 2019.

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, 2020

	IDEA PART B BASIC	TITLE I PART A	TITLE III	TITLE IIA	IDEA PART B PRESCHOOL
REVENUES:					
State sources	\$ 421,026.75	\$ 46,245.00	\$ 14,672.00	\$ 27,663.00	\$ 17,149.00
Federal sources					
Other sources					
Total revenues	<u>\$ 421,026.75</u>	<u>\$ 46,245.00</u>	<u>\$ 14,672.00</u>	<u>\$ 27,663.00</u>	<u>\$ 17,149.00</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$	\$ 24,643.75	\$	\$	\$
Purchased professional - educational services					
Tuition	378,780.00				
General supplies		19,601.25	1,172.00		
Textbooks					
Other Objects		2,000.00			
Total instruction	<u>378,780.00</u>	<u>46,245.00</u>	<u>1,172.00</u>		
Support services:					
Salaries			6,500.00		
Purchased professional - educational services	42,246.75		7,000.00	27,663.00	17,149.00
Other purchased services					
Supplies and materials					
Total support services	<u>42,246.75</u>		<u>13,500.00</u>	<u>27,663.00</u>	<u>17,149.00</u>
Total expenditures	<u>\$ 421,026.75</u>	<u>\$ 46,245.00</u>	<u>\$ 14,672.00</u>	<u>\$ 27,663.00</u>	<u>\$ 17,149.00</u>

SOMERSET HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>TITLE IV</u>	<u>SOMERSET HILLS EDUCATION FUND.</u>	<u>OTHER LOCAL GRANTS</u>
REVENUES:			
State sources	10,000.00		
Federal sources		16,483.24	12,718.17
Other sources			
Total revenues	<u>\$ 10,000.00</u>	<u>\$ 16,483.24</u>	<u>\$ 12,718.17</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers			2,118.22
Purchased professional - educational services			
Tuition	2,100.00	16,483.24	1,283.95
General supplies			
Textbooks			
Other Objects			
Total instruction	<u>2,100.00</u>	<u>16,483.24</u>	<u>3,402.17</u>
Support services:			
Salaries			
Purchased professional - educational services			
Other purchased services	7,900.00		9,316.00
Supplies and materials			
200-600			
Total support services	<u>7,900.00</u>		<u>9,316.00</u>
Total expenditures	<u>\$ 10,000.00</u>	<u>\$ 16,483.24</u>	<u>\$ 12,718.17</u>

SOMERSET HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	NON-PUBLIC SECURITY	NON-PUBLIC TRANSPORTATION	NON-PUBLIC TEXTBOOKS	NON-PUBLIC EXAM & CLASS
REVENUES:				
State sources	\$ 62,883.00	\$ 7,221.00	\$ 22,083.00	\$ 13,749.00
Federal sources				
Other sources				
Total revenues	<u>\$ 62,883.00</u>	<u>\$ 7,221.00</u>	<u>\$ 22,083.00</u>	<u>\$ 13,749.00</u>
EXPENDITURES:				
Instruction:				
Salaries of teachers	\$	\$	\$	\$ 13,749.00
Purchased professional - educational services				
Tuition				
General supplies			22,083.00	
Textbooks				
Other Objects				
Total instruction			<u>22,083.00</u>	<u>13,749.00</u>
Support services:				
Salaries				
Purchased professional - educational services	62,883.00	7,221.00		
Other purchased services				
Supplies and materials				
Total support services	<u>62,883.00</u>	<u>7,221.00</u>		
Total Expenditures	<u>\$ 62,883.00</u>	<u>\$ 7,221.00</u>	<u>\$ 22,083.00</u>	<u>\$ 13,749.00</u>

SOMERSET HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	NON-PUBLIC COMPENSATORY EDUCATION	NON-PUBLIC SUPPLEMENTAL INSTRUCTION	NON-PUBLIC CORRECTIVE SPEECH	NON-PUBLIC NURSING SERVICES	NON-PUBLIC TECHNOLOGY	TOTAL
REVENUES:						
State sources	\$ 10,545.00	\$ 12,142.00	\$ 19,139.00	\$ 40,441.00	\$ 14,109.00	\$ 202,312.00
Federal sources						536,755.75
Other sources						29,201.41
Total revenues	\$ 10,545.00	\$ 12,142.00	\$ 19,139.00	\$ 40,441.00	\$ 14,109.00	\$ 788,269.16
EXPENDITURES:						
Instruction:						
Salaries of teachers	\$	\$	\$	\$	\$	\$ 26,761.97
Purchased professional - educational services	10,545.00	12,142.00	19,139.00	40,441.00		96,016.00
Tuition						378,780.00
General supplies						40,640.44
Textbooks						22,083.00
Other Objects						2,000.00
Total instruction	10,545.00	12,142.00	19,139.00	40,441.00		566,281.41
Support services:						
Salaries						6,500.00
Purchased professional - educational services						94,058.75
Other purchased services					14,109.00	70,104.00
Supplies and materials						31,325.00
Total support services					14,109.00	201,987.75
Total expenditures	\$ 10,545.00	\$ 12,142.00	\$ 19,139.00	\$ 40,441.00	\$ 14,109.00	\$ 788,269.16

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

EXHIBIT "F-1"

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
AS OF JUNE 30, 2020

<u>ISSUE/PROJECT TITLE</u>	<u>APPROPRIATIONS</u>	<u>PRIOR YEAR</u>	<u>EXPENDITURES TO DATE</u> <u>CURRENT YEAR</u>	<u>UNEXPENDED</u> <u>PROJECT</u> <u>BALANCE</u>
Improvements to High School Student Access	\$ 143,061.08	\$ 48,681.20	\$	94,379.88
		0.00		
Improvements to Bedwell Bathroom & Sidewalk	559,175.38	559,175.38		
		0.00		
Improvements to Bernardsville Middle School Walkway	142,767.78	127,767.78		15,000.00
		0.00		
Bernardsville High School Library	3,155,814.51	3,138,612.79		17,201.72
		0.00		
Improvements to Bernardsville High School S/E Wing	1,063,226.42	974,812.79		88,413.63
		0.00		
Improvements to Bernardsville High School Parking & Ramp	869,693.49	835,811.74		33,881.75
		0.00		
Improvements to Auditorium	<u>1,387,555.00</u>	<u>1,136,240.73</u>		<u>251,314.27</u>
Totals	<u>\$ 7,321,293.66</u>	<u>\$ 6,821,102.41</u>	<u>\$</u>	<u>\$ 500,191.25</u>

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>REVISED</u> <u>AUTHORIZED</u> <u>COST</u>
Fund balance - beginning - budgetary basis	\$ <u>500,191.25</u>
Fund balance - ending - budgetary basis	\$ <u><u>500,191.25</u></u>
<u>Reconciliation to GAAP Financial Statements:</u>	
Fund Balance- Budgetary Basis (Exhibit F-2)	\$ <u>500,191.25</u>
Fund Balance- GAAP Basis (Exhibit B-1)	\$ <u><u>500,191.25</u></u>
 Restricted for Capital Projects	 <u>500,191.25</u>
	\$ <u><u>500,191.25</u></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 Fiscal Year Ended June 30, 2020</u>			Revised Authorized Cost
	<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>143,061.08</u>		<u>143,061.08</u>	<u>143,061.08</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	29,966.20		29,966.20	35,300.00
Construction services	18,715.00		18,715.00	107,761.08
Total expenditures	<u>48,681.20</u>		<u>48,681.20</u>	<u>143,061.08</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 94,379.88</u>	<u>\$</u>	<u>\$ 94,379.88</u>	<u>\$</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	NONE			
Percentage completion	34%			
Original target completion date	6/30/2020			
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 BERNARDS HIGH SCHOOL AUDITORIUM

	<u>For the Fiscal Year Ended June 30, 2020</u>			Revised Authorized Cost
	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	
Revenues and Other Financing Sources:				
Transfer from capital reserve	\$ 818,013.00	\$	\$ 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>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>1,136,240.73</u>	<u>1,387,555.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 251,314.27</u>	<u>\$</u>	<u>\$ 251,314.27</u>	<u>\$</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			

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 Fiscal Year Ended June 30, 2020</u>			<u>Revised Authorized Cost</u>
	<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	34,476.58		34,476.58	34,476.58
Total revenues	<u>142,767.78</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	118,073.53		118,073.53	133,073.53
Total expenditures	<u>127,767.78</u>		<u>127,767.78</u>	<u>142,767.78</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 15,000.00</u>	<u>\$</u>	<u>\$ 15,000.00</u>	<u>\$</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 Fiscal Year Ended June 30, 2020</u>			Revised Authorized Cost
	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</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	(240,679.31)		(240,679.31)	(240,679.31)
Total revenues	<u>3,155,814.51</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	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>3,138,612.79</u>		<u>3,138,612.79</u>	<u>3,155,814.51</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 17,201.72</u>	<u>\$</u>	<u>\$ 17,201.72</u>	<u>\$</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 Fiscal Year Ended June 30, 2020</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>1,063,226.42</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>974,812.79</u>	<u>1,063,226.42</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 88,413.63</u>	<u>\$</u>	<u>\$ 88,413.63</u>	<u>\$</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	NONE			
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 Fiscal Year Ended June 30, 2020</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	54,744.19	_____	54,744.19	54,744.19
Total revenues	<u>869,693.49</u>	<u>_____</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	782,781.87	_____	782,781.87	816,663.62
Total expenditures	<u>835,811.74</u>	<u>_____</u>	<u>835,811.74</u>	<u>869,693.49</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 33,881.75</u>	<u>\$ _____</u>	<u>\$ 33,881.75</u>	<u>\$ _____</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			

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, 2020

		STUDENT ACTIVITY	AGENCY FUNDS PAYROLL AGENCY	TOTAL AGENCY	PRIVATE PURPOSE AWARD FUND SCHOLARSHIP FUNDS	STATE UNEMPLOYMENT COMPENSATION TRUST	TOTAL TRUST
ASSETS:							
Cash and cash equivalents	\$	304,581.93	40,419.95	\$ 345,001.88	\$ 135,250.23	\$ 99,408.27	\$ 234,658.50
Total assets		<u>304,581.93</u>	<u>40,419.95</u>	<u>345,001.88</u>	<u>135,250.23</u>	<u>99,408.27</u>	<u>234,658.50</u>
LIABILITIES:							
Interfunds payable			9,650.26	9,650.26			
Payroll deductions and withholdings			30,769.69	30,769.69			
Due to student groups		304,581.93		304,581.93			
Total liabilities	\$	<u>304,581.93</u>	<u>40,419.95</u>	\$ 345,001.88			
NET POSITION:							
Held in trust for unemployment claims						99,408.27	99,408.27
Held in trust for scholarships					135,250.23		135,250.23
Total net position	\$				<u>\$ 135,250.23</u>	<u>\$ 99,408.27</u>	<u>\$ 234,658.50</u>

SOMERSET HILLS SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>PRIVATE PURPOSE AWARD FUND</u>	<u>STATE UNEMPLOYMENT COMPENSATION TRUST FUND</u>	<u>TOTAL</u>
ADDITIONS:			
Contributions:			
Other	\$ 1,010.91	\$	\$ 1,010.91
Employee withholdings		40,562.68	40,562.68
Total contributions	<u>1,010.91</u>	<u>40,562.68</u>	<u>41,573.59</u>
Investment earnings:			
Interest	137.72	574.42	712.14
Net investment earnings	<u>137.72</u>	<u>574.42</u>	<u>712.14</u>
Total additions	<u>1,148.63</u>	<u>41,137.10</u>	<u>42,285.73</u>
DEDUCTIONS:			
Scholarships awarded	9,000.00		9,000.00
Unemployment claims		22,656.18	22,656.18
Total deductions	<u>9,000.00</u>	<u>22,656.18</u>	<u>31,656.18</u>
Change in net position	<u>(7,851.37)</u>	<u>18,480.92</u>	<u>10,629.55</u>
Net position beginning of year	<u>143,101.60</u>	\$ <u>80,927.35</u>	<u>224,028.95</u>
Net position end of year	<u>\$ 135,250.23</u>	<u>\$ 99,408.27</u>	<u>\$ 234,658.50</u>

SOMERSET HILLS SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>BALANCE</u> <u>JULY 1, 2019</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSE-</u> <u>MENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2020</u>
ELEMENTARY SCHOOL				
Bedwell	\$ 5,696.57	\$ 19,313.45	\$ 14,529.29	\$ 10,480.73
MIDDLE SCHOOL				
Activity	86,035.32	52,231.47	23,354.55	114,912.24
Athletic	89,613.92	33,091.57	93,938.51	28,766.98
HIGH SCHOOL				
Activity	123,103.38	296,360.32	298,959.50	120,504.20
Athletic	<u>8,550.89</u>	<u>90,156.38</u>	<u>68,789.49</u>	<u>29,917.78</u>
Total all schools	<u>\$ 313,000.08</u>	<u>\$ 491,153.19</u>	<u>\$ 499,571.34</u>	<u>\$ 304,581.93</u>

SOMERSET HILLS SCHOOL DISTRICT
PAYROLL AGENCY FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>BALANCE</u> <u>JULY 1, 2019</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2020</u>
ASSETS:				
Cash and cash equivalents	\$ <u>26,530.19</u>	\$ <u>27,501,104.32</u>	\$ <u>27,487,214.56</u>	\$ <u>40,419.95</u>
Total assets	\$ <u><u>26,530.19</u></u>	\$ <u><u>27,501,104.32</u></u>	\$ <u><u>27,487,214.56</u></u>	\$ <u><u>40,419.95</u></u>
LIABILITIES:				
Interfunds payable	\$ 24,655.36	\$	\$ 15,005.10	\$ 9,650.26
Net salary and wages		15,207,736.39	15,207,736.39	
Payroll deductions and withholdings	<u>1,874.83</u>	<u>12,293,367.93</u>	<u>12,264,473.07</u>	<u>30,769.69</u>
Total liabilities	\$ <u><u>26,530.19</u></u>	\$ <u><u>27,501,104.32</u></u>	\$ <u><u>27,487,214.56</u></u>	\$ <u><u>40,419.95</u></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, 2020

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE	BALANCE	
			DATE	AMOUNT		JULY 1, 2019	JUNE 30, 2020	
Refunding School Bonds	3/15/12	9,875,000.00				\$ 550,000.00	\$ 0.00	
	3/15/12	19,205,000.00	3/15/21	\$ 2,050,000.00	5.000%			
Refunding School Bonds			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	1,495,000.00	
								17,265,000.00
	School Bonds, Series 2016			9/15/20	385,000.00	1.000%		
		5,829,000.00	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%				
						\$ 53,319,000.00	\$ 370,000.00	
						\$ 24,629,000.00	\$ 2,415,000.00	
							\$ 22,214,000.00	

SOMERSET HILLS SCHOOL DISTRICT
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PURPOSE	DATE OF LEASE	TERM OF LEASE	AMOUNT OF ORIGINAL LEASE PRINCIPAL	BALANCE		ISSUED	RETIRED	BALANCE JUNE 30, 2020
				JULY 1, 2019	JUNE 30, 2020			
E.S.I.P.	7/16/2010	7/15/2025	3,180,023.00	\$ 1,506,290.10	\$	\$	212,867.36	\$ 1,293,422.74
Piano, Truck	8/30/2016	8/30/2020	143,479.00	57,969.18			28,683.41	29,285.77
Bus	7/1/2017	6/15/2024	156,740.89	114,805.95			21,792.55	93,013.40
Bus - 54 Passenger	10/1/2018	10/1/2023	105,418.75	105,418.75			19,200.49	86,218.26
Bus - 24 Passenger	12/1/2018	12/1/2023	64,711.32	64,711.32			12,086.42	52,624.90
Chromebooks (1025)	8/1/2019	8/1/2023	249,075.00			249,075.00	64,497.38	184,577.62
				\$ 1,849,195.30	\$	\$ 249,075.00	\$ 359,127.61	\$ 1,739,142.69

SOMERSET HILLS SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>ORIGINAL BUDGET</u>	<u>MODIFIED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:				
Local sources:				
Local tax levy	\$ 3,164,292.00	\$ 3,164,292.00	\$ 3,164,292.21	\$ 0.21
State sources:				
Debt service aid type II	<u>160,878.00</u>	<u>160,878.00</u>	<u>160,878.00</u>	<u>0.00</u>
Total revenues	<u>3,325,170.00</u>	<u>3,325,170.00</u>	<u>3,325,170.21</u>	<u>0.21</u>
EXPENDITURES:				
Regular debt service:				
Interest	910,170.00	910,170.00	910,170.00	0.00
Redemption of principal	<u>2,415,000.00</u>	<u>2,415,000.00</u>	<u>2,415,000.00</u>	<u>0.00</u>
Total regular debt service-expenditures	<u>3,325,170.00</u>	<u>3,325,170.00</u>	<u>3,325,170.00</u>	<u>0.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0.00</u>	<u>0.00</u>	<u>0.21</u>	<u>0.21</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	0.00	0.00	0.21	0.21
Fund balance, July 1	<u>37.79</u>	<u>37.79</u>	<u>37.79</u>	
Fund balance, June 30	<u>\$ 37.79</u>	<u>\$ 37.79</u>	<u>\$ 38.00</u>	<u>\$ 0.21</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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities										
Net investment in capital assets	\$ 37,210,225.92	\$ 36,352,689.52	\$ 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
Restricted	2,055,681.20	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
Unrestricted (deficit)	(9,334,518.85)	(9,325,891.05)	(9,070,828.40)	(9,250,513.00)	(9,033,982.60)	(8,440,639.13)	876,988.66	2,847,535.65	2,250,782.56	1,685,713.65
Total governmental activities net position	\$ 29,931,388.27	\$ 28,755,313.01	\$ 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
Business-type activities										
Net investment in capital assets	\$ 20,237.50	\$ 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
Unrestricted (deficit)	34,118.50	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
Total business-type activities net position	\$ 54,356.00	\$ 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
District-wide										
Net investment in capital assets	\$ 37,230,463.42	\$ 36,376,393.19	\$ 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
Restricted	2,055,681.20	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
Unrestricted (deficit)	(9,300,400.35)	(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	2,479,692.04	1,888,833.00
Total district net position	\$ 29,985,744.27	\$ 28,800,588.99	\$ 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

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
EXPENSES										
Governmental activities										
Instruction										
Regular	\$ 19,856,787.68	\$ 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
Special education	4,506,408.75	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
Other instruction	3,154,971.53	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
Support Services:										
Tuition	1,662,076.43	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	7,544,467.50	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
General administrative services	789,137.87	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
School administrative services	2,365,662.05	2,306,966.74	2,286,214.33	2,487,548.63	2,377,888.77	2,114,649.15	1,831,799.64	1,875,172.90	1,612,284.74	1,684,266.32
Plant operations and maintenance	3,434,688.62	2,836,355.23	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
Student transportation services	2,187,192.15	2,203,585.99	2,315,106.25	2,385,195.39	2,687,672.63	2,038,265.46	2,129,382.93	1,992,940.41	2,176,219.01	2,155,857.45
Central services & Information Technology	941,824.19	1,036,411.45	944,789.15	1,133,608.27	923,863.59	886,516.77	684,448.84	700,237.60	688,375.74	658,663.97
Transfer to Charter Schools	25,542.00	55,951.00								
Interest on long-term debt	923,887.19	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
Unallocated depreciation	2,199,086.28	2,033,152.06	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	1,892,987.29
Total governmental activities expenses	49,591,732.24	49,939,285.98	50,458,943.25	51,818,982.52	47,928,567.69	44,661,236.04	40,117,434.54	39,136,067.11	38,275,013.48	38,861,110.48
Business-type activities:										
Food Service	446,488.66	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
Total business-type activities expense	446,488.66	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
Total district expenses	\$ 50,038,220.90	\$ 50,522,758.02	\$ 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
PROGRAM REVENUES										
Governmental activities:										
Operating grants and contributions	\$ 10,886,606.92	\$ 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
Charges for services	4,104,033.98	4,697,969.33	4,909,908.99	4,926,276.87	4,914,295.88	4,988,852.57	4,419,158.70	4,369,966.02	4,124,986.40	4,172,898.20
Capital grants and contributions	115,045.71		2,503.69	451,992.60		10,445.00	726.40	65,599.60		82,976.15
Total governmental activities program revenues	\$ 15,105,686.61	\$ 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
Business-type activities:										
Charges for services										
Food Service	303,336.30	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
Operating grants and contributions	151,461.65	166,627.05	173,733.47	163,711.32	159,196.15	151,984.59	135,101.74	117,760.84	102,610.09	97,124.86
Total business-type activities program revenues	454,797.95	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
Total district program revenues	\$ 15,560,484.56	\$ 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
NET (EXPENSE)/REVENUE										
Governmental activities	\$ (34,486,045.63)	\$ (33,033,549.07)	\$ (33,505,586.20)	\$ (32,612,562.66)	\$ (32,758,338.77)	\$ (30,786,088.84)	\$ (30,743,155.82)	\$ (29,126,650.95)	\$ (29,551,112.22)	\$ (30,290,380.87)
Business-type activities	8,309.29	24,752.44	19,704.16	(34,129.23)	(10,592.16)	(32,038.65)	(55,960.07)	(145,273.86)	17,989.17	5,792.52
Total district-wide net expense	\$ (34,477,736.34)	\$ (33,008,796.63)	\$ (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)

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

	Fiscal Year Ending June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 31,984,926.81	\$ 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
Taxes levied for debt service	3,164,292.21	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
Grants and contributions	290,612.00	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
Miscellaneous income	222,289.87	368,011.26	202,071.72	222,262.27	109,528.14	63,367.77	151,296.22	193,084.87	185,568.59	130,638.45
Total governmental activities	\$ 35,662,120.89	\$ 35,470,762.26	\$ 34,420,707.72	\$ 33,869,161.27	\$ 33,083,873.14	\$ 32,566,266.42	\$ 31,749,906.22	\$ 31,231,691.87	\$ 30,753,092.59	\$ 30,076,711.65
Business-type activities:										
Miscellaneous income	770.73	199.20	100.58	175.59	232.57	224.55	220.75	346.37	1,052.46	2,621.30
Total business-type activities	\$ 770.73	\$ 199.20	\$ 100.58	\$ 175.59	\$ 232.57	\$ 224.55	\$ 220.75	\$ 346.37	\$ 1,052.46	\$ 2,621.30
Total district-wide	\$ 35,662,891.62	\$ 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
CHANGE IN NET POSITION										
Governmental activities	\$ 1,176,075.26	\$ 2,437,213.19	\$ 915,121.52	\$ 1,256,598.61	\$ 325,534.37	\$ 1,780,197.58	\$ 1,006,750.40	\$ 2,105,040.92	\$ 1,201,980.37	\$ (213,669.22)
Business-type activities	9,080.02	24,951.64	19,804.74	(33,953.64)	(10,389.59)	(31,814.10)	(65,739.32)	(144,927.51)	19,041.63	8,413.82
Total district	\$ 1,185,155.28	\$ 2,462,164.83	\$ 934,926.26	\$ 1,222,644.97	\$ 315,144.78	\$ 1,748,383.48	\$ 940,011.08	\$ 1,960,113.41	\$ 1,221,022.00	\$ (205,255.40)

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

	Fiscal Year Ending June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Restricted	\$ 4,042,410.45	\$ 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
Assigned	1,188,117.12	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
Unassigned	1,336,770.49	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
Unreserved										
Total general fund	\$ 6,567,298.06	\$ 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
All Other Governmental Funds										
Restricted	\$ 500,191.25	\$ 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
Assigned	38.00	37.79								
Total all other governmental funds	\$ 500,229.25	\$ 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

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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Tax levy	\$ 35,149,219.02	\$ 34,761,433.00	\$ 33,796,999.00	\$ 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
Tuition charges	4,028,988.98	4,494,268.84	4,755,392.46	4,761,665.71	4,835,910.88	4,908,964.57	4,318,976.70	4,259,078.52	4,027,501.40	4,066,861.20
Transportation charges	75,075.00	203,699.49	154,516.53	164,611.16	176,385.00	189,888.00	100,182.00	110,887.50	97,485.00	106,037.00
Miscellaneous	251,491.28	437,454.07	304,284.08	288,872.14	133,606.72	88,877.00	245,561.87	333,939.12	314,360.61	290,578.07
Slate sources	8,582,752.56	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
Federal sources	540,664.66	570,748.86	595,687.49	588,642.20	600,189.61	531,490.45	604,646.42	718,283.73	587,428.17	825,403.72
Total revenue	48,628,161.50	48,538,698.17	48,630,166.77	45,761,763.11	43,753,634.51	42,881,292.82	40,987,511.14	41,231,343.03	39,476,993.85	38,499,739.06
Expenditures										
Instruction:										
Regular instruction	12,345,784.39	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
Special education instruction	2,896,207.62	2,753,655.24	2,557,404.22	2,897,910.79	2,665,739.75	2,496,253.16	2,211,614.56	4,024,660.82	4,342,591.98	4,620,546.44
Other instruction	2,004,660.86	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
Support services:										
Tuition	1,662,076.43	1,568,333.22	1,471,689.09	1,539,878.03	1,533,571.15	1,400,904.85	1,378,171.26	1,378,171.26	5,051,631.92	5,068,177.90
Student and instruction related services	4,855,609.36	4,805,171.69	4,739,379.82	4,076,171.03	4,378,286.24	4,330,190.79	4,583,340.30	5,593,780.69	958,906.23	950,266.25
General administrative services	682,565.03	669,277.68	697,215.98	769,258.19	795,453.65	628,415.62	861,880.05	991,269.96	1,683,730.43	1,633,811.16
School administrative services	1,415,119.27	1,358,283.73	1,312,128.14	1,370,881.38	1,359,921.72	1,419,874.65	1,377,312.43	1,784,269.90	1,683,730.43	1,633,811.16
Central services and information technology	742,541.41	770,436.41	767,822.11	736,521.39	687,272.61	733,502.90	535,202.64	661,721.40	674,440.39	638,815.40
Plant operations and maintenance	3,164,200.65	3,558,477.43	3,239,104.22	3,069,484.86	3,122,224.08	2,958,283.18	2,918,640.12	2,678,739.45	3,033,041.89	3,535,562.68
Student transportation services	2,092,217.18	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
Unallocated employee benefits	12,597,364.17	11,989,950.03	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	25,542.00	55,951.00								
Capital outlay	591,723.22	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
Debt service:										
Principal	2,415,000.00	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
Interest and other charges	1,000,016.00	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
Total expenditures	48,480,647.49	48,776,090.64	48,480,605.89	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
Excess (deficiency) of revenues over (under) expenditures	137,514.01	(237,392.47)	149,560.88	(3,399,027.11)	(883,242.35)	8,400.14	(400,971.85)	477,782.74	(2,803,498.82)	(1,625,351.69)
Other financing sources (uses)										
Capital leases (non-budgeted)	249,075.00	170,130.07	156,740.89	143,479.00			100,000.00	132,134.14	3,228,820.81	106,878.96
Bond proceeds					5,829,000.00					
Prior year accounts payable canceled					15,410.54		61,673.80	9,765.00		
Total other financing sources (uses)	249,075.00	170,130.07	156,740.89	143,479.00	5,844,410.54	0.00	161,673.80	141,899.14	3,228,820.81	106,878.96
Net change in fund balances	\$ 386,589.01	\$ (67,262.40)	\$ 306,301.77	\$ (3,255,548.11)	\$ 4,861,168.19	\$ 8,400.14	\$ (239,298.05)	\$ 619,881.88	\$ 425,321.99	\$ (1,518,472.73)
Debt service as a percentage of noncapital expenditures	7.13%	7.73%	7.23%	7.72%	7.57%	7.85%	8.03%	9.37%	9.59%	8.91%

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
2020	\$ 4,028,958.98	\$ 75,075.00	\$ 81,608.50	\$ 51,614.37	\$	\$ 89,067.00	\$ 4,326,323.85
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

Source: District Records

SOMERSET HILLS SCHOOL DISTRICT
LAST TEN FISCAL YEARS
UNAUDITED

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY - BOROUGH OF BERNARDSVILLE

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)
2020	\$ 19,388,900	\$ 1,826,760,400	\$ 141,868,400	\$ 404,600	\$ 171,206,800	\$ 19,171,500	\$ 8,223,700	\$ 2,187,024,300	\$ 4,877,208	\$ 2,191,901,508	\$ 2,230,856,139	\$ 1,225
2019	21,352,300	1,864,595,800	149,322,600	425,800	173,846,000	19,117,800	3,580,000	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	26,487,400	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	2,337,146,856	1,046
2014	30,005,100	1,129,944,200	133,765,500	407,000	166,017,800	19,881,600	3,807,400	2,261,741,200	4,310,168	2,266,051,368	2,318,046,841	1,040
2013	30,468,300	1,901,669,600	131,154,400	405,600	163,455,700	19,872,200	3,806,600	2,250,832,400	5,294,599	2,256,126,999	2,250,832,400	1,017
2012	31,488,100	1,916,662,700	128,354,600	395,300	164,244,800	20,640,800	3,782,300	2,265,568,600	6,572,663	2,272,141,263	2,447,185,977	0,990
2011	33,023,300	1,950,806,000	125,149,000	394,300	168,061,800	20,786,800	3,799,100	2,302,020,300	6,729,224	2,308,749,524	2,614,752,194	0,954
2010	32,981,900	1,979,566,300	122,425,900	440,600	172,608,900	21,328,300	4,187,200	2,333,539,100	6,434,817	2,339,973,917	2,608,798,038	0,921

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	Public Utilities (a)	Net Valuation Taxable	Est. Actual (County Equalized Value)	Total Direct School Tax Rate (b)
2020	\$ 8,775,100	\$ 504,589,900	\$ 87,783,900	\$ 534,770	\$ 122,495,500	\$ 6,240,000	\$ 6,918,400	\$ 737,337,570	\$	\$ 737,337,570	\$ 745,689,290	0.898
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	496,158,200	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		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	683,465,059	753,209,260	0.923
2010	13,213,100	447,103,700	73,134,000	521,377	148,388,600	6,900,000	5,957,600	695,218,377		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 Reg.	Q-Farm	Commercial	Apartment	Total Assessed Value	Public Utilities (a)	Net Valuation Taxable	Est. Actual (County Equalized Value)	Total Direct School Tax Rate (b)
2020	\$ 2,531,200	\$ 253,782,600	\$ 130,899,100	\$ 478,320	\$ 28,933,300	\$ 2,657,800	\$ 419,282,320	\$ 421,317	\$ 419,703,637	\$ 423,725,022	0.455
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

Borough of Bernardsville

Fiscal Year Ended <u>December 31,</u>	Direct School Rate			Overlapping Rates		Total Direct and Overlapping <u>Tax Rate</u>
	<u>Basic Rate (a)</u>	General Obligation <u>Debt Service (b)</u>	Total Direct School <u>Tax Rate</u>	<u>Borough of Bernardsville</u>	<u>Somerset County</u>	
2020	1.115	0.110	1.225	0.524	0.355	2.104
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

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

Borough of Peapack & Gladstone

Fiscal Year Ended December 31,	Direct School Rate			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	
2020	0.817	0.081	0.898	0.580	0.401	1.879
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

Borough of Far Hills

Fiscal Year Ended <u>December 31,</u>	Direct School Rate			Overlapping Rates		Total Direct and Overlapping <u>Tax Rate</u>
	<u>Basic Rate (a)</u>	General Obligation <u>Debt Service (b)</u>	School <u>Tax Rate</u>	Total Direct Borough of <u>Far Hills</u>	Somerset <u>County</u>	
2020	0.414	0.041	0.455	0.549	0.353	1.357
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 TAX PAYERS - CURRENT YEAR AND NINE YEARS AGO
BOROUGH OF BERNARDSVILLE
UNAUDITED

<u>Taxpayer</u>	2020		2011	
	<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	\$19,375,000.00	0.88%	\$14,634,000.00	0.63%
Mine Mt. Land Co.	10,170,000.00	0.46%	10,350,000.00	0.45%
Individual Taxpayer	7,205,500.00	0.33%	7,946,900.00	0.34%
Falcon Crest 21 LLC	6,833,500.00	0.31%	9,524,500.00	0.41%
Individual Taxpayer	6,794,500.00	0.31%	7,094,900.00	0.31%
Upton Pynes RE LLC	6,631,600.00	0.30%		
Palm Family Farm LLC	5,945,300.00	0.27%		
Individual Taxpayer	5,821,500.00	0.27%	6,556,500.00	0.28%
Verizon-NJ			6,729,324.00	0.29%
Denholts DBA Thomson Reuters Tx Svc	5,670,000.00	0.26%	6,709,000.00	0.29%
Isabella Jazz LLC			6,546,500.00	0.28%
Individual Taxpayer			6,372,600.00	0.28%
Burns Realty Company	5,668,000.00	0.26%		
Total	\$80,114,900.00	3.66%	\$82,464,224.00	3.57%

Source: Municipal Tax Assessor

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

Taxpayer	2020		2011	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Pharmacia & Upjohn	\$82,689,350.00	11.21%	\$102,285,162.00	14.99%
Natirar Residential Development Group	11,965,000.00	1.62%		0.00%
Somerset County Improvement Authority	6,240,000.00	0.85%	11,627,900.00	1.70%
Komline - Sanderson Engineering Corp.	5,681,000.00	0.77%	7,294,300.00	1.07%
M.E. Gladstone Proper LLC				
Ferris Corp.	4,474,500.00	0.61%	6,044,100.00	0.89%
Individual Taxpayer	4,450,000.00	0.60%	6,017,700.00	0.88%
Blairsdon Hall, LLC	4,093,600.00	0.56%		
Dalness Peapack LLC	3,342,000.00	0.45%		
190 Main PG LLC	3,298,700.00	0.45%		
Individual Taxpayer	3,257,400.00	0.44%	4,679,100.00	0.69%
Individual Taxpayer			3,488,650.00	0.51%
Ellistan Hold C/O Quaterwatch LLC			4,163,050.00	0.61%
Jessica Associates			4,064,700.00	0.60%
Foundation for Classical Arch			3,802,600.00	0.56%
Total	\$129,491,550.00	17.56%	\$153,467,262.00	22.50%

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	2020		2011	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Farrendale Properties Individual Taxpayer	\$5,550,000.00	1.27%	\$7,187,700.00	1.67%
Individual Taxpayer	5,453,100.00	1.24%	6,398,900.00	1.49%
Individual Taxpayer	5,163,500.00	1.18%	6,132,600.00	1.42%
Individual Taxpayer	4,805,400.00	1.10%	5,886,400.00	1.37%
Individual Taxpayer	4,711,200.00	1.08%	5,423,800.00	1.26%
Individual Taxpayer	4,706,400.00	1.07%	5,302,400.00	1.23%
Far Hills Preservation LLC	4,557,500.00	1.04%	5,265,900.00	1.22%
Individual Taxpayer	4,359,000.00	1.00%		
97 Spring Hollow Road, LLC	4,285,100.00	0.98%		
Ripplebrook, LLC	4,093,800.00	0.93%		
Individual Taxpayer			5,198,700.00	1.21%
Individual Taxpayer			5,033,000.00	1.17%
Individual Taxpayer			5,014,100.00	1.16%
Total	\$47,685,000.00	10.89%	\$56,843,500.00	13.20%

Source: Municipal Tax Assessor
* Information not available

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

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for the <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (a)</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2020	\$ 26,596,912.00	\$ 26,596,912.00	100.00%	-
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%	-

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>	
2020	\$ 6,566,914.00	\$ 6,566,914.00	100.00%	-
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%	-

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

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for the <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (a)</u>		Collections in <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2020	\$ 1,985,393	\$ 1,985,393	100.00%	\$ -
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%	-

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.

EXHIBIT "J-10"

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				
2020	\$22,214,000.00	\$1,739,142.69		\$23,953,142.69	0.44%	\$2,159.11
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

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 <u>June 30,</u>	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt <u>Outstanding</u>	Percentage of Actual Taxable Value (a) of <u>Property</u>	<u>Per Capita (b)</u>
	<u>General Obligation Bonds</u>	<u>Deductions</u>			
2020	\$22,214,000.00		\$22,214,000.00	0.66%	\$2,002.34
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

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

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

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

SOMERSET HILLS SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2019
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	\$15,146,700.00	100.00%	\$15,146,700.00
Borough of Peapack Gladstone	3,859,631.36	100.00%	3,859,631.36
Borough of Far Hills	52,125.00	100.00%	52,125.00
Other debt			
Somerset County	231,912,534.98	5.59%	<u>12,963,685.28</u>
Subtotal, overlapping debt			\$32,022,141.64
Somerset Hills School District Direct Debt			<u>23,709,000.00</u>
Total direct and overlapping debt			<u><u>\$55,731,141.64</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 2020:

Equalized Valuation Basis

Calendar Year	
2019	\$3,436,694,339.00
2018	3,414,182,090.00
2017	3,506,600,542.00
	<u>\$10,357,476,971.00</u>

Average Equalized Valuation of Taxable Property	\$3,452,492,323.67
Debt Limit (4% of average equalization value)	\$138,099,692.95
Total Net Debt Applicable to Limit	<u>22,214,000.00</u>
Legal Debt Margin	<u>\$115,885,692.95</u>

	Fiscal Year Ending June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt Limit	\$138,099,692.95	\$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
Total Net Debt Applicable To Limit	<u>22,214,000.00</u>	<u>24,629,000.00</u>	<u>27,234,641.00</u>	<u>29,449,641.00</u>	<u>31,659,641.00</u>	<u>31,659,641.00</u>	<u>30,040,641.00</u>	<u>32,040,641.00</u>	<u>34,075,641.00</u>	<u>37,812,641.00</u>
Legal Debt Margin	<u>\$115,885,692.95</u>	<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>
Total Net Debt Applicable to the Limit as a % of Debt Limit	16.09%	17.72%	19.51%	21.04%	22.62%	22.36%	20.93%	21.64%	21.69%	24.07%

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>
2020	11,094	\$1,178,116,236	\$106,194	2.30%	2.70%	2.60%
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%

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

	2020		2011	
	<u># of</u> <u>Employees</u>	<u>Percentage of Total</u> <u>Employment</u>	<u># of</u> <u>Employees</u>	<u>Percentage of Total</u> <u>Employment</u>
<u>Employer</u>				
(1)	<u>0</u>	<u>0.00%</u>	<u>0</u>	<u>0.00%</u>

(1) - Data not available

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

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Instruction:										
Regular	146	146	146	146	147	168	166	164	164	164
Special education	30	27	27	27	30	30	29	28	28	28
Support Services:										
Student and instruction related services	67	75	74	73	60	32	31	31	31	31
General administrative services	5	5	5	5	8	8	8	8	8	8
School administrative services	15	15	15	15	15	15	15	14	14	14
Plant operations and maintenance	27	25	25	25	24	24	24	24	24	24
Pupil transportation	8	7	10	9	6	6	5	4	4	3
Central services	3	3	3	3	3	3	3	3	3	3
Administration information technology	5	5	5	5	3	3	1	1	1	1
Total	306	308	310	308	296	289	282	277	277	276

Source: District Personnel Records

SOMERSET HILLS SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures (a)</u>	<u>Cost Per Pupil</u>	<u>% Change</u>	<u>Teaching Staff (b)</u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (c)</u>	<u>Average Daily Attendance (c)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2020	1,910	\$ 44,483,908.27	\$ 23,290.00	1.83%	201	9.5	1,879	1,819	-1.62%	96.81%
2019	1,929	44,117,441.09	22,870.63	6.43%	209	9.2	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%

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
 LAST TEN FISCAL YEARS
 UNAUDITED

	<u>2020</u>	<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>
<u>District Buildings</u>										
Elementary School(s): Bedwell (1960)	83,183 741 564	83,183 741 569	83,183 741 584	83,183 741 597	83,183 741 623	83,183 741 646	83,183 741 640	83,183 741 682	83,183 741 682	83,183 741 696
Middle School(s): Bernardsville Middle School (1969)	81,746 526 526	81,746 524 520	81,746 524 525	81,746 524 542	81,746 524 551	81,746 524 585	81,746 524 585	81,746 524 573	81,746 524 573	81,746 524 583
High School(s): Bernards High School (1930)	252,715 1,500 820	252,715 1,500 863	252,715 861 857	252,715 861 828	252,715 861 837	252,715 861 779	252,715 861 779	252,715 861 808	252,715 861 782	252,715 861 816
Administration Building: Olcott Administration Building	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500
Number of Buildings at June 30, 2020										
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
LAST TEN FISCAL YEARS
UNAUDITED

School Facilities * Project #(s)	Undistributed expenditures - Required maintenance for school facilities - 11-000-261-XXX				
	<u>Total</u>	<u>Olcott</u> <u>Administrative</u>	<u>Bernards</u> <u>High School</u>	<u>Bedwell</u> <u>Elementary</u>	<u>Bernardsville</u> <u>Middle School</u>
2020	\$ 833,047.93	\$ 54,821.65	\$ 430,770.20	\$ 147,811.47	\$ 199,644.61
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

* - 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, 2020
UNAUDITED

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
School Package Policy - Utica National Insurance Group		
Blanket Buildings and Contents	\$137,023,438	\$5,000
Comprehensive General Liability:		
Per Occurrence	1,000,000	
Aggregate	3,000,000	
Employee Benefits Liability:		
Per Occurrence	1,000,000	1,000
Aggregate	3,000,000	
Boiler and Machinery Insurance	137,023,438	5,000
Comprehensive Automobile Liability	1,000,000	
Data Processing Coverage	750,000	500
Employee Dishonesty	1,000,000	
Money and Securities	25,000	500
Commercial Umbrella Liability	15,000,000	10,000
Public Employees' Performance Bonds- Hanover:		
Treasurer of School Monies	300,000	
Business Administrator	240,000	
Student Accident Insurance - Zurich	5,000,000	
School Board Legal Liability - NJSIG	6,000,000	5,000
Workers Compensation - NJSIG	Statutory Limits	
Cyber- Privacy and Security	1,000,000	10,000
Breach Response	500,000	10,000

Source: District Records

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SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, 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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 6, 2021.

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) as a basis for designing 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 financial statements. 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 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 January 6, 2021.

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

January 6, 2021



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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**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, 2020. 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, 2020.

Report on Internal Control Over Compliance

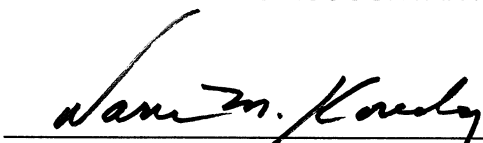
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered District's internal control over compliance with the types 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

January 6, 2021

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	FAIN NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD FROM TO	BALANCE AT JUNE 30, 2019	CASH RECEIVED	BUDGETARY EXPENDITURES	(ACCOUNTS RECEIVABLE)	BALANCE AT JUNE 30, 2020	
										UNEARNED REVENUE	DUE TO GRANTOR
Enterprise Funds											
U.S. Department of Agriculture											
Passed-Through State Department of Education:											
National School Lunch Program Cluster:											
National School Lunch Program-Non Cash Assistance (Commodities)	10.555	N/A	201NJ304N1099	\$44,571.49	7/1/19 6/30/20	\$ 2,169.06	\$ 44,571.49	\$ (39,927.59)	\$	\$ 4,643.90	\$
National School Lunch Program-Non Cash Assistance (Commodities)	10.555	N/A	191NJ304N1099	\$39,431.23	7/1/18 6/30/19	2,169.06		(2,169.06)			
National School Lunch Program-Cash Assistance	10.555	N/A	201NJ304N1099	6,058.68	7/1/19 6/30/20		3,459.12	(6,058.68)	(2,599.56)		
National School Lunch Program-Cash Assistance	10.555	N/A	191NJ304N1099	128,935.06	7/1/18 6/30/19	(8,064.98)	8,064.98				
Total National School Lunch Program Cluster	10.555	N/A	201NJ304N1099	98,374.16	7/1/19 6/30/20	(5,895.92)	98,374.16	(98,374.16)	(2,599.56)	4,643.90	
							154,469.75	(146,529.49)		4,643.90	
Total U.S. Department of Agriculture						(5,895.92)	154,469.75	(146,529.49)	(2,599.56)	4,643.90	
Special Revenue Funds											
U.S. Department of Education											
Passed-Through State Department of Education:											
Special Education Cluster:											
I.D.E.A. Part B, Basic Carry-over	84.027	IDEA481519	H027A180100	453,699.00	7/1/19 9/30/20		37,811.00	(37,811.00)			
I.D.E.A. Part B, Basic	84.027	IDEA481520	H027A190100	422,650.00	7/1/19 9/30/20		371,522.00	(383,215.75)	(11,693.75)		
I.D.E.A. Part B-Preschool	84.173	IDEA481520	H173A190114	17,149.00	7/1/19 9/30/20		17,149.00	(17,149.00)			
Subtotal - Special Education Cluster							426,482.00	(438,175.75)	(11,693.75)		
Title I	84.010	NCLB481520	S010A190030	64,439.00	7/1/19 9/30/20		19,657.00	(46,245.00)	(26,388.00)		
Title II, Part A	84.367A	NCLB481520	S367A190029	27,663.00	7/1/19 9/30/20		24,022.00	(27,663.00)	(3,641.00)		
Title III	84.365A	NCLB481520	S365A190030	14,672.00	7/1/19 9/30/20		14,672.00	(14,672.00)	0.00		
Title IV	84.424	NCLB481520	S424A190031	10,000.00	7/1/19 9/30/20		8,616.00	(10,000.00)	(1,384.00)		
Total U.S. Department of Education							493,649.00	(536,755.75)	(43,106.75)		
Total Special Revenue Funds							493,649.00	(536,755.75)	(43,106.75)		
General Fund											
U.S. Department of Health & Human Services											
Passed-Through State Department of Education:											
Medical Assistance Prog. (SEMI)	93.778	N/A	1905NJ5MAP	12,191.09	7/1/19 6/30/20		12,191.09	(12,191.09)			
Total U.S. Department of Education							12,191.09	(12,191.09)			
Total Federal Financial Assistance							\$ 660,309.84	\$ (695,476.33)	\$ (45,706.31)	\$ 4,643.90	\$

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

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

STATE GRANT/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2019 (ACCOUNTS RECEIVABLE)	DUETO GRANITOR	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REFUNDED TO GRANITOR	(ACCOUNTS RECEIVABLE)	BALANCE AT JUNE 30, 2020 UNEARNED REVENUE	DUETO GRANITOR	MEMO BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
State Department of Education														
General Fund:														
State Aid Cluster														
Special Education: Categorical Aid	20-495-034-5120-089	\$ 807,482.00	7/1/19-6/30/20	\$	\$	\$ 734,352.00	\$ (807,482.00)	\$ (73,130.00)	\$	\$	\$	\$	\$ (73,130.00)	\$ 807,482.00
Security Aid	20-495-034-5120-084	130,156.00	7/1/19-6/30/20			652,721.00	(837,658.00)	(1,197.00)					(84,971.00)	937,658.00
Subtotal - State Aid Cluster		937,638.00				1,387,073.00	(1,645,346.00)	(1,934.00)					(169,142.00)	1,836,732.00
Transportation Aid	20-495-034-5120-014	517,812.00	7/1/19-6/30/20			470,916.00	(517,812.00)	(46,896.00)					(46,896.00)	517,812.00
Non-Public School Transportation Aid	20-495-034-5120-014	8,700.00	7/1/19-6/30/20	(70,986.00)		70,986.00	(8,700.00)			(8,700.00)				8,700.00
Non-Public School Transportation Aid	19-495-034-5120-014	710,720.00	7/1/19-6/30/19	(710,720.00)		710,720.00								710,720.00
Extracurricular Aid	19-495-034-5120-044	669,010.00	7/1/19-6/30/19			3,965,027.00	(3,965,027.00)							3,965,027.00
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	60,314.00	7/1/19-6/30/20			3,965,027.00	(3,965,027.00)			(606,010.00)				3,965,027.00
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	2,380.00	7/1/19-6/30/20			2,380.00	(2,380.00)							2,380.00
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-002	1,270,739.00	7/1/19-6/30/20			1,270,739.00	(1,270,739.00)							1,270,739.00
On-Behalf TPAF Post-Retirement Medical	20-495-034-5094-001	1,264,280.85	7/1/19-6/30/20			1,203,801.50	(1,264,280.85)			(60,478.35)				1,264,280.85
Reimbursed TPAF Social Security Contribution	20-495-034-5094-003	1,163,752.21	7/1/19-6/30/19	(57,259.55)		57,259.55								1,163,752.21
Reimbursed TPAF Social Security Contribution	19-495-034-5094-003													
Total General Fund		8,064,864.05		(838,885.55)		8,064,864.05	(8,122,900.85)	(131,813.00)		(765,189.35)			(131,813.00)	10,069,359.06
Special Revenue Fund:														
N.J. Non-Public Aid:														
Handicapped Speech	20-100-034-5120-066	25,519.00	7/1/19-6/30/20			22,967.00	(19,139.00)			(2,552.00)				19,139.00
Corrective Speech	20-100-034-5120-066	32,500.00	7/1/19-6/30/20			31,766.00	(13,749.00)		11,607.00	(3,529.00)		6,380.00		21,744.00
Examination and Classification	20-100-034-5120-066	36,392.00	7/1/19-6/30/20		11,607.00									13,749.00
Supplemental Instruction	20-100-034-5120-066	23,475.00	7/1/19-6/30/20		16,551.00				16,551.00	(2,347.00)				19,841.00
Auxiliary Services:														
Compensatory Education	20-100-034-5120-067	34,070.00	7/1/19-6/30/20			30,663.00	(10,545.00)		4,230.00	(3,407.00)				10,545.00
Compensatory Education	20-100-034-5120-067	29,611.00	7/1/19-6/30/19		4,230.00									25,381.00
Foreign Language	20-100-034-5120-067	863.00	7/1/19-6/30/19			745.00			863.00	(82.00)				863.00
English as a Second Language	19-100-034-5120-067	863.00	7/1/19-6/30/19											
Transportation	20-100-034-5120-068	7,221.00	7/1/19-6/30/20			6,489.00	(7,221.00)	0.06		(722.00)				7,221.00
Non-Public Home Instruction	20-100-034-5120-067	764.06	7/1/19-6/30/19	(764.06)		764.00								
Non-Public Textbook Aid	19-100-034-5120-064	25,525.00	7/1/19-6/30/19		116.72									25,408.28
Non-Public Textbook Aid	20-100-034-5120-064	22,665.00	7/1/19-6/30/20			22,665.00	(22,083.00)		527.00					22,083.00
Non-Public Technology Initiative	19-100-034-5120-073	17,288.00	7/1/19-6/30/19		167.74									17,040.26
Non-Public Technology Initiative	20-100-034-5120-073	15,480.00	7/1/19-6/30/20			15,480.00	(14,199.00)		1,677.4					14,981.00
Non-Public Security Aid	20-100-034-5120-069	64,500.00	7/1/19-6/30/20			64,500.00	(62,883.00)		1,500.00					62,883.00
Non-Public Security Aid	19-100-034-5120-069	71,700.00	7/1/19-6/30/19		197.19									71,502.81
Non-Public Nursing Services	20-100-034-5120-070	40,740.00	7/1/19-6/30/20			40,740.00	(40,441.00)		299.00					40,441.00
Non-Public Nursing Services	19-100-034-5120-070	46,366.00	7/1/19-6/30/19		55.71				55.71					46,310.29
Debt Service Fund:														
Debt Service Aid, Type II	20-495-034-5120-017	160,878.00	7/1/19-6/30/20	(764.06)		33,786.36	(202,312.00)	0.06	36,175.36	(12,659.00)				429,222.64
Capital Projects Fund:														
New Jersey School Development Authority														
Benedictine High School Autism Room/VAC replacement and balcony removal	4815-020-14-G-31Z	569,542.00	Continuous				(115,045.71)							569,542.00
Enterprise Fund:														
State School Lunch Program	19-100-010-3350-023	5,060.57	7/1/19-6/30/19	(328.47)		328.47	(4,932.16)			(1,305.35)				5,060.57
State School Lunch Program	20-100-010-3350-023	4,932.16	7/1/19-6/30/20			3,955.28	(4,932.16)							4,932.16
Total State Financial Assistance		\$ 8,487,614.33		\$ (840,058.08)		\$ 8,487,614.33	\$ (8,606,068.72)	\$ (216,729.94)		\$ (779,133.70)			\$ (131,813.00)	\$ 11,237,994.43
Less: On-Behalf amounts not utilized for determination of Major Programs:														
On-Behalf TPAF pension/contributory		3,365,027.00	7/1/19-6/30/20				(3,365,027.00)							
On-Behalf TPAF non-contributory insurance (non-budgeted)		60,314.00	7/1/19-6/30/20				(60,314.00)							
On-Behalf TPAF post retirement medical (non-budgeted)		1,270,739.00	7/1/19-6/30/20				(1,270,739.00)							
On-Behalf TPAF post retirement medical (non-budgeted)		3,789,154.33					(3,907,608.72)							
Total State Financial Assistance Subject to Single Audit		\$ 3,789,154.33					(3,907,608.72)							

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, 2020

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, 2020

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 (\$18,384.00) for the general fund and (\$8,282.18) 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	\$12,191.09	\$8,104,516.85	\$8,116,707.94
Special Revenue Fund	528,473.57	202,312.00	730,785.57
Capital Projects Fund		115,045.71	115,045.71
Debt Service Fund		160,878.00	160,878.00
Food Service Fund	146,529.49	4,932.16	151,461.65
	<hr/>	<hr/>	<hr/>
Total Awards & Financial Assistance	<u>\$687,194.15</u>	<u>\$8,587,684.72</u>	<u>\$9,274,878.87</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, 2020. 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, 2020.

Somerset Hills School District
Somerset County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

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>
Transportation Aid	20-495-034-5120-014
State Aid Cluster:	
Special Education Categorical Aid	20-495-034-5120-089
Security Aid	20-495-034-5120-084

Somerset Hills School District
Somerset County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

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

